

Financial Update and Budget Development

FISCAL YEAR 2016/17

Financial Update

Property Valuation Update

- David Johnson, CFA Property Appraiser

Financial Update

- Major Revenue Sources
- General Fund
- Intragovernmental Transfers (Excess Fees)
- Fire Fund
- Legislative Impacts

FY 2017/18 Budget Development

Board Questions



FY 2017/18 Budget Worksession

Property Valuation Update

April 11, 2017

Date of Assessment



Why is January 1 Important?

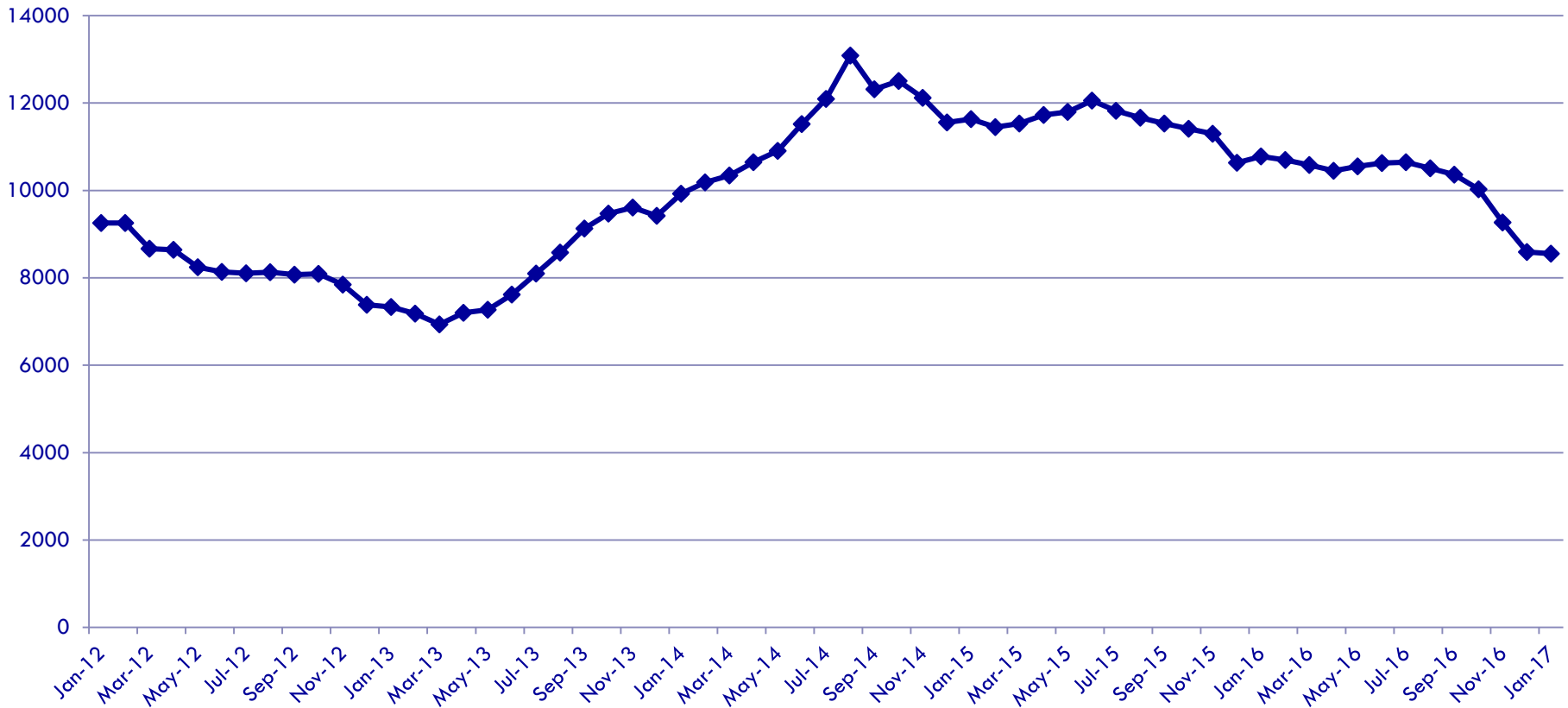
January 2017

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Inventory of Homes on the Market in the Orlando Metro Area



2012 – January 2017



2016 Average Mortgage Interest Rate



Jan-16	3.93%
Feb-16	3.75%
Mar-16	3.63%
Apr-16	3.62%
May-16	3.45%
Jun-16	3.45%
Jul-16	3.49%
Aug-16	3.53%
Sep-16	3.57%
Oct-16	3.82%
Nov-16	3.82%
Dec-16	4.32%

Single Family Home Supply in the Metro Orlando MSA



- Number of homes for sale is at a 3.5 month supply, a 6 month supply is considered a healthy market. However, inventory is increasing, especially in the \$350,000+ range.



Detached Single Family Homes

Median Sales Price of Existing Single Family Homes

<u>Sale Year</u>	<u>Median Sale Price</u>
2006	\$ 293,000
2007	\$ 282,950
2008	\$ 250,000
2009	\$ 220,000
2010	\$ 215,000
2011	\$ 215,000
2012	\$ 206,100
2013	\$ 225,000
2014	\$ 237,000
2015	\$ 240,000
2016	\$ 248,000



Median Sales Price of NEW Single Family Homes

<u>Year Built</u>	<u>Median Sale Price</u>
2006	\$ 380,000
2007	\$ 355,300
2008	\$ 312,900
2009	\$ 275,100
2010	\$ 268,700
2011	\$ 261,850
2012	\$ 308,300
2013	\$ 357,750
2014	\$ 375,000
2015	\$ 355,000
2016	\$ 395,000

Townhouses

Median Sales Price of Existing Townhouses

Sale Year	Median Sale Price
2006	\$ 229,750
2007	\$ 214,000
2008	\$ 185,400
2009	\$ 165,000
2010	\$ 163,450
2011	\$ 140,000
2012	\$ 144,200
2013	\$ 157,700
2014	\$ 174,900
2015	\$ 175,000
2016	\$ 166,000



Median Sales Price of NEW Townhouses

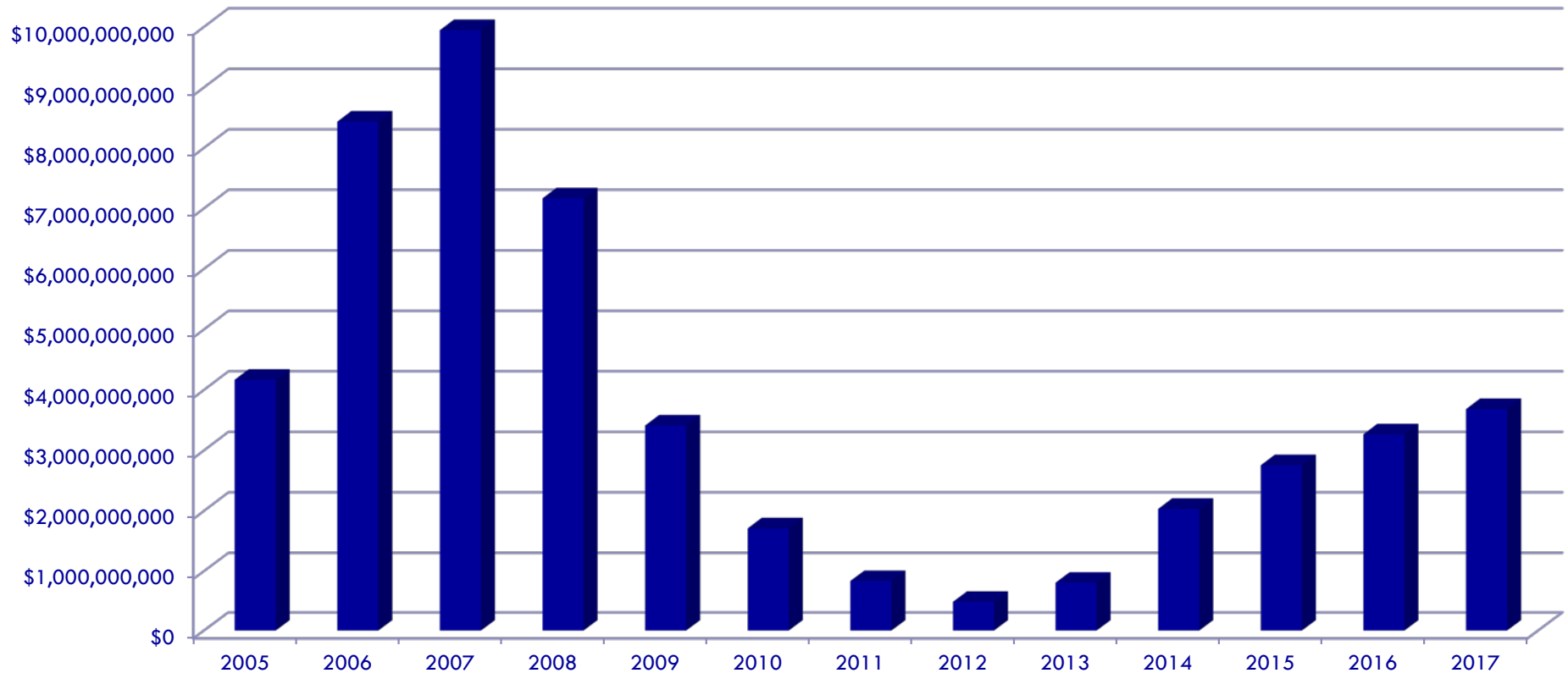
Year Built	Median Sale Price
2006	\$ 239,800
2007	\$ 223,350
2008	\$ 197,150
2009	\$ 167,200
2010	\$ 169,000
2011	\$ 154,000
2012	\$ 152,500
2013	\$ 168,650
2014	\$ 230,000
2015	\$ 267,100
2016	\$ 279,000

Save Our Homes Cap %



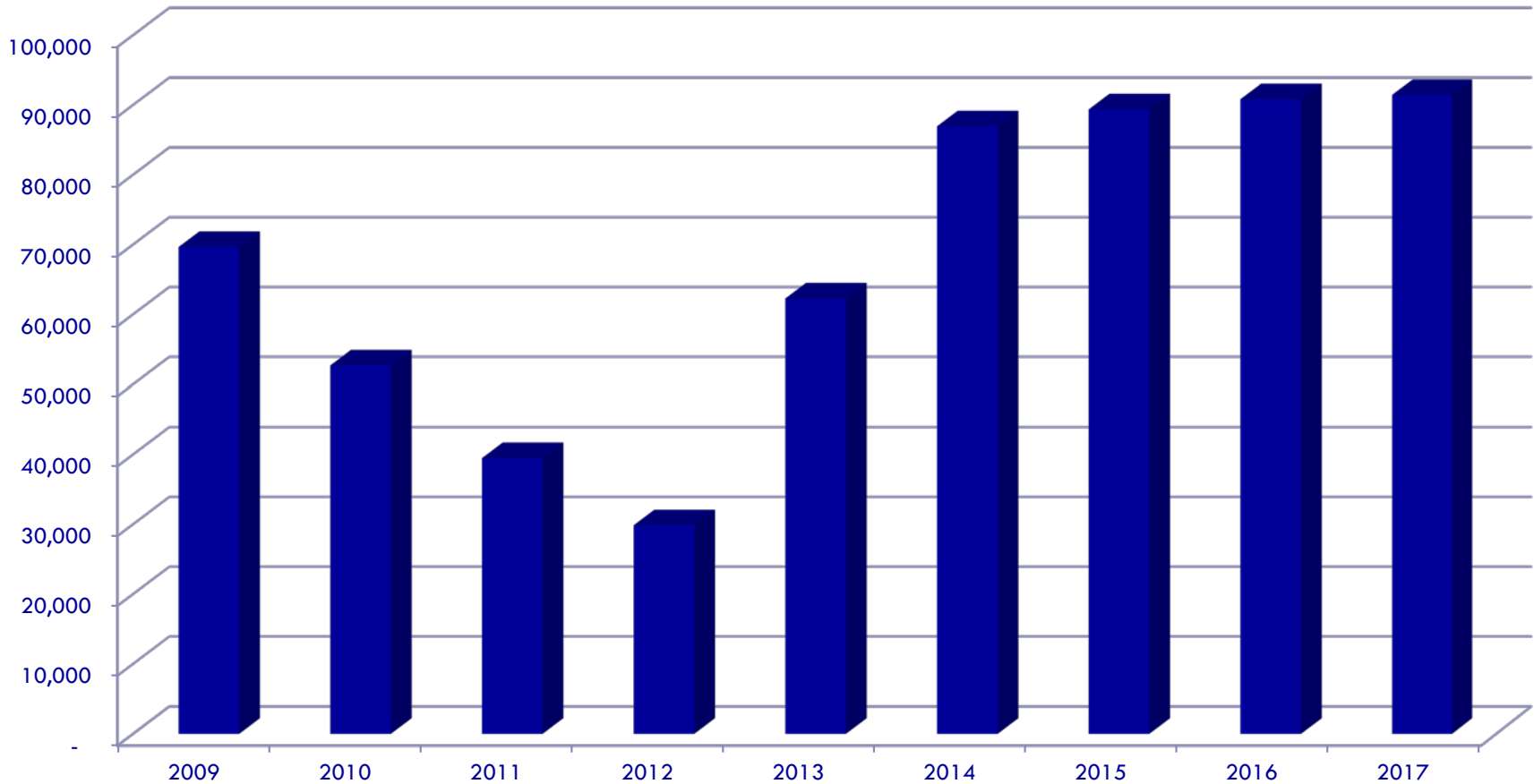
Year	SOH CAP
2006	3.0%
2007	2.5%
2008	3.0%
2009	0.1%
2010	2.7%
2011	1.5%
2012	3.0%
2013	1.7%
2014	1.5%
2015	0.8%
2016	0.7%
2017	2.1%

Value of Save Our Homes Savings 2006-2017*

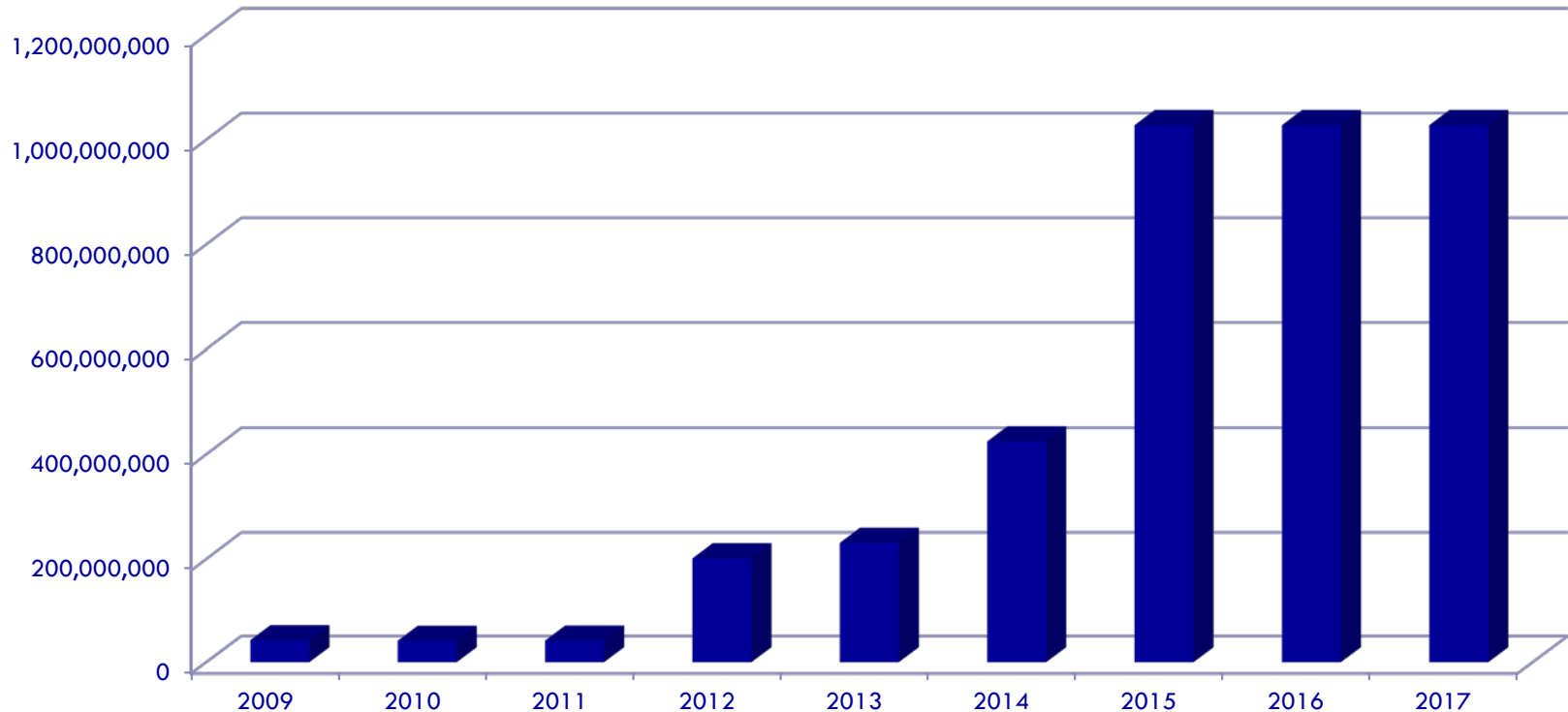


**subject to change due to continued reappraisal work*

Number of Homes with a Save Our Homes Cap, 2009 - 2017



Value of Non-Homestead Cap Savings, 2009 – 2017*



*The 2017 non-homestead cap will be determined after reappraisal work for the 2017 tax roll is complete.

Commercial Market Update

- **Commercial Market showing steady improvement in property values that range between 2-12% annual rates on increase**



New Construction for 2017

- Overall new construction continues to make steady improvement throughout the County.
- \$320 million in new construction to be added to the 2017 Tax Roll*

**subject to change due to continued reappraisal work*



Permitted New (Future) Construction

- **\$920 Million Total New Construction in the Pipeline**



Taxable Value History & Projections



Year	% Change in Taxable Value
2006	23.90%
2007	12.77%
2008	-5.58%
2009	-11.30%
2010	-9.69%
2011	-5.66%
2012	-1.00%
2013	3.12%
2014	5.40%
2015	5.87%
2016	6.00%
2017	6.00%
2018	5.00%*
2019	5.00%*
2020	5.00%*

*Assuming no change in Homestead Exemption

SJR 76 / HJR 21:

10% Cap on Non-Homestead Property

- Cap set to expire January 1, 2019
- Amendment would extend the cap indefinitely
- \$1 billion currently under the cap
- 17,000 parcels



SJR 1774 / HJR 7105: Additional Homestead Exemption



- Would increase homestead exemption from \$50,000 to \$75,000
- General Fund: \$1.9 billion potential loss to taxable value
 - Potential loss in tax revenue: \$9.3 million
 - 82,000 parcels
- Fire: \$1.5 billion potential loss to taxable value
 - Potential loss in tax revenue: \$3.4 million
 - 62,000 parcels

SJR 1774 / HJR 7105: Additional Homestead Exemption

Assessed Value	Exemption Amount	
\$100,000 and above	1st \$25,000 Exemption + 2nd \$50,000 Exemption	72,000 homesteads receive this full benefit
\$50,001 - \$100,000	1st \$25,000 Exemption + 2nd Exemption up to \$50,000 available on value between \$50,001-\$100,000	82,000 homesteads receive this benefit (partial or full)
\$1-\$50,000	1st \$25,000 Exemption <i>Additional exemption is not available on amount between \$25,001 - \$50,000</i>	All (96,700) homesteads receive this benefit

SJR 1774 / HJR 7105: Additional Homestead Exemption

**Average Savings with
Additional Homestead:
\$191***



***County, Road, Fire & SJRWMD Millages only**

Additional Homestead Exemption: Impact on City Tax Revenues



City	Parcel Count	Taxable Value Reduction	Loss in Tax Revenue
ALTAMONTE	6,770	107,318,864	332,688
CASSELBERRY	5,205	72,339,402	225,706
LAKE MARY	3,847	86,681,235	311,142
LONGWOOD	3,293	62,753,932	345,147
OVIEDO	8,832	210,585,772	1,064,848
SANFORD	8,378	101,285,550	741,917
WINTER SPRINGS	9,458	193,821,877	470,987



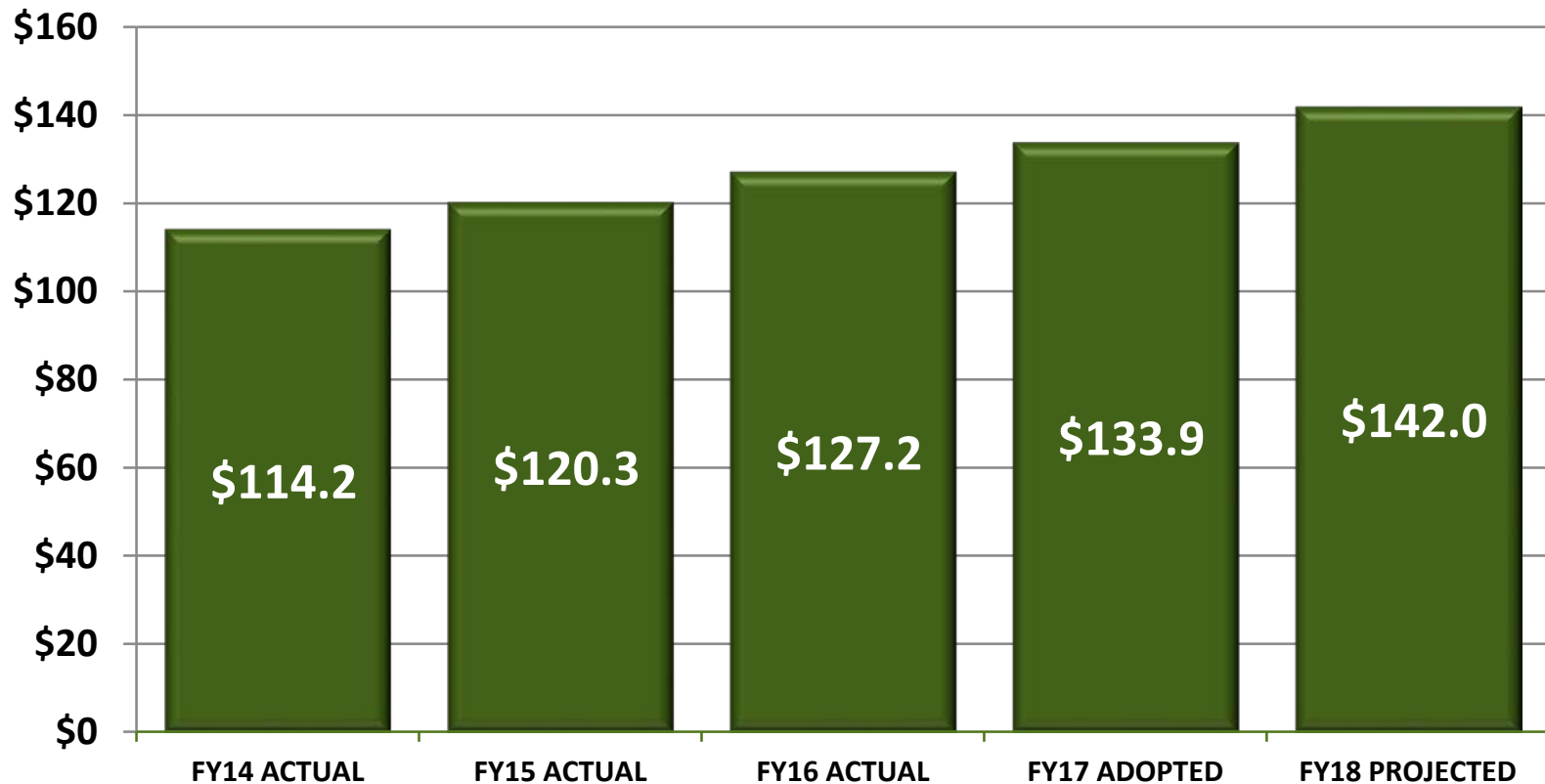
QUESTIONS?

Financial Update

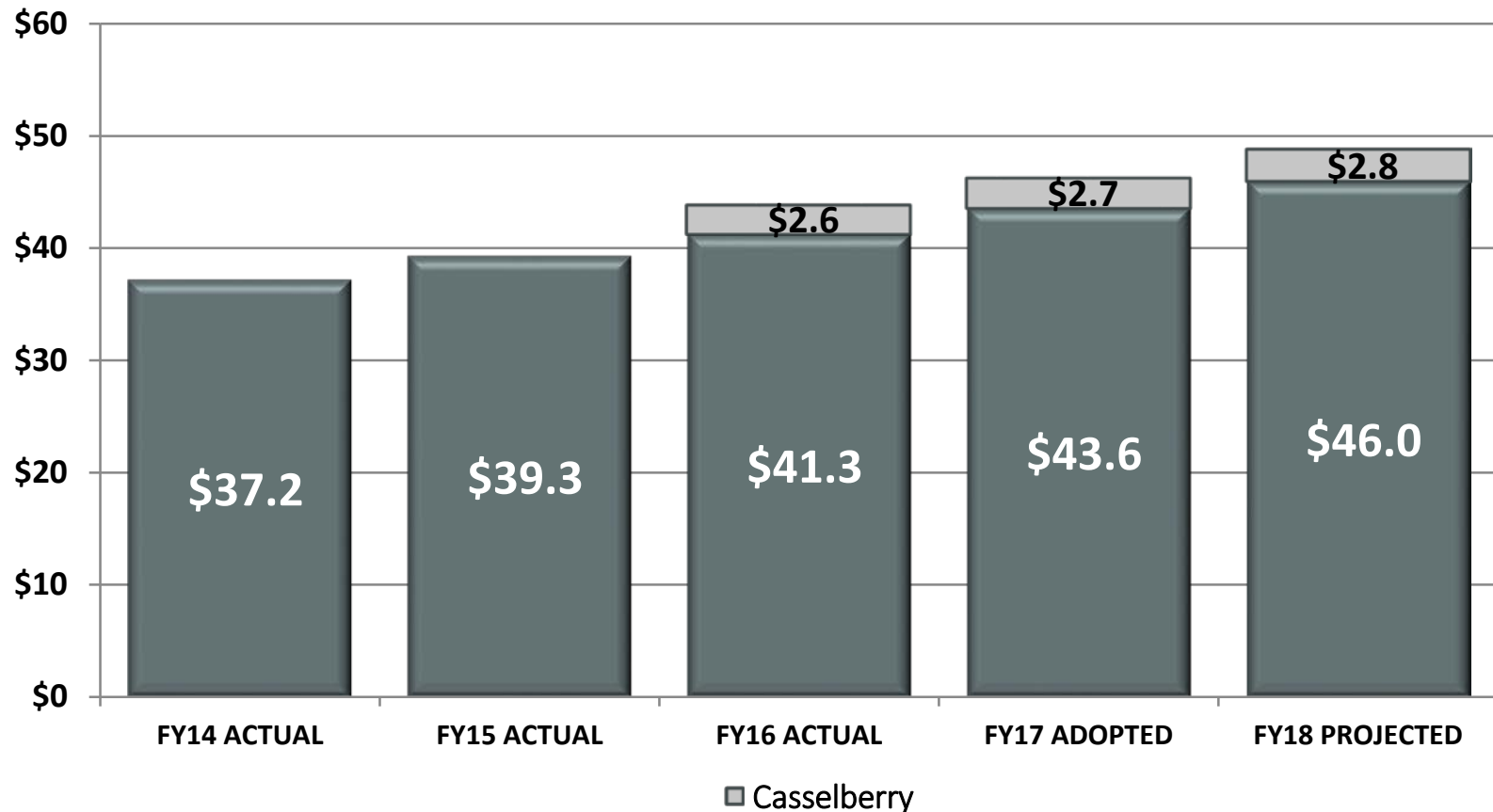
Major Revenue Sources – 5 Year Trend

- **Ad Valorem Taxes**
- **State Shared Sales Taxes**
- **Communication Service Taxes**
- **Excess Fees**
- **Fuel Taxes**
- **Tourist Development Taxes**
- **2014 Infrastructure Sales Tax**

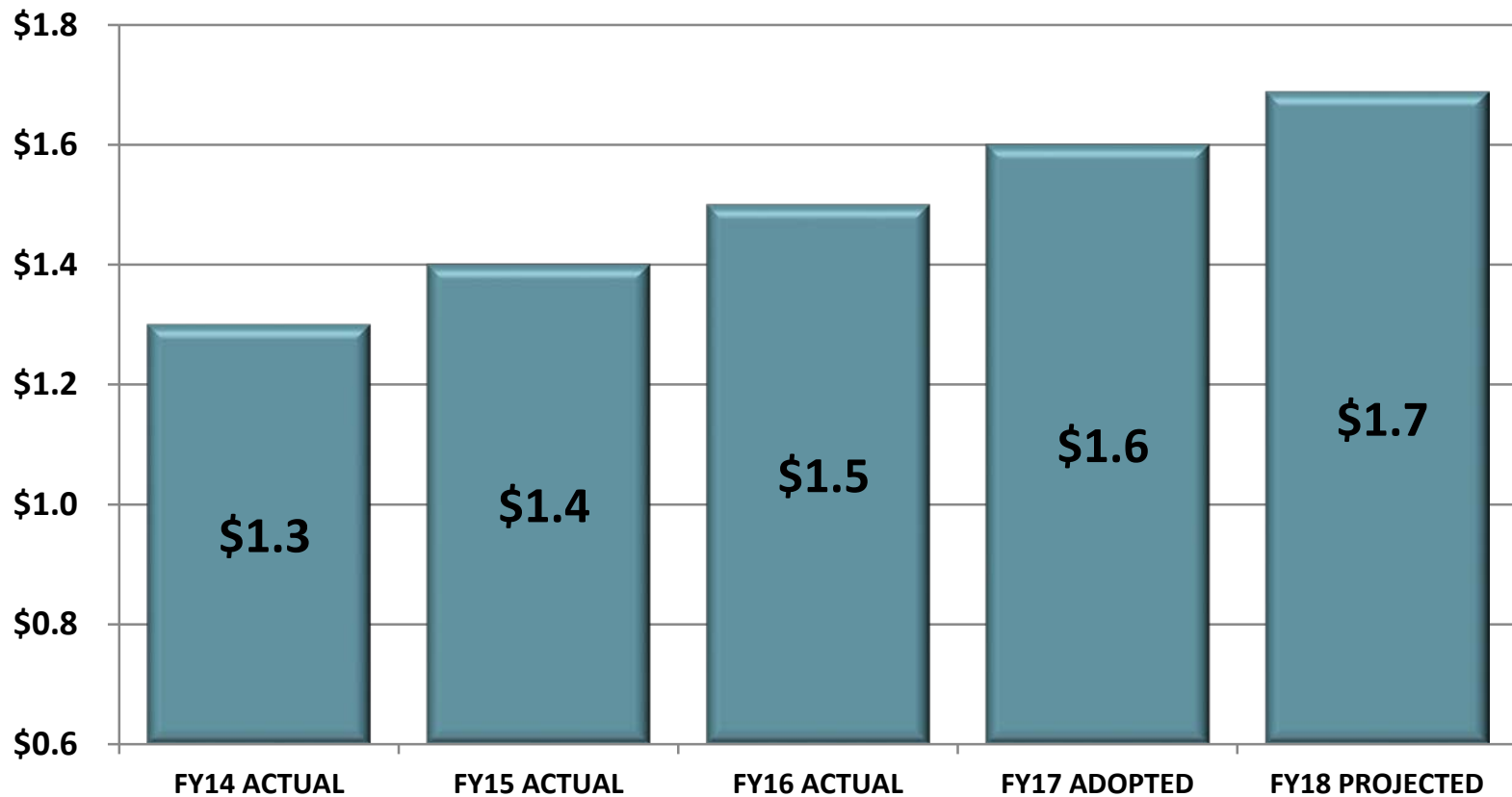
Countywide Property Tax



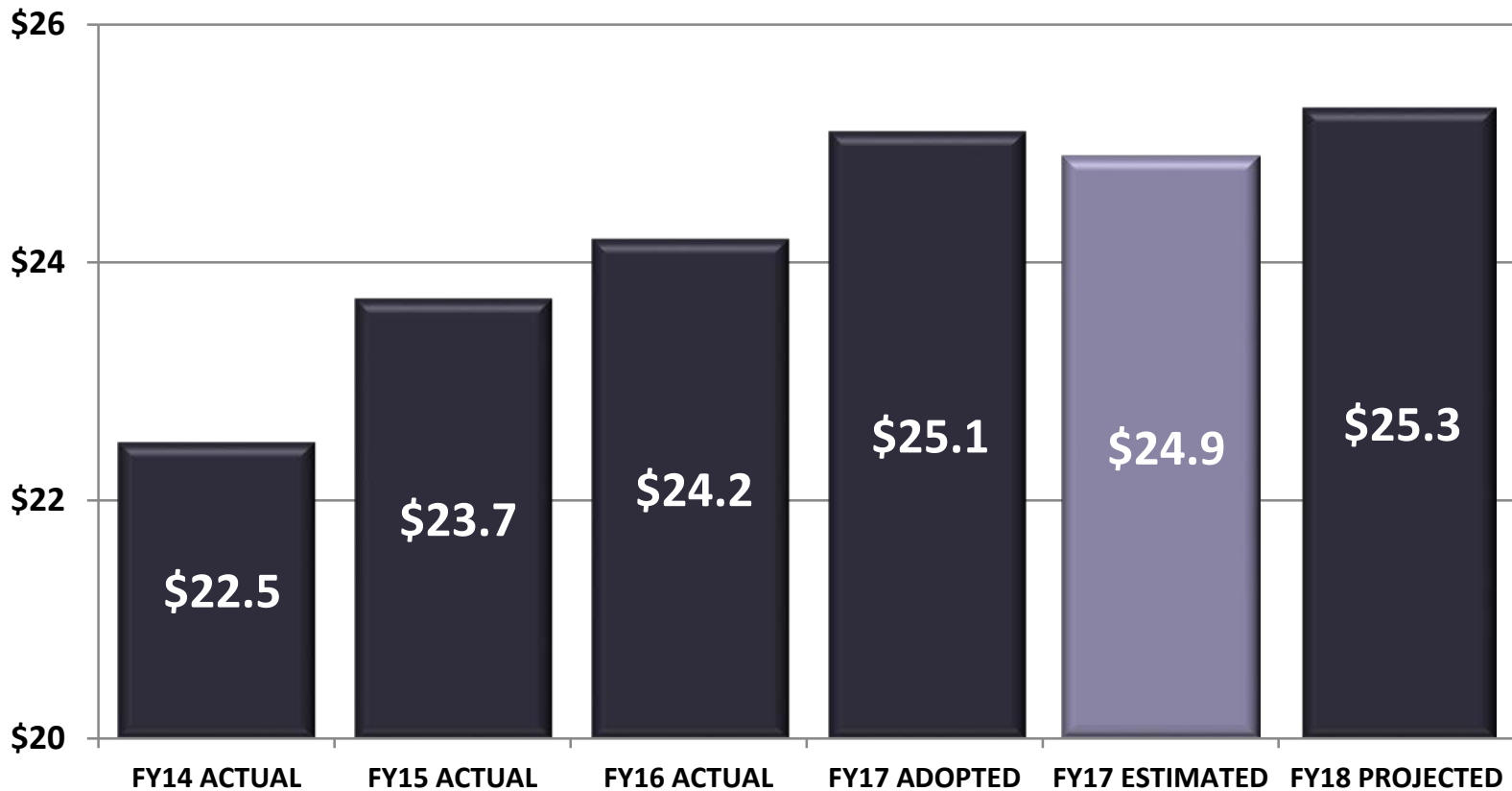
Fire District Property Tax



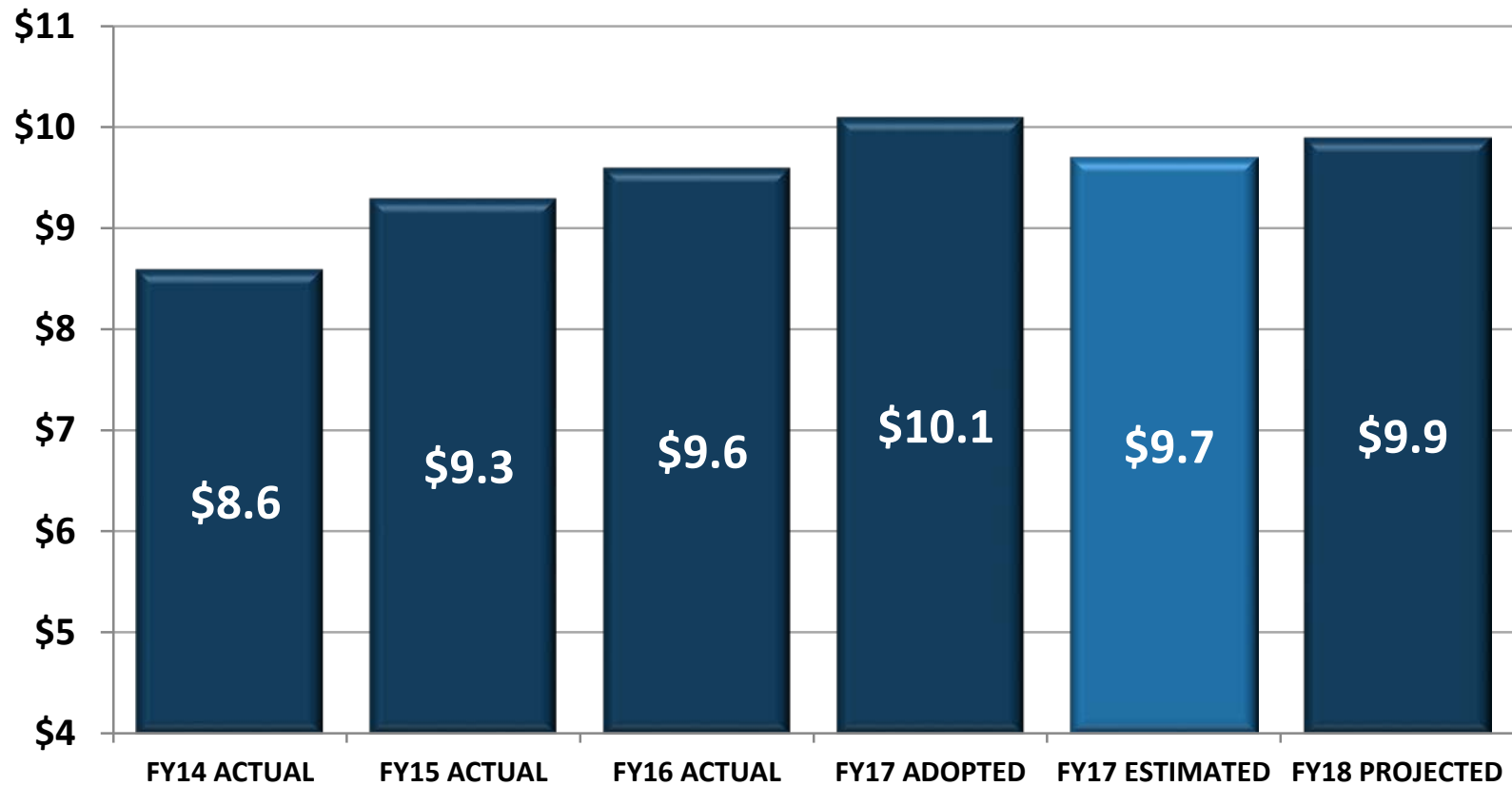
Road District Property Tax



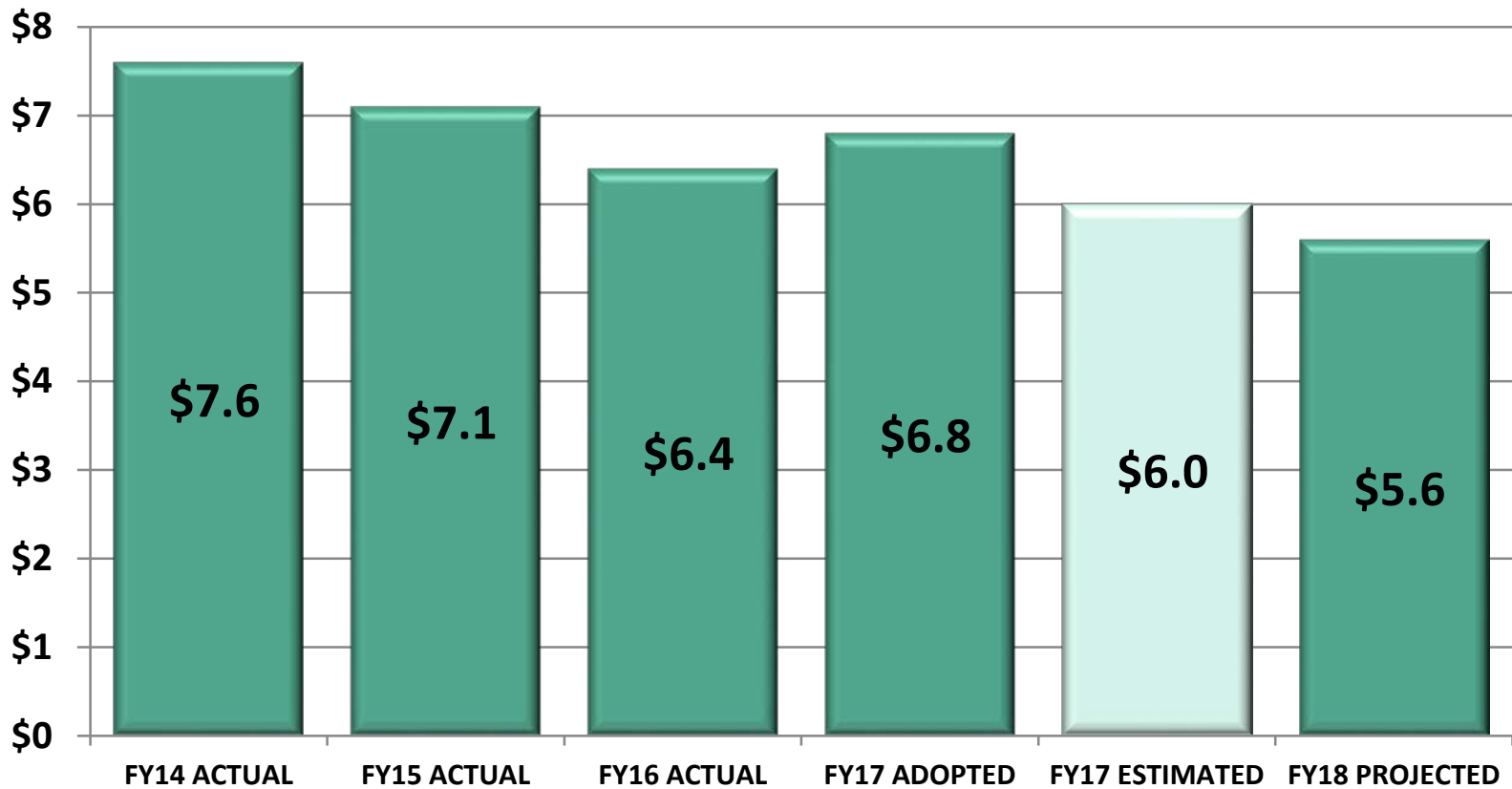
State Shared Half Cent Sales Tax



State Revenue Sharing



Communication Service Tax



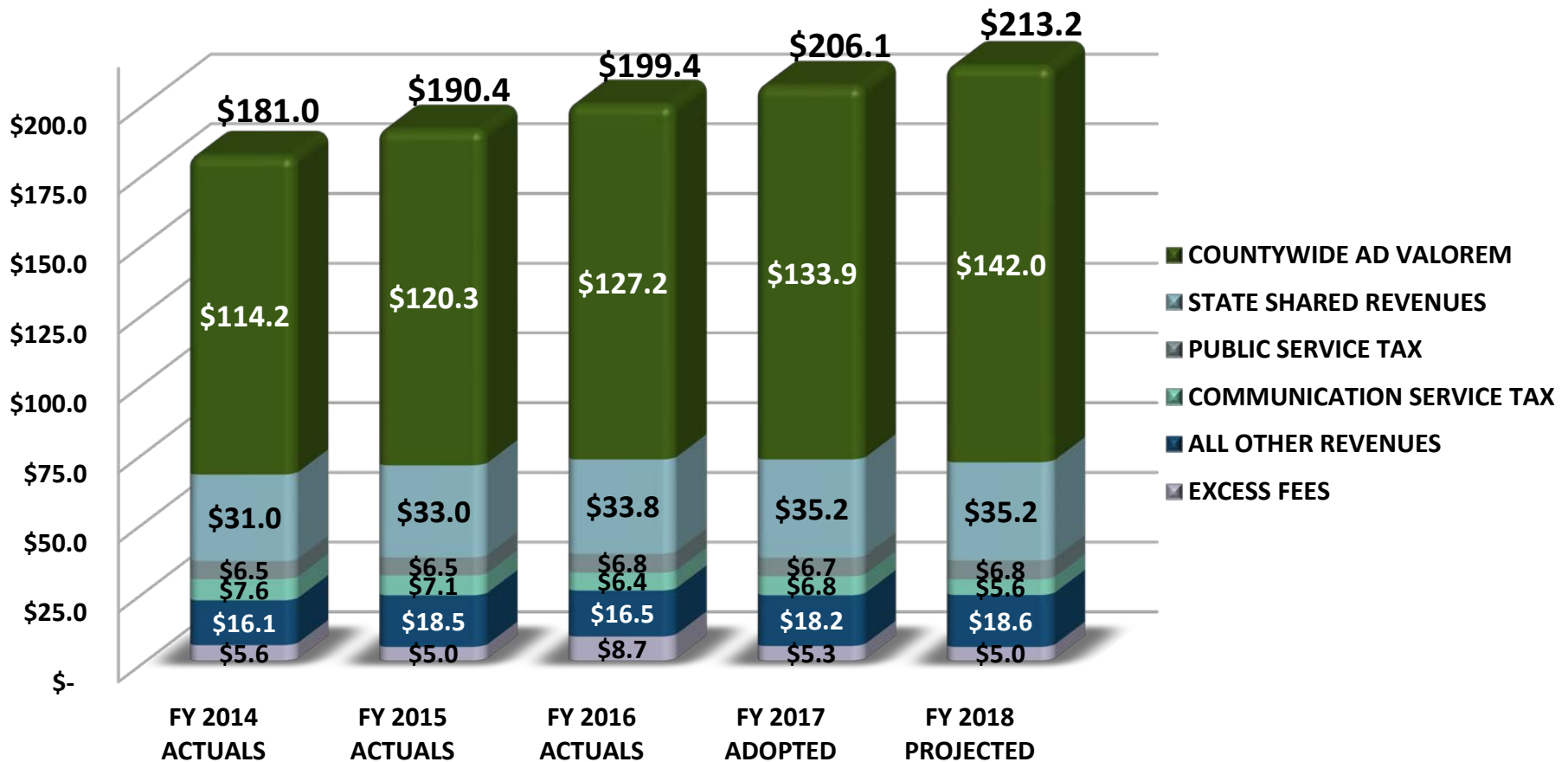
Excess Fee Transfers

EXCESS FEE HISTORY

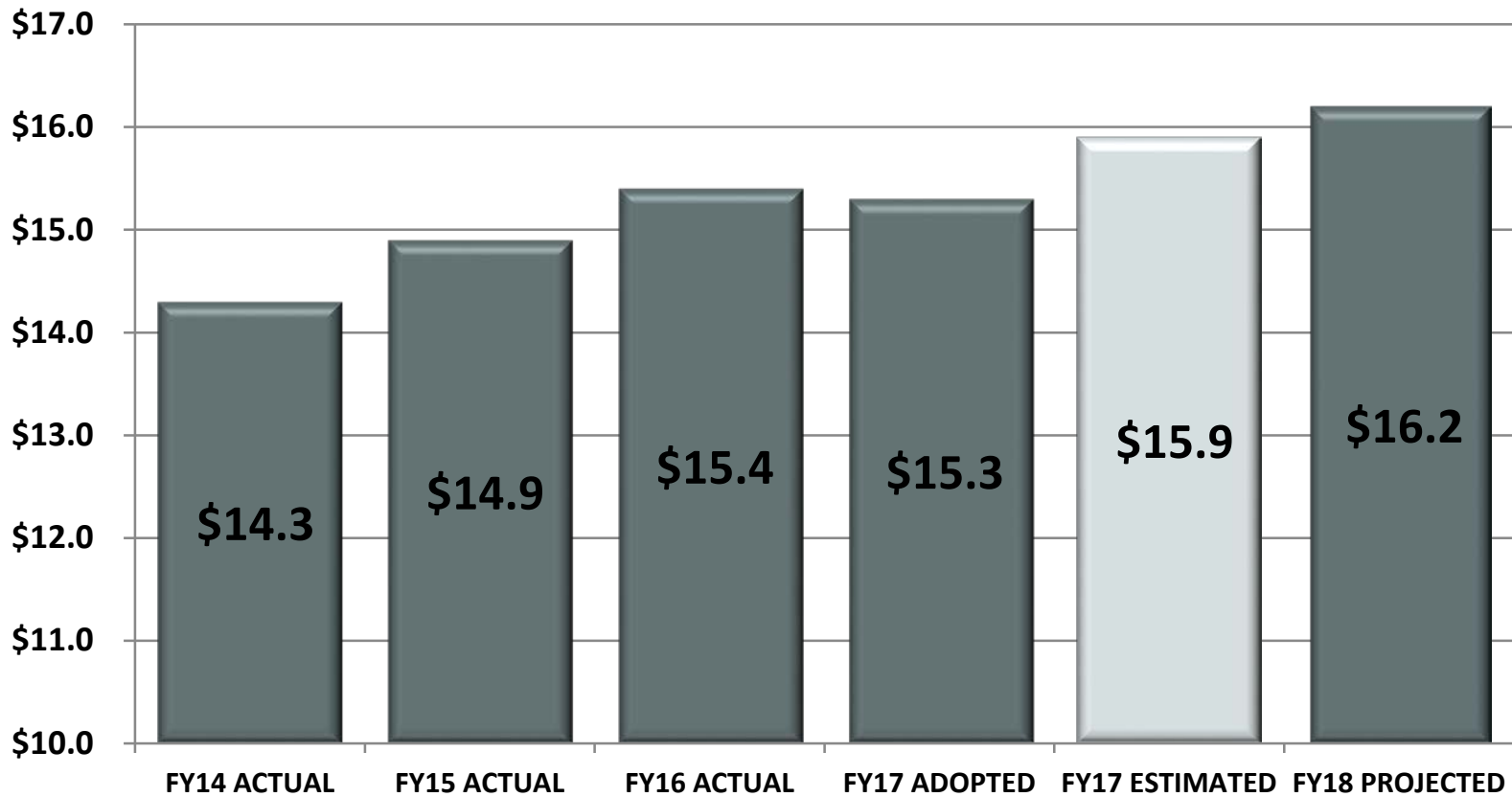
CONSTITUTIONAL OFFICER	FY 2012 ACTUALS	FY 2013 ACTUALS	FY 2014 ACTUALS	FY 2015 ACTUALS	FY 2016 UNAUDITED	FY 2017 ADOPTED
Clerk of the Court	1,282	29,955	536,219	511,724	1,021,329	300,000
Property Appraiser	29,296	2,814	11,093	7,530	20,955	-
Sheriff	771,828	283,715	545,014	217,166	710	100,000
Supervisor of Elections	356,067	258,771	336,653	451,427	209,914	400,000
Tax Collector	4,116,517	2,638,618	4,184,558	3,819,873	7,422,492	4,500,000
Total	5,274,990	3,213,873	5,613,538	5,007,723	8,675,399	5,300,000

Excess Fees are unused taxes and fees that are returned to the County by the Constitutional Officers at the end of each fiscal year. Historically, the County has relied on these to maintain essential services.

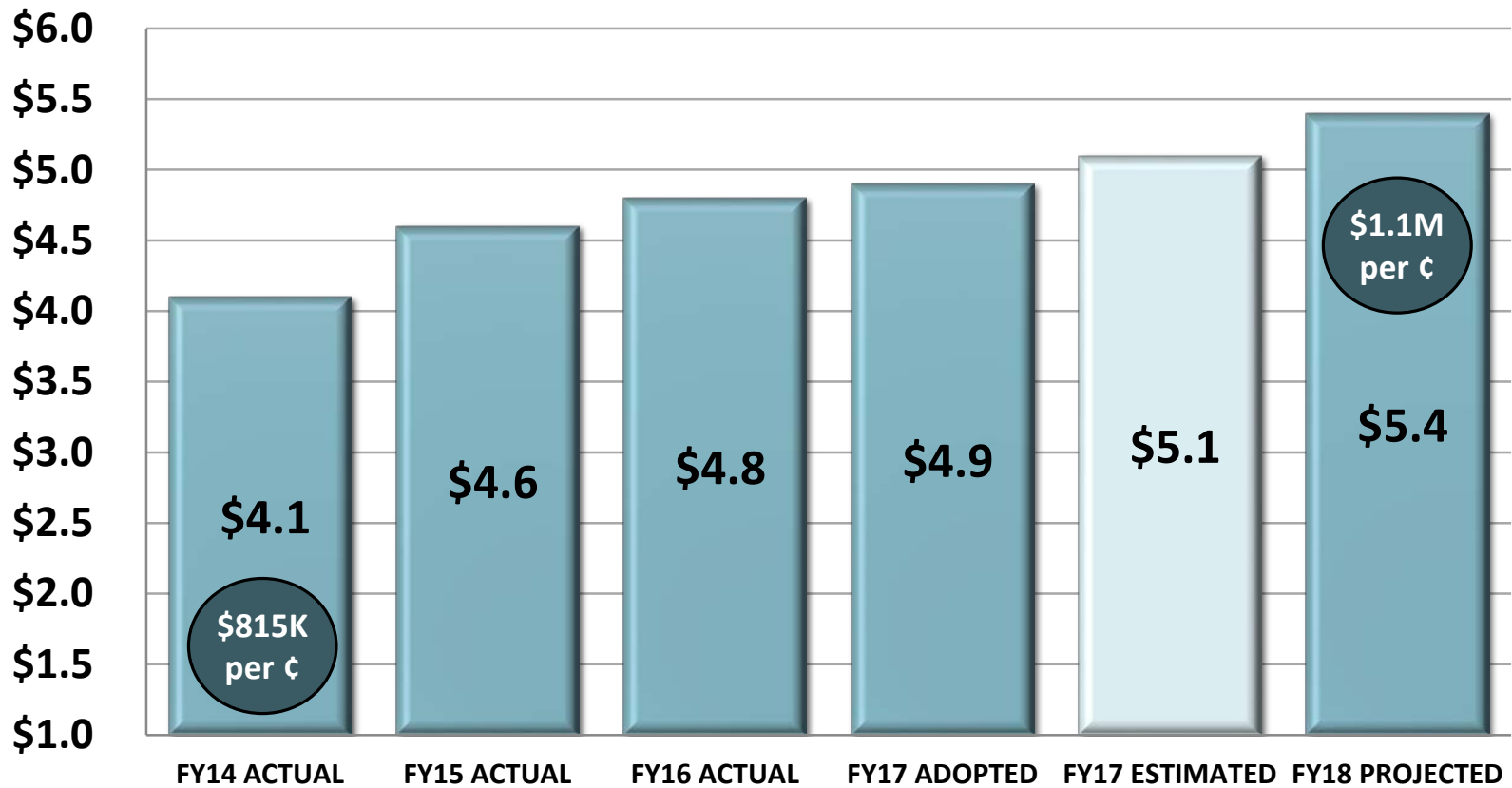
General Fund Revenue Sources



Fuel Tax

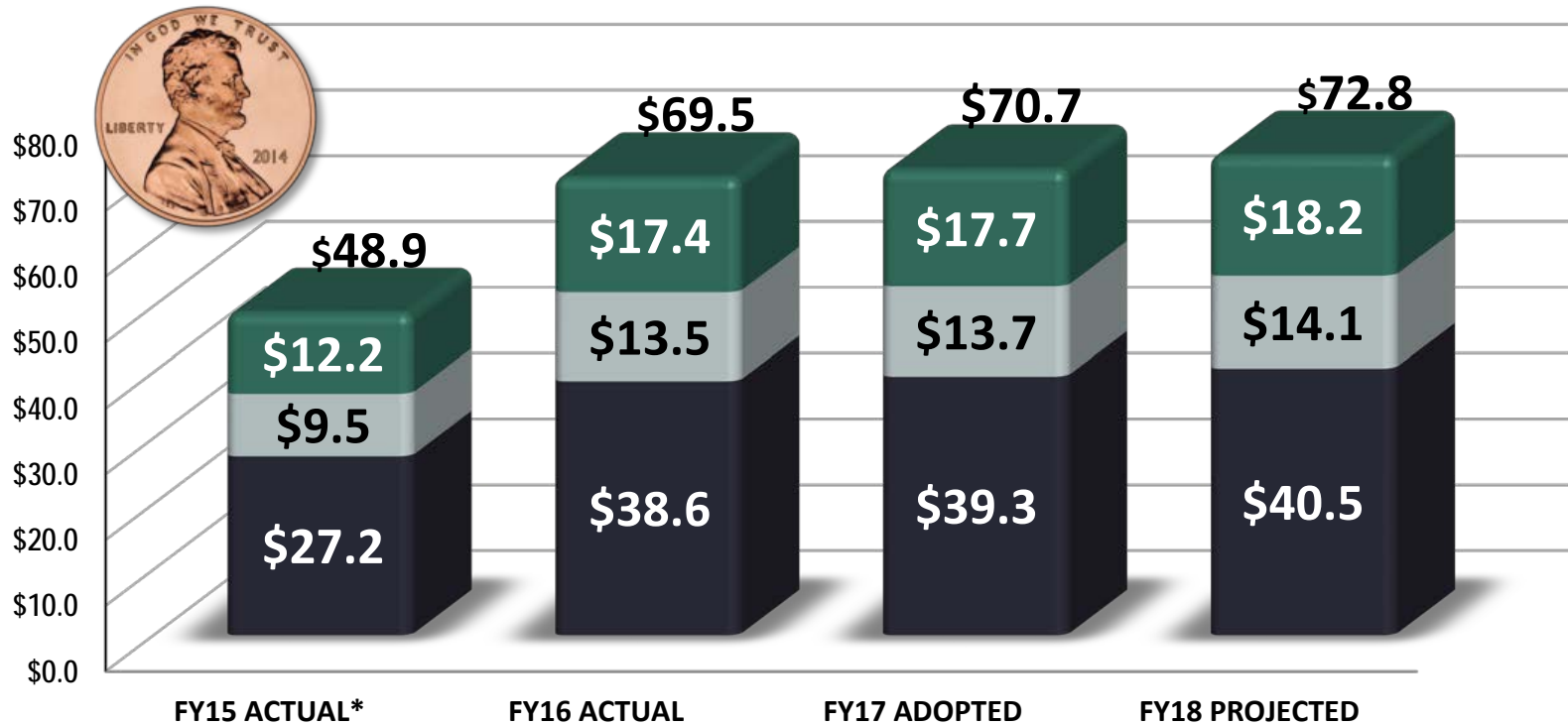


Tourist Development Tax



Infrastructure Sales Tax

■ COUNTY ■ CITIES ■ SCHOOL BOARD



*FY15 Actuals reflect only 9 months of collections

General Fund Operating Results

FY 2015/16

(in millions)	Adopted Budget	Amended Budget	Actual (unaudited)	Budget Variance
Revenues	\$ 191.4	\$ 191.6	\$ 190.7	(\$ 0.9)
Excess Fees	4.9	4.9	8.7	3.8
Expenditures	(197.8)	(201.5)	(198.0)	3.5
Operating Results	\$ (1.5)	\$ (5.0)	\$ 1.4	\$6.4
Carryforwards				(1.6)
FY17 Fund Balance				(2.8)
FY17 Reserve Adjustment				\$ 2.0

Change in Fund Balance is the net change in fund equity from the 9/30/15 Ending Fund Balance to the 9/30/16 Ending Fund Balance. Change in Reserves is the difference in the actual 9/30/16 Ending Fund Balance and the Currently Budgeted 10/01/16 Fund Balance.

General Fund Operating Results

FY 2015/16

Operating Budget Savings \$3.5M

- *Personal Services* = *\$2.2M*
- *Operating Expenses* = *\$1.9M*
- *Internal Charges/Contra* = *(\$3.2M)*
- *Grants and Aids* = *\$0.5M*
- *Transfers* = *\$0.6M*
- *Carryforwards to FY17* = *\$1.6M*

General Fund Financial Overview

FY 2016/17

Fund Balance Reconciliation	
Actual Ending FB 9/30/16	\$54.9M
Carryforward Adjustment	(\$1.6M)
Uncommitted Balance	\$53.3M
Budgeted Beg. FB 10/1/16	\$51.3M
Reserve Adjustment	\$2.0M

Preliminary Close Positive Reserve Adjustment

+\$2.0M

Revenue

- ✓ *Communication Service Tax*
- ✓ *Constitutional Excess Fees*
- ✓ *Normal Growth Trends*

Lapsed Appropriations

- ✓ *Position Vacancies*
- ✓ *Fuel Savings*

General Fund Forecast Assumptions

Revenue Growth:

- **Maintaining current tax rates and fees**
- **Taxable Valuation Growth**
 - **FY18: 6%**
 - **FY19 - FY21: 5%**
- **Sales Tax 2%**
- **Public Service Tax 2%**
- **Communication Service Tax declining at \$5.6M**
- **Total Revenue increasing approx. 3.5% in FY18 and 4% thereafter**

Expenditures Growth:

- **Personnel Services increase 4% throughout forecast**
- **Operating expenditures increasing 2% annually**
- **Constitutional Officers increasing no more than 4% annually**

General Fund Forecast Assumptions

CRA's

- 17-92 CRA ending FY18; Savings \$1.2M in FY19

Transfers

- Transportation Trust - \$500K in FY18, \$1.5M thereafter
- Lynx – 3% annual growth; average transfer \$4.7M
- Economic Development - \$2M based on current commitments
- Renewal & Replacements – Facilities \$1M; Fleet \$500K; Technology \$250K
- Debt Service - \$8.3M
- Supervisor of Elections - \$1.3M for Voting Machines in FY17

General Fund Forecast

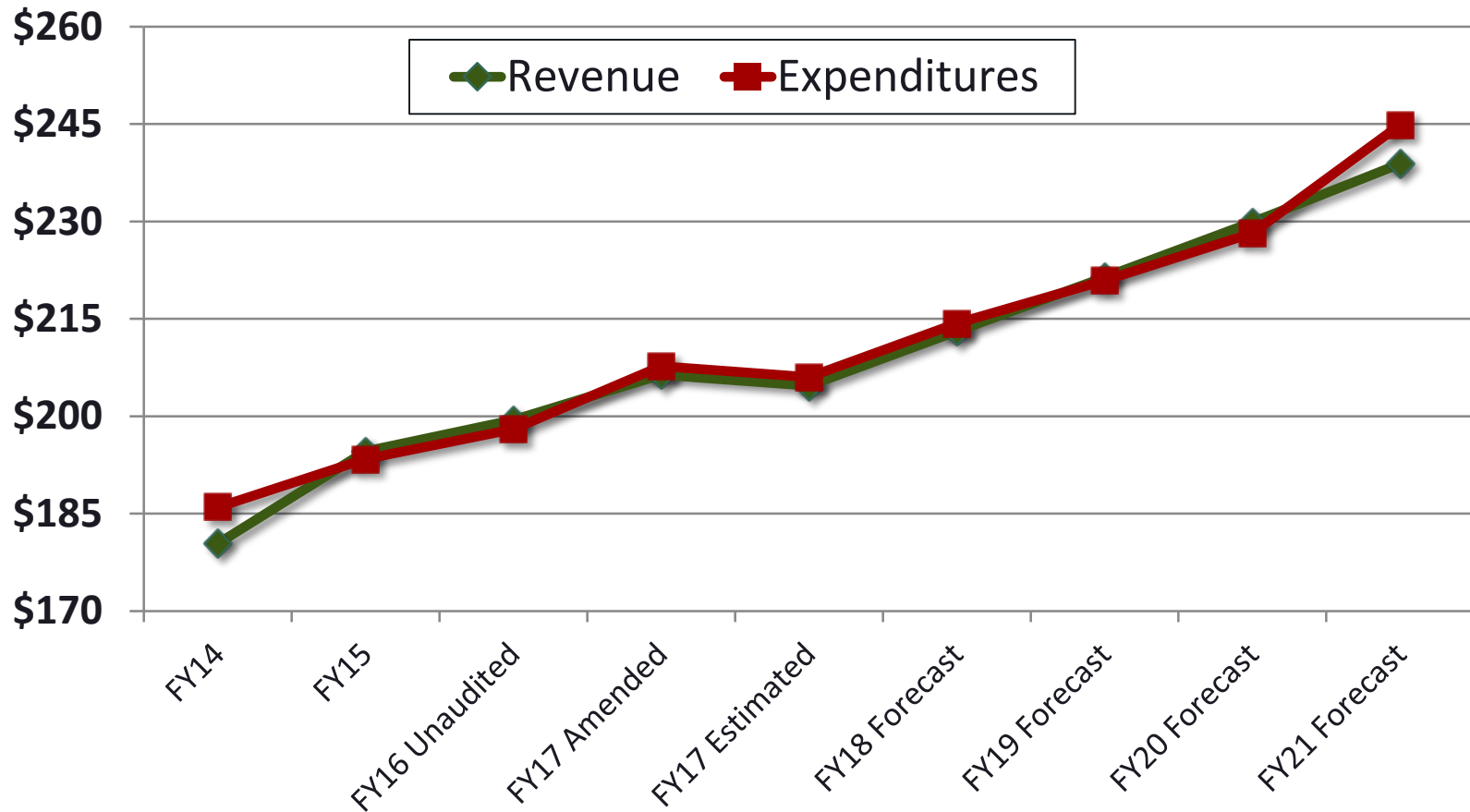
Without additional \$25K Homestead Exemption

Fiscal Year	Revenues	Expenditures	Operating Results	Ending Fund Balance	Fund Balance % of Revenues
FY 2015/16 (Unaudited)	199.4	198.0	1.4	54.9	28%
FY 2016/17 (Amended)*	206.4	207.7	(1.3)	52.0	25%
FY 2016/17 (Estimated)*	204.7	206.0	(1.3)	52.0	25%
FY 2017/18	213.1	214.3	(1.2)	50.8	24%
FY 2018/19	221.4	220.9	0.5	51.3	23%
FY 2019/20	229.9	228.2	1.7	53.0	23%
FY 2020/21	238.9	244.9	(6.0)	47.0	20%

*Ending Fund Balance adjusted for \$1.6M in Carryforward Projects

General Fund

Revenue / Expenditure Comparison



General Fund Forecast

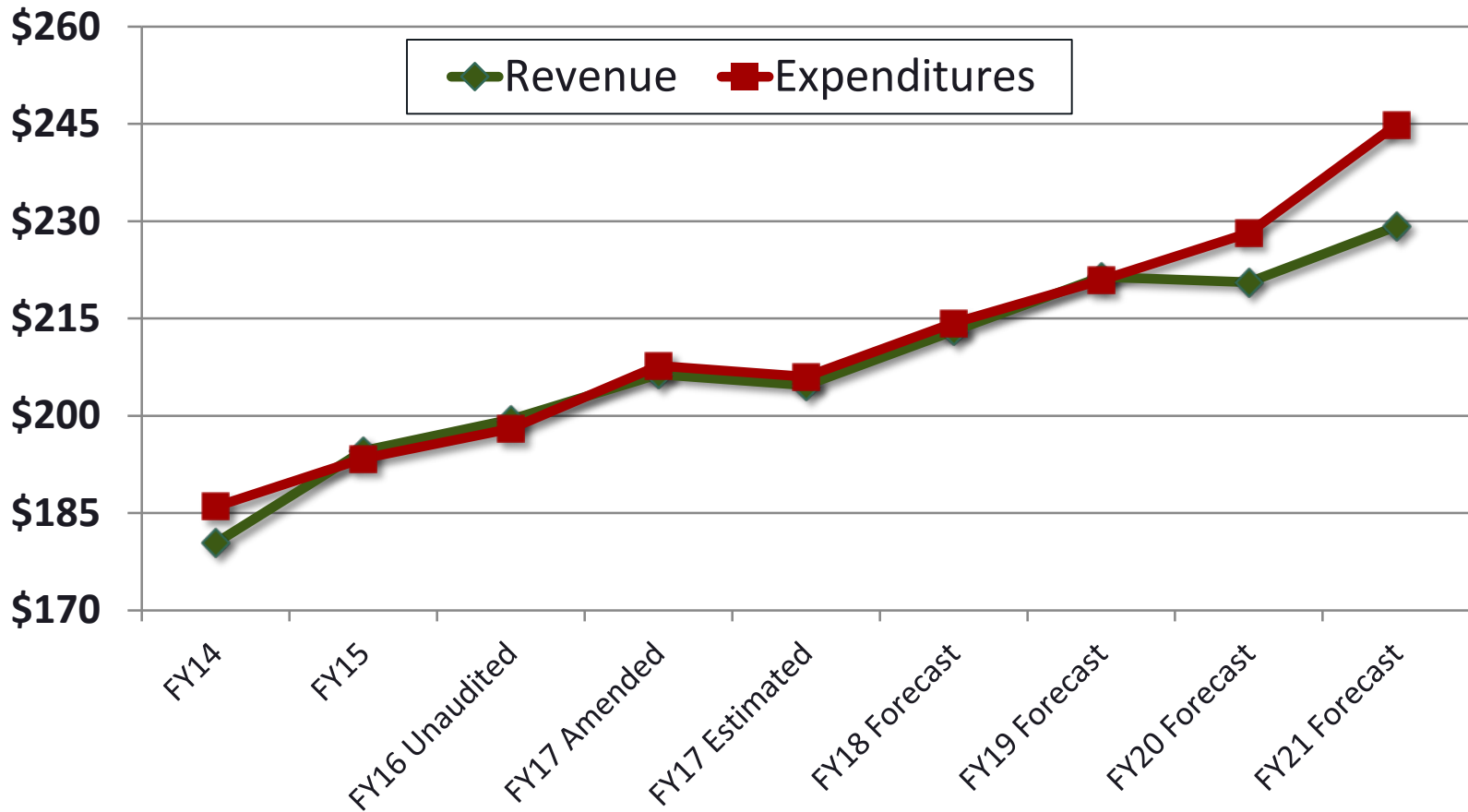
With additional \$25K Homestead Exemption starting in FY20

Fiscal Year	Revenues	Expenditures	Operating Results	Ending Fund Balance	Fund Balance % of Revenues
FY 2015/16 (Unaudited)	199.4	198.0	1.4	54.9	28%
FY 2016/17 (Amended)*	206.4	207.7	(1.3)	52.0	25%
FY 2016/17 (Estimated)*	204.7	206.0	(1.3)	52.0	25%
FY 2017/18	213.1	214.3	(1.2)	50.8	24%
FY 2018/19	221.4	220.9	0.5	51.3	23%
FY 2019/20	220.6	228.2	(7.6)	43.7	20%
FY 2020/21	229.2	244.9	(15.7)	28.0	12%

*Ending Fund Balance adjusted for \$1.6M in Carryforward Projects

General Fund

Revenue / Expenditure Comparison



Fire Fund Operating Results

FY 2015/16

**FY2015/16
Year End Results:
Operating Deficit (\$2.1M)***

FY2015/16 Results (Unaudited)	
Operating Revenue	\$47.7M
Operating Expenditures	\$49.8M
Operating Deficit	(\$2.1M)
Beginning Fund Balance 10/1/15	\$21.5M
Ending Fund Balance 9/30/16	\$19.4M

*Does not include \$2.2M in Expenditures from Sales Tax Funds – Adjusted Operating Deficit of (\$4.3M)

Fire Fund Financial Overview

FY 2016/17

Fund Balance Reconciliation	
Actual Ending FB 9/30/16	\$19.4M
Carryforward Adjustment	(1.0M)
Uncommitted Balance	\$18.4M
Budgeted Beg. FB 10/1/16	\$17.6M
Reserve Adjustment	\$0.8M

**Preliminary Close Positive
Reserve Adjustment**

+\$0.8M

Fire Fund Forecast

Fiscal Year	Revenues	Expenditures	Operating Results	Ending Fund Balance	Fund Balance % of Revenues
FY 2015/16 (Unaudited)	47.7	49.8	(2.1)	19.4	41%
FY 2016/17 (Amended)	50.6	56.0	(5.4)	13.0	26%
FY 2016/17 (Estimated)	50.6	55.0	(4.4)	14.0	28%
FY 2017/18	53.0	61.5	(8.5)	5.5	10%
FY 2018/19	55.8	62.3	(6.5)	(1.0)	-2%
FY 2019/20	58.7	63.7	(5.0)	(6.0)	-10%
FY 2020/21	61.9	67.8	(5.9)	(11.9)	-19%

*The average Operating Deficit is (\$5.4M) with Sales Tax Support – (\$8.6M) without Sales Tax support

Legislative Impacts

- **SJR 76 / HJR 21- 10% Cap on Non-Homestead Property**
- **SB 1774 / HJR 7105 Additional Homestead Property Tax Exemption**
- **SB 838 / HB 223 - Tax on Commercial Property**
 - No current staff analysis on this bill
 - Provides certain exemptions from the tax imposed on rental or license fees charged for use of commercial real property
 - Future repeal of FS 212.031 - 6% Tax on rental or license fee for use of real property (January 1, 2027)
 - Increases an exemption to the total rent or license fee subject to the tax by \$10K annually through 2026 - Effective January 1, 2018

Lease or Rental of Commercial Real Property

- Statewide State Sales Tax Collections is \$1.6B
- Seminole County Sales Tax Collections is \$33.8M

Legislative Impacts

- **HB 7063 - Local Government Fiscal Responsibility Act**

Purpose: To promote fiscal responsibility of local governments in using public funds by providing additional conditions under which local governments may increase taxes, enact new taxes, extend expiring taxes, or issue new tax-supported debt. Effective October 1, 2018

- Revises date and voting requirements for referenda of most local government taxes and local option surcharges
 - Tax levies requiring referendum must be held at a general election requiring 60% voter approval
- Prohibits property tax increases, as defined by current law, unless certain excess fund balances are spent down
 - Cannot levy millage above rollback if you have unencumbered fund balances in any special revenue funds for which the millage is being considered unless the budget includes expenditures to eliminate the excess unencumbered fund balances.
- Local governments levying non-voted millage above the rolled back rate in the previous three years cannot enact, extend or increase most local option tax levies (i.e., TDT, PST, Discretionary tax, etc.)
- Requires voter approval for issuance of any new tax supported debt with a term of more than 5 years
- Authorizes referenda at times other than general election if an emergency exists
- Does not apply to refunding or refinancing of debt that does not extend the term or increase the outstanding principle amount

Legislative Impacts

The recently released Presidential Budget Blueprint includes a proposed elimination of certain Block Grant Programs.

The County currently receives the following funding under these programs:

PROGRAM	FY17 FUNDING	ESTIMATED FY18 FUNDING	50% to 70% POTENTIAL FUNDING LOST
CDBG	1,564,887	750,000	814,887
CDBG SANFORD	414,546	207,250	207,296
HOME	497,897	250,000	247,897
SHIP	2,450,135	924,000	1,526,135
ESG	151,092	75,000	76,092
CSBG	435,640	215,000	220,640
TOTAL	5,078,557	2,206,250	2,872,307

We do not anticipate a loss of any currently allocated award funding.

Tentative Budget Timeline

- **Budget Kickoff Meeting** 1/30
- **Department Requests Due** 3/17
- **Financial Update and Budget Development** 4/11
- **County Manager Worksessions** May
- **Add'l BCC Worksessions as needed** May-June
- **Deliver CM's Proposed Budget to BCC** Early July
- **TRIM Adoption** 7/25
- **BCC Worksession Dates** 8/3 & 8/17
- **1st Public Hearing** 9/13
- **2nd Public Hearing** 9/26

Financial Update and Budget Development

Questions