



County Administrator's Office

State of Florida

August 28, 2013

Honorable Members of the Okaloosa County Commission

Enclosed is the balanced budget document for Fiscal Year 2013-2014. This budget is the result of a cooperative effort between many individuals over the last several months. This proposed budget is lean but adequate and will be the road map for delivering acceptable levels of service at the lowest possible cost to Okaloosa County citizens.

The County Commission held five budget workshops during July and August. In-depth presentations were made covering over forty-four divisions of County government along with various other elected officials. The Commission received up close and detailed information relative to Okaloosa County's challenges, not only for the upcoming year; but also recommendations for the future.

This recommended budget for Fiscal Year 2013-2014 reverses a five year trend of 1) reducing staff and operational expenses, 2) delaying of vehicle and equipment replacement, 3) limiting of capital projects and, 4) drawing down of discretionary reserves. The Okaloosa County Commission has had to make some very difficult budgetary decisions during these last five years. Nevertheless, another year of budget cuts will result in two things: 1) the overall level of services to our citizens will be inadequate and, 2) the associated costs will be more in the long run.

The County budget seven years ago, in Fiscal Year 2007 was \$291.3 million; this proposed budget, for Fiscal Year 2014 is \$279.7 million (4.3% decrease). The total property taxes collected during this same seven year period was \$62.1 million; the proposed Fiscal Year 2014 budget calls for total property taxes of \$45.5 million (26.7% decrease).

As stated in my previous budget letter, the recommended 4.3% increase in the millage rate for Fiscal Year 2014 will cover the State-mandated increase in the Florida Retirement System (FRS) contribution. Also as explained previously, a cost-of-living increase of approximately 3% is a priority. We can cover the increase this year without utilizing property taxes. This budget calls for using health insurance rebate funds for these salary increases. These are dollars that have been rebated to us by our insurance carrier as a result of the relative good health and good health practices of our employees.

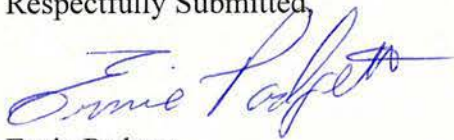
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On our transportation part of the budget, my recommendation remains at a five cent local option gas tax. The Commission has tentatively approved a three cent increase. The five cents will allow us to make significant progress in playing catch up relative to our transportation needs. Staff recommends a split of 64% County and 36% Cities. The County's share at 64% for three cents will be \$1,824,000 annually. At five cents it will be \$3,041,000 annually.

It is important to note that Okaloosa County, relative to many comparative counties, has low debt. This speaks well for the County Commission. For years this County has taken a "pay as you go" approach. Many counties have to budget a large amount every year in order to service their long term debt. I strongly recommend we continue this sound budgetary approach.

In summary, if the Commission will increase property taxes by 4.3% to cover the State-mandated FRS contribution, an increase that will not jeopardize Okaloosa County's position as having the lowest millage or approaching the lowest in the State, and enact a five cent gas tax, our Fiscal Year 2014 budget will remain lean but adequate. We will save taxpayer dollars over time by addressing pressing obligations today.

Respectfully Submitted,



Ernie Padgett
County Administrator