

FINANCE/OUTREACH & PLANNING COMMITTEE

July 23, 2019

Discussion Item

Fiscal Year 2020 Budget Development

- a. **FY2020 Budget Update**
- b. **Adoption of Proposed District Millage Rate for FY2020**
- c. **Approval of August 1 *Standard Format Tentative Budget Submission***

Purpose

- a. Provide an update on budget changes that have been made since the FY2020 Recommended Annual Service Budget (RASB) which was provided to the Governing Board on June 25, 2019.
- b. Report the results of the July 1 certifications of taxable value from the District's 16 county property appraisers and recommend adoption of a proposed FY2020 millage rate.
- c. Request approval to submit the District's Tentative Budget to the Executive Office of the Governor (EOG), Department of Environmental Protection (DEP), Florida Legislature and other parties, as required by statute, for delivery by August 1, 2019.

Background

In June, staff submitted the FY2020 RASB to the Governing Board for consideration. The RASB document included underlying revenue and expenditure tables, variance analysis and detailed project descriptions for all District projects. On June 25, staff provided an overview of the RASB to the Governing Board including revenues and expenditures by category, program area, and area of responsibility. Following discussion of the budget, the Governing Board took action to authorize staff to (1) prepare the *Standard Format Tentative Budget Submission* for FY2020 based on the RASB as presented, adjusted for Governing Board actions at the meeting; (2) reflect the final estimated ad valorem revenue based on the July 1 certifications of taxable value, and (3) add any additional funding provided by the state.

On July 23, staff will provide a budget update to the Governing Board including the certifications of taxable value and the proposed FY2020 millage rate for adoption, which must be certified to the county property appraisers by August 4. The proposed millage rate is the rate that will be used for Truth in Millage (TRIM) *Notices of Proposed Property Taxes*. Prior to the July 23 Governing Board meeting, staff will provide the Board members with a draft of the August 1 *Standard Format Tentative Budget Submission* for FY2020 for consideration to approve for submission by August 1 per s. 373.536 Florida Statutes (F.S.).

The District's FY2020 budget will be adopted in September following two public TRIM hearings. The first hearing is scheduled for September 10, 2019 at 5:01 p.m. at the Tampa Office. Written disapproval of any portion of the budget must be received from the EOG or the Legislative Budget Commission at least five business days prior to the final budget adoption hearing. The second and final hearing is scheduled for September 24, 2019 at 5:01 p.m., also at the Tampa Office.

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Discussion

a. **FY2020 Budget Update**

Staff will review the board-approved budget changes presented at the June 25, 2019 Governing Board meeting and proposed budget changes that have occurred since June 25. If approved, the proposed budget changes presented at the July 23, 2019 Governing Board meeting will be incorporated in the August 1 *Standard Format Tentative Budget Submission*.

Board-approved budget changes at the June 25 Governing Board meeting increasing the proposed budget from \$196,465,002 to \$198,665,002:

Expenditure Budget:

- Cooperative Funding increased by \$2,200,000 for the District's share of the \$4,400,000 cost increase for the City of Punta Gorda for the Reverse Osmosis Water Treatment Facility Project (N780).

Revenue Budget:

- Use of Reserves increased by \$2,200,000 to balance the budget.

Proposed budget changes for the July 23 Governing Board meeting:

Revenue Budget:

- Ad valorem tax revenue decreased by \$393,905 based on July 1 certifications of taxable value from the 16 county property appraisers and adjustment of the millage rate to the rolled-back rate of 0.2801.
- Use of Reserves increased by \$393,905 to balance the budget.

b. **Adoption of Proposed District Millage Rate for FY2020**

Staff will present the certifications of taxable value and the proposed FY2020 District millage rate, in compliance with s. 373.503, F.S., and s. 200.065, F.S. Overall taxable property values in the District increased by 7.93 percent. Of the increase, 5.39 percent is related to existing property values and 2.54 percent is related to new construction. The rolled-back millage rate based on s. 200.065, F.S., equates to 0.2801, which is 5.2 percent less than the 0.2955 adopted for FY2019. Based on the July 1 certifications of taxable value and the rolled-back millage rate, staff has reduced ad valorem revenue by \$393,905 to \$113,153,713. Staff will recommend the Governing Board adopt Resolution No. 19-09, *Adoption of Proposed Millage Rate for Fiscal Year 2020*. A copy of the draft resolution is attached as an exhibit to this Item.

c. **Approval of August 1 Standard Format Tentative Budget Submission**

Staff requests approval to submit the *Standard Format Tentative Budget Submission* for FY2020 to the EOG, DEP, Florida Legislature and other parties, as required by statute, for delivery by August 1, 2019. The draft report reflects the budget as presented to the Governing Board on June 25 and adjusted for the changes discussed in item a. above for a total budget of \$198,665,002.

Exhibit of the draft *Standard Format Tentative Budget Submission* will be provided separately.

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Staff Recommendation:

- a. Approve the proposed budget changes that have been made since the June 25, 2019 Governing Board meeting.

- b. Approve Resolution No. 19-09, *Adoption of Proposed Millage Rate for Fiscal Year 2020*.

- c. Approve the August 1 submittal of the *Standard Format Tentative Budget Submission* report for FY2020, with the budget modifications approved by the Governing Board on July 23, 2019.

Presenter: John J. Campbell, Division Director, Management Services