

**MANATEE COUNTY BOARD OF COUNTY COMMISSIONERS
REGULAR MEETING
BRADENTON AREA CONVENTION CENTER, LONGBOAT KEY ROOM
One Haben Boulevard
Palmetto, Florida
August 31, 2020**

Meeting video link: <https://www.youtube.com/channel/UCUlgjuGhS-qV966RU2Z7AtA>

Present were:

Betsy Benac, Chairman
Carol Whitmore, First Vice-Chairman
Misty Servia, Second Vice-Chairman
Vanessa Baugh
Stephen R. Jonsson
Priscilla Whisenant Trace

Absent was:

Reggie Bellamy, Third Vice-Chairman

Also present were:

Cheri Coryea, County Administrator
Jan Brewer, Financial Management Director
Angelina M. Colonnese, Clerk of the Circuit Court
Vicki Tessmer, Board Records Supervisor, Clerk of the Circuit Court

Chairman Benac called the meeting to order at 9:00 a.m.

AGENDA

BC20200831DOC001

1. **INTRODUCTION TO WORK SESSION**

Cheri Coryea, County Administrator, reviewed the layout of the meeting including the agenda materials.



Angelina M. Colonnese, Clerk of the Circuit Court, made introductory remarks and stressed the importance of understanding government finances.

BC20200831DOC002

2. **DEVELOPMENT OF BUDGET**

Jan Brewer, Financial Management Director, utilized a PowerPoint presentation to identify today's goals, the stages of the budget process, decision units (level of service), employees per 1,000 residents, the components of the recommended budget, sources of funds, Statutory requirements, difference for private enterprise budgets, use of funds, Florida Statute 129.01(b)(c), reserves, reserves for contingencies, reserve for cash balance, reserve for salaries, and reserve for capital. A packet of Frequently Asked questions was distributed.



Ms. Colonnese clarified that the reserves are different for each county and the Clerk does not manage the County budget, but is responsible for reporting, payments, and overseeing the policy for payments to accounts for expenditures. The Clerk also looks at lawful public purchases and manages conservative investments for the County. Florida Statute specifies the principle must be protected.



Discussion ensued that the largest part of the reserves is for budget stabilization, definition of a contingency (something that occurs that is not planned), all the funds for a capital project are needed prior to the project beginning, and ensure governments are stable prior to tax revenues coming in.

 Ms. Brewer continued the slides to address the FY2021 proposed budget and reserves, which are not cash on hand.

 Discussion ensued regarding restrictions on reserves, some designated funds can be changed, revenues have increased, using a letter of credit for capital projects, and it is difficult to have public/private partnerships due to State funding requirements.

 Ms. Brewer continued to explain that the Board is the policy making body, and if the Board decides to change a designation, they have that ability. Upon question, Ms. Brewer noted expenses did not occur as anticipated this year, but the County is not spending unnecessarily.

 Ms. Colonnese addressed the process for funding a capital project, and clarified the need for the funding to be in place prior to beginning the project.

 Discussion ensued regarding the best way to move forward with funding, and financial advisors used to assist the County when making financial decisions.

 John Osborne, Deputy County Administrator, clarified the use of the infrastructure sales tax and how the cost estimates are established. The final is cost is not set until a design process begins and the bids are received, but costs can be impacted by other forces including environmental situations. COVID-19 has had an impact on projects due the cost of materials.

 Ms. Brewer noted State revenues have decreased, but property values have increased, which evens out. It is important to note the 20 percent decrease this year is based on State estimates relative to COVID-19. There is an artificial increase in rents and mortgages at the moment. Construction has increased, although there is a current trend downward. The current increase in growth has been cash sales which can stabilize. She confirmed property values are based on January 1.

 Ms. Brewer continued the presentation to address the level of service for 62 programs and the Constitutional Officers, each component is identified, fund summaries, the entire budget is available on the County website at www.manateeclerk.com, breakdown of funds, and department summaries. Florida Statutes require counties to be transparent with the Truth in Millage (TRIMS) forms and the requirement to hold public hearings to adopt the budget. The net budget summary is required by the State and submitted to the Clerk by July 15. She broke down the components of the proposed budget summary. Capital Projects as well as special districts will be identified at the public hearings in September. BC20200831DOC003

RECESS/RECONVENE: 10:09 a.m. – 10:17 a.m. All Commissioner Present except Commissioner Bellamy.

3. **FINANCIAL STATEMENTS**

 Jan Brewer, Financial Management Director, provided a review of how to read a financial statement. A modified accrual is used for Government Accounting and adjustments are not adding cash to the budget. She continued to review the government funds and entry wide statements, and identified the components of the entity wide statements that are non-cash accounting adjustments. Only 18 percent of the business funds are for operations. The budget is a plan, the Comprehensive Annual Financial Report (CAFR) is actual spending, and these two must be used together to fully understand the budget process.

 Tim Grueters, Carr, Riggs, Ingram CPAs, performs the audits for the County. They have not found any misuse of County funds. The CAFR has to follow government guidelines, which are different from private industry. The popular report produced by the Clerk of the Court is a summarized version of the CAFR. The funds are a grouping of activities set aside for particular objectives. The General Fund is the main operating fund and business type funds are meant to support themselves. Each fund gets adjustments, and the entity wide statement is designed to provide a broad overview of governmental funds. He continued to break down the parts of the entity wide statements.

Discussion ensued regarding the need to look at the CAFR and budget together, there have been no issues with the County's budget or audit, the Clerk's office also audits, grant programs receive separate audits, auditors confirm debt, Commissioners can question the budget, and unassigned general funds.

 Mr. Grueters explained the County is required to account for pensions. The budget snapshots do not have all the accruals, just at the end of the year.

 Kathy Cremaschi, Finance Director, Clerk of the Circuit Court, explained the pension information is not put on the monthly statements since those numbers are given once a year, and the numbers are the proportionate fair share for Manatee County.

Mr. Grueters stated the County relies on the numbers from the Florida Retirement System.

 Cheri Coryea, County Administrator, stated departments analyze who may be retiring each year. The dashboard report also contains information regarding pensions.

Ms. Cremashci stated payments are made to FRS each month, and when people retire, the payments actually come from the State not the County. FRS is currently well funded.

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4. **COMPARATIVE DATA WITH FLORIDA COUNTIES**

 Jan Brewer, Financial Management Director, noted County staff has reviewed the CAFRs for all 67 Florida Counties and compared entity wide statements, government fund level, and business fund level. There are restrictions on governmental funds. The basic calculation used by a citizen does not show a clear representation of the budget. A second calculation used by a citizen did not include the government fund level or business fund level.

Angelina M. Colonnese, Clerk of the Circuit Court, clarified Manatee County is the only County in Florida in which the Clerk of the Circuit Court is the Comptroller for the Port.

 Ms. Brewer continued to explain that each county has unique qualities including airports. The Sarasota/Bradenton is not included in Manatee County as Manatee County has no responsibility for the airport. Port Manatee is included in the budget, because Manatee County provided the backing behind the Port.

 Ms. Colonnese clarified that \$400,000 from race track (paramutual) funds still go to the Port.

 Kathy Cremaschi, Finance Director, Clerk of the Circuit Court, noted there are a couple of bond issues for the Port, and the Port is in discussion to refund those bonds. There are also smaller bank loans. The County has not guaranteed loans for the Port recently.

 Discussion ensued that the Port is backed by the County, although they are on their own financially.

 Wendell Gaernter, Financial Advisor, clarified the Port does have debt and those bonds are secured by Port revenues, but are also backed by the County if necessary.

 Ms. Brewer stated the negative numbers of the County comparison show the County is in the same position as other counties. She continued the slides to address the Short Run Financial Position, Liquidity Ratio, Net Asset Growth Ratio, Governmental Activities Revenues Ratio, Primary Government Ratio, Near-Term Solvency Ratio, Debt Burden Ratio, Governmental Debt Coverage, Business (Enterprise) Debt Coverage, and Capital Asset Condition. Each County must submit to the Office of Economic and Demographic Research information regarding government spending, and each County gets a grade for each component. Information regarding the grades is posted at www.floridat taxpayers.com. BC20200831DOC005

5. **STATUS OF MANATEE COUNTY DEBT**

 Jan Brewer, Financial Management Director, continued the slides to review debt including general government and Utility debt, and included charts of the debt service. The Utility debt service reflects a payment to be made in October. The payment has been planned and is included in the budget. The cross over refunding was used to save on the original debt in 2017 to refinance older bonds.

Wendell Gaernter, Financial Advisor, continued the slides to address the status of Manatee County's debt. Manatee County holds a "AAA" issuer rating with Moody's Investors Service. Manatee County is in the middle of its peers with regards to its economy and debt position. Tax base, finances, and debt are used to calculate the rating. Manatee County's financial position has been relatively stable over the past five years, and Moody's rates Manatee County higher than its scorecard-indicated rating. There is the possibility of revenues decreasing in 2022, and there have been improvements in sales tax, but there is still an uncertainty in future property tax revenue.

 Discussion ensued that there has been no downturn in the real estate market, and spending the fund balance would impact the rating factor and cash would go down which in turn would make the ratings go down.

 Ms. Coryea noted staff is concerned with 2022, and a reduction in revenues is anticipated, but on a positive note, over 500 programs are in the CIP, and the County is seeing a difference with time frames. The County is anticipating extra decision units, and there is a plan and adjustments will be made. The level of service will have to coincide with the funding. The 12-month work plan will be presented in September, and will be addressed quarterly due to changing climates with construction and costs.

(Depart Commissioner Servia)

 John Osborne, Deputy County Administrator, explained a new impact study is being performed, and staff reviews past years. Impact fees are collected to maintain the growth that is occurring.

 Discussion ensued regarding differences in ratings.

 Ms. Colonnese, noted the Manatee County Utility system has not experienced a decline in revenue this year.

 Mr. Gaernter explained it takes a number of years for a government to raise their rating from a downturn. The proposed conservation land referendum would require a \$50 million bond, which can be done in phases as lands become available. The obligation to pick up the debt is there, but the tax payers are paying for it. The infrastructure sales tax provides a revenue source to pay for designated projects.

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RECESS/RECONVENE: 11:57 a.m. – 1:02 p.m. All Commissioners present except Commissioners Baugh and Bellamy.

6. **STATUS OF FY21 BUDGET AND RESERVES**

 Jan Brewer, Financial Management Director, continued the slides and reviewed a bubble chart comparing other Counties and their revenue structure. Each County has property taxes, but other counties levy taxes for other areas including environmental, Emergency Management Services and health care. She addressed sources of funds, uses of funds, and the breakdown of all the reserves. Specific funds are left in reserves even though those are held for specific projects, including the CIP. The appropriation calculation was used for the reserves. She continued to break down the percentages of reserves. Specific funds cannot be used to fund other programs. The General Fund Stabilization is \$19.2 million, which can be used where the Board designates. The budget stabilization fund cannot be less than five percent, but cannot be more than 10 percent. Based on the State maximum, Manatee County is underfunded by \$9.4 million. Ms. Brewer distributed a Reserve breakdown sheet to show the calculation of the \$19.4 million

(Enter Commissioner Baugh during presentation)

Discussion continued regarding the disaster fund, the stabilization fund can be used to continue services when property values decrease during a recession, returned to the base level of service, it is not recommended to borrow to get out of an economic downturn, money was slated to be put back into the stabilization fund about three years ago, left over funds can be put in the stabilization fund, and there must be a plan to pay back the stabilization fund if funds are used.

 Ms. Colonnese reviewed the breakdown of the reserves.

 Discussion ensued regarding uses of the stabilization funds during the recession including Jobs Now and essential services, why continue to take in more, when revenues go up, State revenues dropped 20 percent this year, stabilization did not increase this year, questionable what the future holds, many needs around the county are still unfunded, and it is important to keep the Board up to date.

 Ms. Brewer continued the slides and displayed a comparison with Sarasota, Pinellas and Hillsborough Counties regarding stabilization funds.

 Discussion continued regarding if the County was assessed a fine, the payment would come from reserves, and risk management is in internal service fund and is a line item.

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7. **REVIEW OF CASH AND INVESTMENT PORTFOLIO**

David Jang, Certified Treasury Professional, Water Walker Investments, continued the slides and reviewed the cash investment portfolio by fund. Manatee is one of the few counties that breaks the portfolio down by fund. These numbers are the bank, not the budget. He compared neighboring counties, and Manatee County is in the middle range. He continued the slides to address the cash and investment portfolio as of July 31, 2020 and noted the current portfolio is 0.8457 percent. The Fed is keeping rates lower for longer periods of time. The Clerk is required to use high quality, short term, fixed-income instruments to invest.

The Clerk invests the funds, as required, by Board policy. They cannot take chances with the public's money, and the investment policy has to fall within State limitations.

Mr. Jang reviewed long term securities that are tied in to what the Fed is doing with interest rates. The County is doing well compared to its peers, and the portfolio is made up of several different instruments managed under Florida Statute.

Discussion ensued regarding the investment policy was set in the 1980s, options are very restrictive, the County cannot invest in stocks, the County's investment policy is not that different from surrounding entities, the County has done well, liquidity is in the middle of protecting the principle and the investment, revenues are put into investments, difference between the different portfolio components, the funds are available at any time, and safety and liquidity are important to governments.

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8. **SUMMARY OF MORNING WORK SESSION**

 Ms. Brewer provided a summary of the presentations.

 Angelina M. Colonnese, Clerk of the Circuit Court, reviewed the information provided, and addressed misinformation that has been presented to the Board from an individual and the time and money that was put into explaining how government budgets and financing work to that individual. She stressed the importance of being prepared for any unforeseen circumstances. The rules for government accounting have not changed, and the Clerk's office consistently receives awards for government financial reporting.

 Discussion ensued regarding expenses to the tax payers to hold this presentation, and provide a list of designated funds.

Ms. Coryea stated everyone received the same documents for this meeting. It takes approximately two weeks to prepare for a work session.

Discussion ensued regarding giving Commissioners ample time to review the agenda material, appreciate the focus on the facts and what the law states regarding budgetary information, County is in a good position, this presentation was put together for everyone, local government management and core community functions.

(Depart Commissioner Jonsson during discussion)

 Mike Meehan stated all information he presented was taken from published documents and he discussed the cash balance, the CAFR, and unrestricted assets. He suggested providing a credit to tax payers. He responded to question and noted he is a Chartered Financial Analyst, but has not had training in government financing.

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Discussion ensued regarding reserves cannot be spent without reason.

There being no further public comment, Chairman Benac closed public comment.

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9. **REVIEW OF FY2021 BUDGET REVENUE ESTIMATES AND OUTSTANDING PULLED ITEMS**

Jan Brewer, Financial Management Director, continued the slides to address the revenue estimate update, and infrastructure sales tax (IST) capital projects that are moving moved forward based on new IST estimates.

Cheri stated the CIP will be presented quarterly.

Discussion ensued regarding the UTC tax payback which has been budgeted.

 Ms. Brewer continued the slides and explained the three, part-time library staff positions are now funded as well as one additional Code Enforcement Officer. Other items are still on the radar, but may not be funded. The Bayshore Garden’s Parkway project was put back in the IST, not the Southwest Tax Increment Funding. Any changes made to the budget must be presented, and these include the Metropolitan Planning Organization, the Port Budget, and Race Track Revenue which goes directly to the Port.

 David Ballard, Representative Tommy Gregory’s office, elucidated that since Amendment 13, card rooms are still allowed at race track facilities. Para mutual funds are disbursed from the State. These funds were originally used as seed money to get the Port started and Port County has continued to receive the funding.

 Ms. Brewer stated revenues still look strong. State revenues across the country have gone down and revenues have shifted. Manatee County has taken a hit, but the debt service did not need to paid, and the property values were strong. What dropped, went back up. Many counties and cities do not have that growth to fall back on.

 Glen Gibellina thanked the Board for the work session, and requested all the information presented be made public.

Discussion ensued that every fund summary is on the website, internal funds are itemized within the CAFR and the budget.

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10. **CLOSING/ADJOURN**

There being no further business, Chairman Benac adjourned the meeting at 3:15 p.m.

Minutes Approved: _____