

CITY OF GREENACRES

Council Agenda Memo
2016.07RW2.02

TO: Mayor and City Council

THROUGH: Andrea McCue, City Manager

FROM: James McInnis, Acting Director of Finance

SUBJECT: **FY2017 Budget - Setting the Proposed Millage Rate and Public Hearing Dates**

DATE: July 11, 2016

COPIES: James D. Stokes, City Attorney
Denise McGrew, City Clerk

BACKGROUND:

Florida Statutes, Section 200.065, governs the Truth-in-Millage (TRIM) process. Each year the TRIM process for the upcoming fiscal year's property tax assessment begins with the Property Appraiser's delivery of the "Certificate of Taxable Value" to the City. This year the Certificate of Taxable Value was received on June 29, 2016.

As part of the FY2017 budget adoption process, the Council must set the proposed millage rate and establish the September public hearing dates for the FY2017 budget. The proposed millage rate and September hearing dates must be provided to the Property Appraiser's office by July 28, 2017, as required by F.S. 200.065.

ANALYSIS:

Property values increased for the fourth year in a row in 2016 after a 47% continual decline between 2008 and 2013. The certified gross taxable value for operating purposes provided by the Property Appraiser on June 29, 2016 was \$1,526,929,752, which is \$126,904,685 or 9.1% more than last year's final gross taxable value of \$1,400,025,067. The 9.1% increase is due to an increase of property values plus new construction valued at \$8,514,995.

Based on the tentative FY2017 budgeted revenues and expenditures, including all proposed staffing changes, staff recommends maintaining the property tax rate 6.0854 mills for FY2017. Maintaining the millage rate will result in a projected budget deficit, excess expenditures over revenues, of \$439,379 in FY2017. This deficit can be

responsibly managed using unassigned fund balance reserves while still maintaining a minimum unassigned fund balance in excess of 25% of budgeted FY2017 operating expenditures as required by the City Council Fund Balance Policy. Projected end-of-year FY2017 unassigned fund balance will remain a healthy 35% of FY2017 operating expenditures as proposed in the tentative FY2017 General Fund Budget.

Maintaining the property tax rate 6.0854 mills for FY2017 would generate \$741,375 in additional ad valorem revenues over FY2016.

Fiscal Year	Taxable Value	Millage Rate	Property Tax Revenue Generated After Discounting	Change in Tax Collections	Property Tax Revenue Percentage Change
2016	1,400,025,067	6.0854	8,178,924		
2017	1,526,929,752	6.0854	8,920,299	741,375	9.1%

Florida Statutes 200.065(1) also require the City to calculate a rolled-back millage rate, which is the millage rate that would provide the same property tax revenue as was levied in the prior year. The rolled-back millage rate, is 5.6109 mills and would generate \$8,567,450, before discounting, in property tax revenue.

The proposed tax rate of 6.0854 mills is 8.46% higher than the rolled-back rate and will generate \$352,849, or 4.0%, more revenues than the rolled-back rate. Electing to use the roll-back rate in FY2017 will increase the projected budget deficit by \$352,849, up to a budget deficit of \$792,228. Once the proposed rate is included in the TRIM advertisement process, the rate can be lowered but not raised during the budget hearings in September.

The City's TRIM hearing dates cannot conflict with the hearing dates of the Board of County Commission (September 6th and 19th) or the School Board (September 7th). Therefore, City staff proposes TRIM hearing dates of Thursday, September 8th and Tuesday, September 13th, 2016, for City Council consideration.

FINANCIAL:

The proposed operating millage rate of 6.0854 for the FY2017 budget would generate revenue of \$8,920,299, which represents approximately 33% of the revenue needed for the tentative FY2017 budget.

LEGAL:

The establishment of the proposed operating millage and setting the TRIM hearing dates are in accordance with the requirements of State Statutes, Chapter 200.

STAFF RECOMMENDATION:

Approval of setting the proposed millage rate at 6.0854 mills for FY2017 with the two TRIM hearings to be held on September 8th and September 13th, 2016, at 7:00 p.m. at City Hall Council Chambers.

James McInnis
Acting Director of Finance

JM/rw