

MEMORANDUM



To: Board of County Commissioners

From: Ed Hunzeker

Date: July 15, 2016

Subject: Proposed Budget Update

A handwritten signature in blue ink, appearing to read "Ed Hunzeker", is written over the "From:" line.

Manatee County has received the July 1, 2016 Certifications of Taxable Value from the Property Appraiser for the FY17 Budget. Florida Statutes require that by July 15, 2016, a proposed budget for the upcoming fiscal year based on certified values be provided to the County Commission. The County Administrator's FY17 Recommended Budget has been updated to reflect the actual certified values, mandated expense changes, and several revenue revisions based upon availability of updated state revenue information and new revenue information updates. Now known as the 2017 Proposed Budget, this version has been filed with the Office of the Clerk of the Circuit Court and Comptroller. This Budget update details the revisions that have been made based upon the new information. The new Proposed Net Budget for FY17 is \$568,418,925, an increase of \$497,235 from the FY17 Recommended Net Budget.

The certified taxable property values for the FY17 Budget increased over last year's Adopted Budget by 8.80% countywide and 9.02% in the unincorporated area. The June 2, 2017 Recommended Budget relied upon a projected 9.00% increase over prior year values. As a result of the difference between projected values and certified values, the countywide ad valorem revenues decreased however updated revenue estimates, including newly released state revenue estimates, offset any declines due to the lower property values and matches additional mandated expenses. Mandated expenses added to the Proposed Budget include adjustments to reflect FY17 employer contribution rates for the Florida Retirement System for the Manatee County Sheriff's Office updated by the Sheriff's Office and required payments to the Community Redevelopment Areas (CRA) and two TIF (Tax Increment Financing) districts. The result of the additional expenditures is reflected within the increase of the Proposed Budget and the newly updated revenue estimates match the mandated expenditures.

Prior to the August 2nd meeting, staff will provide a list of budget issues identified in earlier work sessions for discussions. Staff will continue to monitor new information on estimates for revenues and expenses for updates at this work session.

In the revised Proposed Budget, the Net Budget for FY17 is \$568,418,925 (excluding Port Manatee). Although the property values on July 1 show an overall annual increase, the overall size of the Net Budget continues to be significantly less than ten years ago. Since 2007, the size of the Net Budget has been reduced over \$37.9 million and there is \$35.9 million less in property tax revenues.

As part of the budget process, local governments are required to disclose whether the proposed millage rates produce any increase in revenue beyond amounts attributable to adding new construction. In this budget, we are following our past practice of maintaining the same rates as previous years, regardless of whether taxable values decline (producing reduced revenues for the county) or whether values increase (producing increased revenue for the county). The growth in our tax base for FY17 will yield an increase in revenue largely as a result of new construction. For FY17, homestead property values are capped at the 2015 CPI which was .7%. When compared to what rate would be if it was "rolled back" to become revenue neutral, the difference between rollback and the proposed rates is approximately 4%.

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CONCLUSION

This memorandum is provided as an update to the original budget message submitted on June 2, 2016.

The County Commission held budget work sessions on June 8, June 14, June 15, and June 16 and held a public hearing on the budget on June 16. A Budget Reconciliation meeting, at which flagged items will be discussed and the tentative millage rate will be set, is scheduled for August 2. Two more public hearings will be held on the budget, one on September 8, 2016 at 6:00 PM and one on September 15, 2016 at 6:00 PM in the County Commission chambers. The first public hearing in September will be noticed to all taxpayers via the notices of proposed property taxes sent out by mail. The second public hearing will be noticed by a newspaper advertisement published in accordance with requirements established by Florida Statute.
