

Financial Update and Budget Development

FY 2017/18

APRIL 10, 2018

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
- Grants
- FEMA
- Uses of General Fund Revenues

FY 2018/19 Budget Development Timeline

Board Direction



FY 2018/19 Budget Worksession

Property Valuation Update

April 10, 2018

Date of Assessment



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Why is January 1 Important?

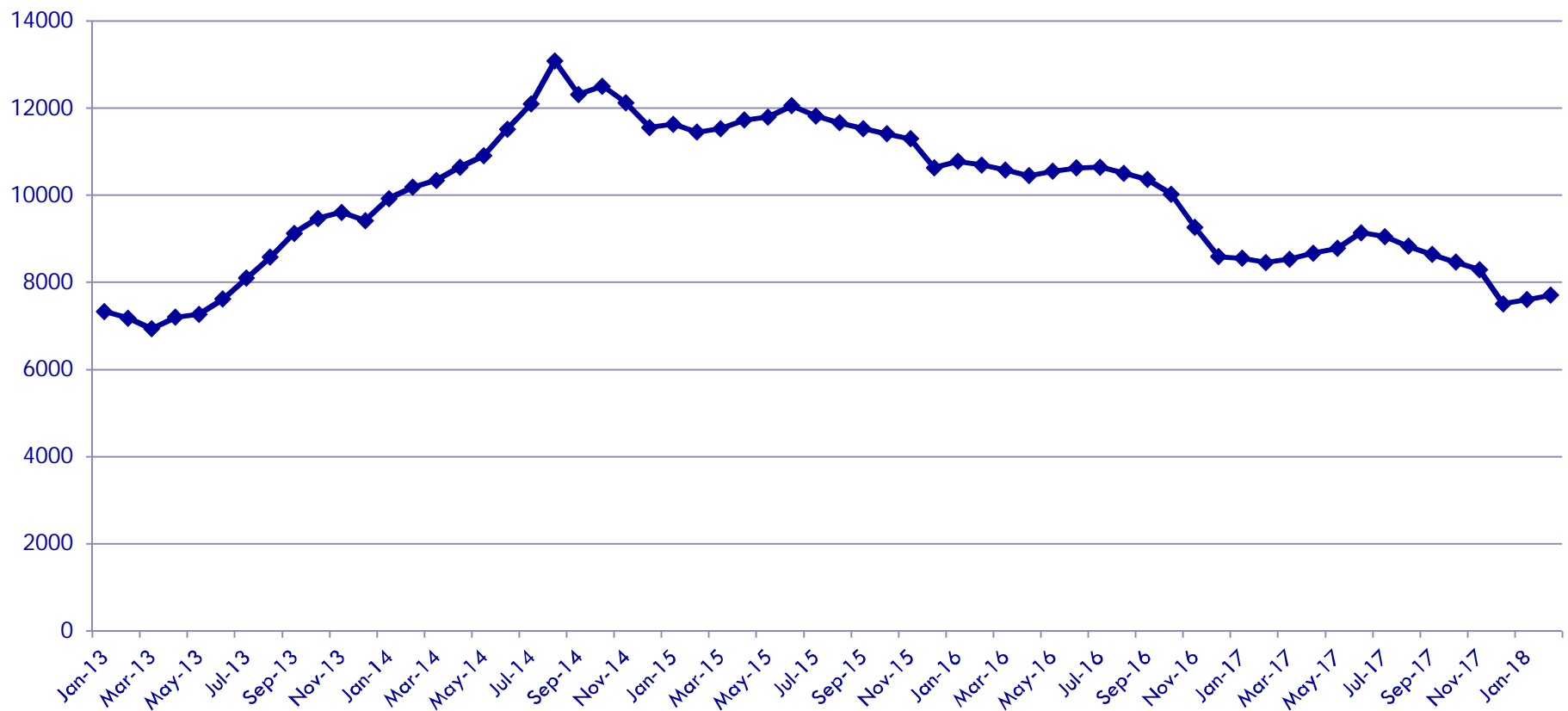
JANUARY 2018						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Inventory of Homes on the Market in the Orlando Metro Area



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2013 – January 2018



2017 Average Mortgage Interest Rate



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Jan-17	4.30%
Feb-17	4.29%
Mar-17	4.29%
Apr-17	4.11%
May-17	4.09%
Jun-17	3.45%
Jul-17	3.49%
Aug-17	3.53%
Sep-17	3.57%
Oct-17	3.82%
Nov-17	3.82%
Dec-17	4.32%

Market Overview for Seminole



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- Macro and micro economic indicators are positive for Seminole County over the next several years
- Continued Population Growth
- Economic Development
- Top Rated Schools
- Airport
- Wekiva Parkway Extension
- Lack of Supply of Developable Land
- 1 Area of Caution:
 - Affordability of housing in Seminole County



Single Family Home Supply in the Metro Orlando MSA



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- Number of homes for sale is at a 3 month supply, a 6 month supply is considered a healthy market. However, inventory is increasing, especially in the \$400,000+ range.



Detached Single Family Homes



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Median Sales Price of <i>Existing</i> Single Family Homes	
<u>Sale Year</u>	<u>Median Sale Price</u>
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
2017	\$ 259,000



Median Sales Price of <i>NEW</i> Single Family Homes	
<u>Year Built</u>	<u>Median Sale Price</u>
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
2017	\$ 467,300

Townhouses

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Median Sales Price of Existing Townhouses

<u>Sale Year</u>	<u>Median Sale Price</u>
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
2017	\$ 182,000



Median Sales Price of NEW Townhouses

<u>Year Built</u>	<u>Median Sale Price</u>
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
2017	\$ 286,000

Permitted New (Future) Construction

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- **\$950 Million** Total New Construction in the Pipeline



New Construction for 2018



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- Overall new construction continues to make steady improvement throughout the County.
- \$552 million in new construction to be added to the 2018 Tax Roll*

**subject to change due to continued reappraisal work*



Commercial Market Update

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- Commercial Market showing steady improvement in property values that range between 2-15% annual rates on increase



Save Our Homes Cap %



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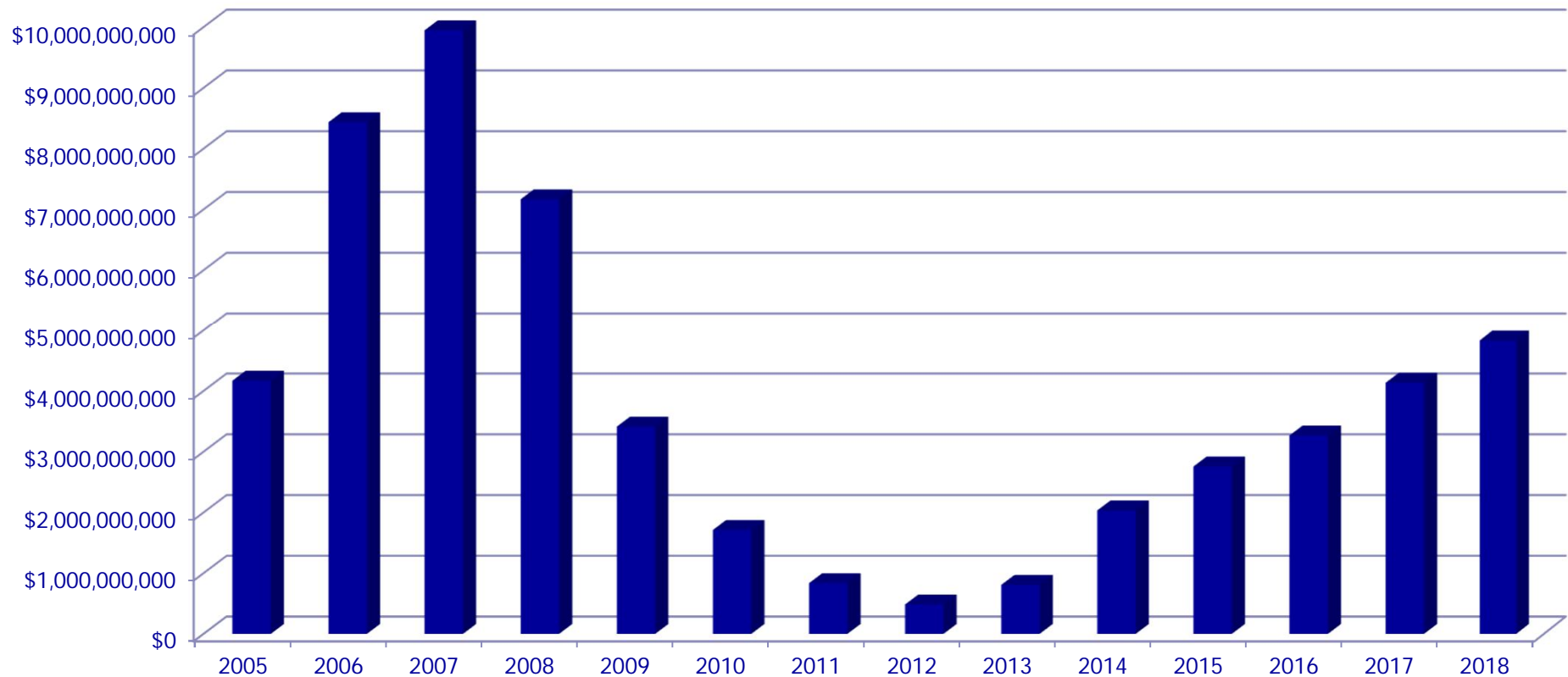


Year	SOH CAP
2007	2.5%
2008	3.0%
2009	0.1%
2010	2.7%
2011	1.5%
2012	3.0%
2013	1.7%
2014	1.5%
2015	0.8%
2016	0.7%
2017	2.1%
2018	2.1%

Value of Save Our Homes Savings 2006-2018*



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**subject to change due to continued reappraisal work*

Taxable Value History & Projections



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Year	% Change in Taxable Value
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	7.50%
2019	6.50%*
2020	5.00%

*2019 projection based on increase in value due to market activity

2nd Homestead Impacts vs 3rd Homestead Impacts: COUNTY



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GENERAL FUND

2008 Tax Roll Declined 5.58%

\$2.37 Billion **loss** due to 2nd Homestead

\$2.03 Billion **loss** due to decline in market

2019 Tax Roll Projection if Amendment 1 Passes

\$2.15 Billion **increase** in taxable value due to market

\$1.70 Billion **loss** in taxable value due to 3rd Homestead

\$450 million Net Increase in Taxable Value (1.35% net increase in taxable)

\$2.1 Million Tax Revenue Increase (Budgeting @ 96%)

2019 Tax Roll Projection if Amendment 1 Does NOT Pass

\$2.15 Billion **increase** in taxable value due to market

\$2.15 Billion Net Increase in Taxable Value (6.5% net increase in taxable)

\$10.0 Million Tax Revenue Increase (Budgeting @ 96%)

2nd Homestead Impacts vs 3rd Homestead Impacts: FIRE



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FIRE FUND

2008 Tax Roll Declined 3.84%

\$1.67 Billion loss due due to 2nd Homestead

Overall, there was a net increase to the Fire Fund due to Winter Springs joining in 2008

2019 Tax Roll Projection if Amendment 1 Passes

\$1.50 Billion increase in taxable value due to market

\$1.30 Billion loss in taxable value due to 3rd Homestead

\$240 million Net Increase in Taxable Value (1.05% net increase in taxable)

\$640k Tax Revenue Increase (Budgeting @ 96%)

2019 Tax Roll Projection if Amendment 1 Does NOT Pass

\$1.50 Billion increase in taxable value due to market

\$1.50 Billion Net Increase in Taxable Value (6.5% net increase in taxable)

\$4 Million Tax Revenue Increase (Budgeting @ 96%)

Amendment #1: Additional Homestead Exemption



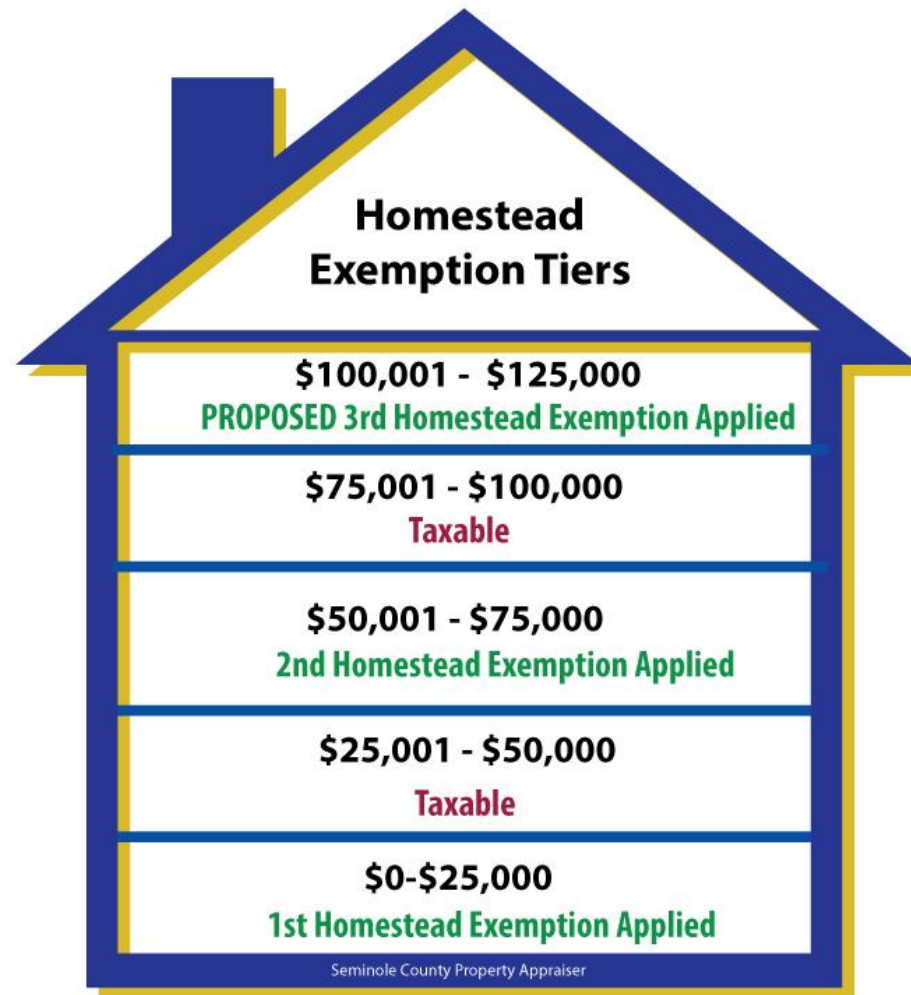
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- Would increase homestead exemption from \$50,000 to \$75,000
- General Fund: \$1.7 billion potential loss to taxable value
 - Potential loss in tax revenue: \$8 million
 - 82,000 parcels
- Fire: \$1.3 billion potential loss to taxable value
 - Potential loss in tax revenue: \$3.4 million
 - 62,000 parcels

Amendment #1: Additional Homestead Exemption



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Amendment #1: Additional Homestead Exemption



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**Average Savings with
Additional Homestead:
\$200***



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

Amendment #2: 10% Cap on Non-Homestead Property



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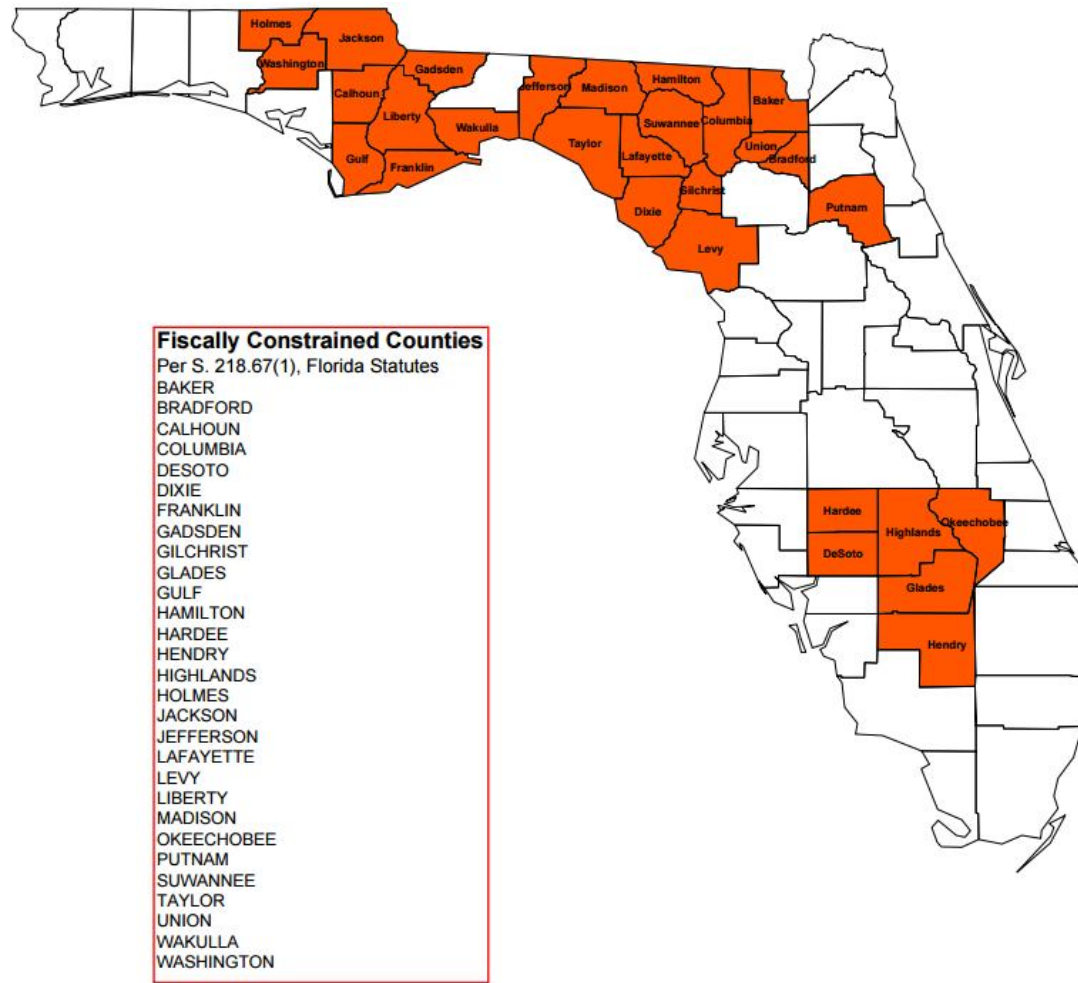
- Cap set to expire January 1, 2019
- Amendment would extend the cap indefinitely
- \$1 billion currently under the cap*
- 25,000 parcels

**subject to change due to continued reappraisal work*



Fiscally Constrained Counties

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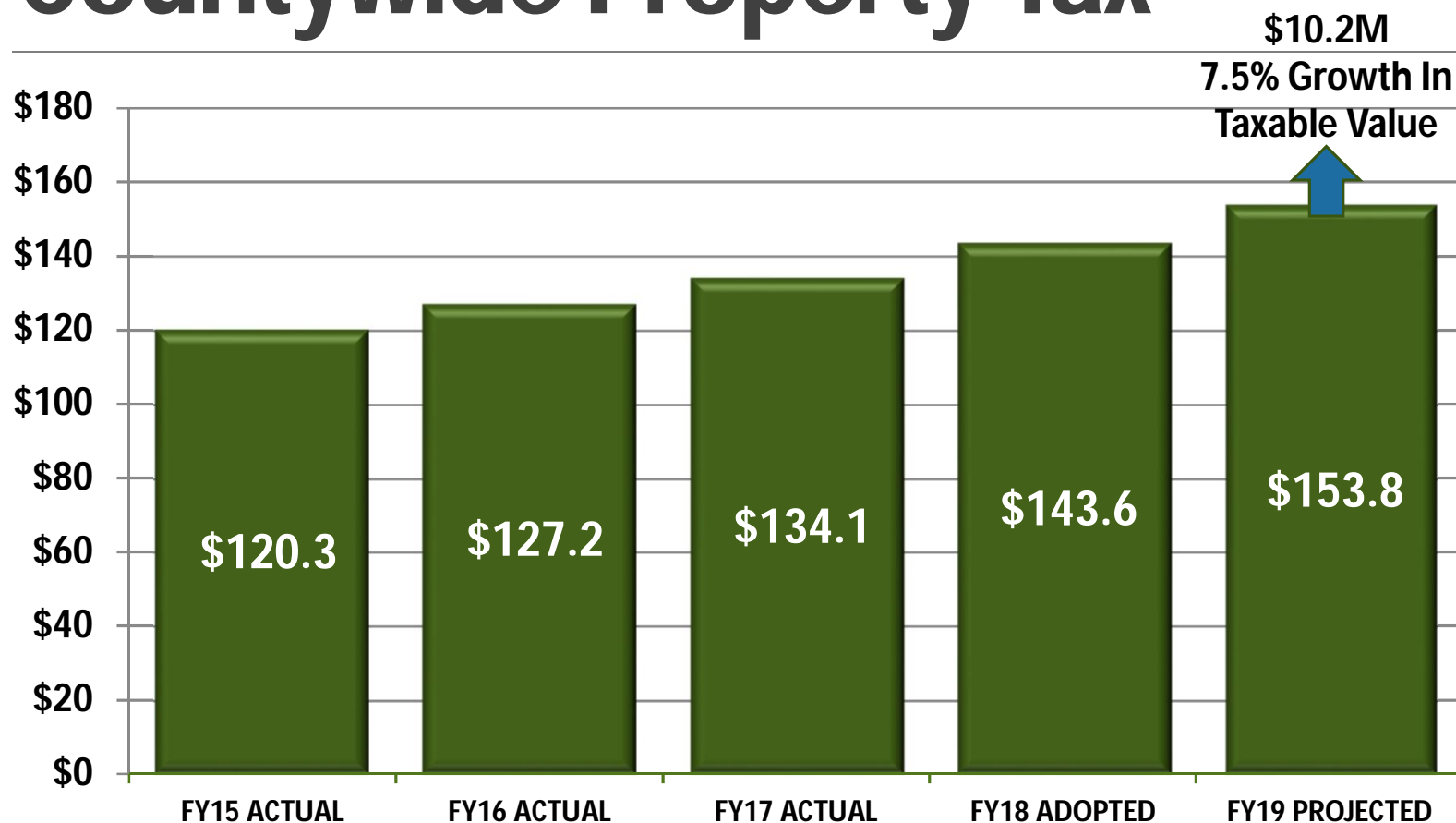
QUESTIONS?

Financial Update

Major Revenue Sources – 5 Year Trend

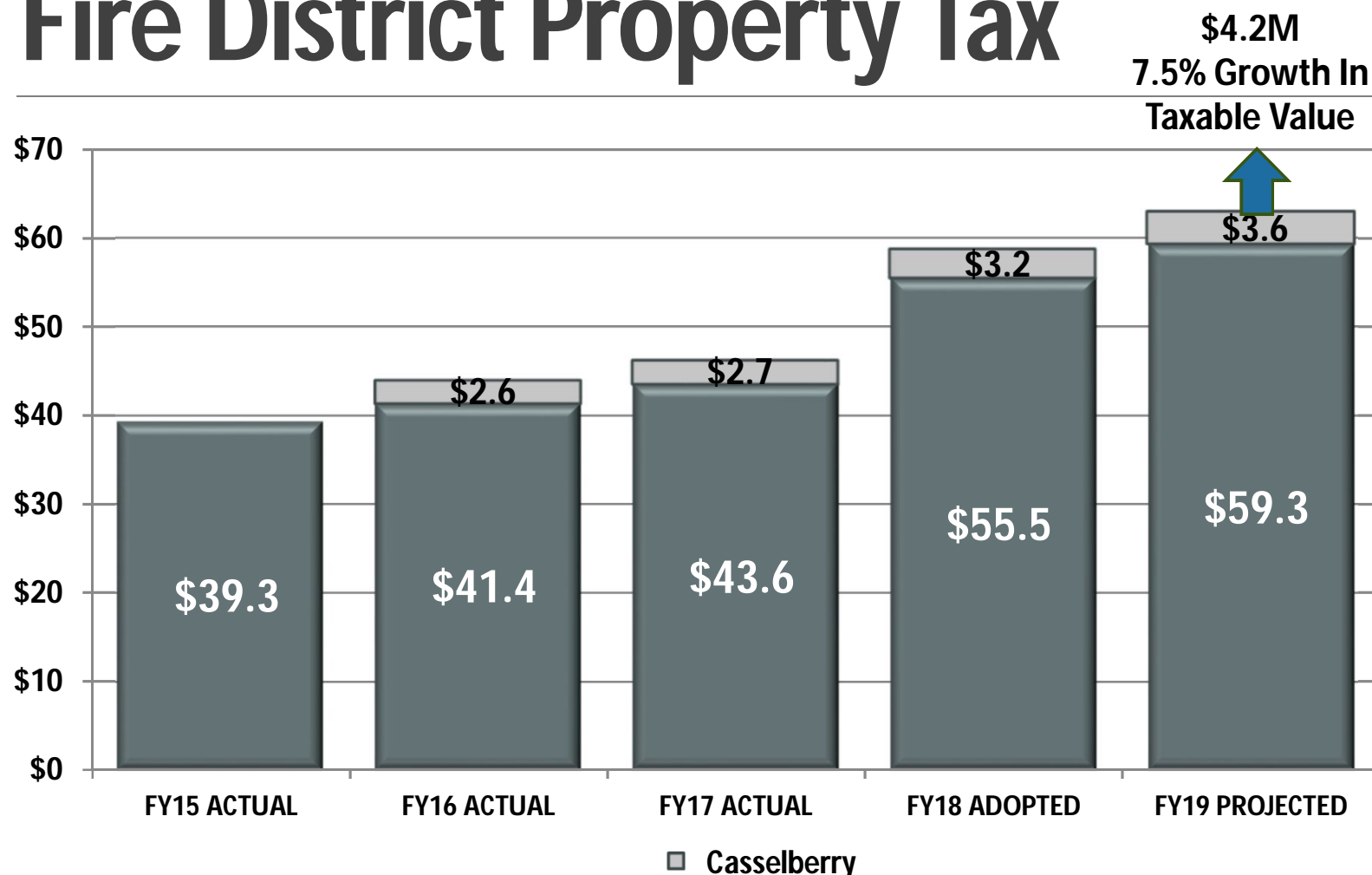
- **Ad Valorem Taxes**
- **State Shared Sales Taxes**
- **Communication Service Taxes**
- **Excess Fees**
- **Fuel Taxes**
- **Tourist Development Taxes**
- **2014 Infrastructure Sales Tax**

Countywide Property Tax



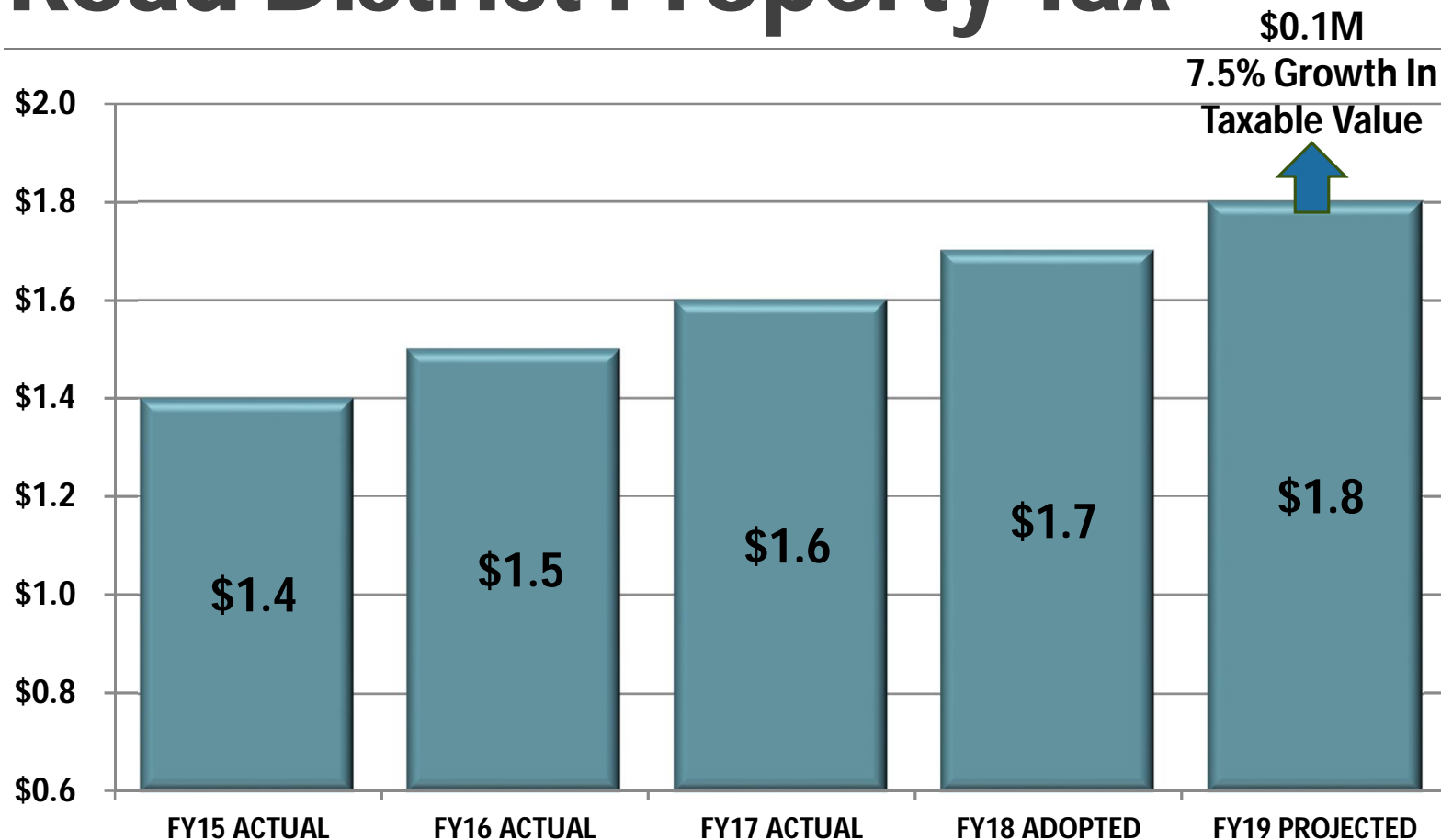
AMOUNTS IN MILLIONS

Fire District Property Tax



AMOUNTS IN MILLIONS

Road District Property Tax



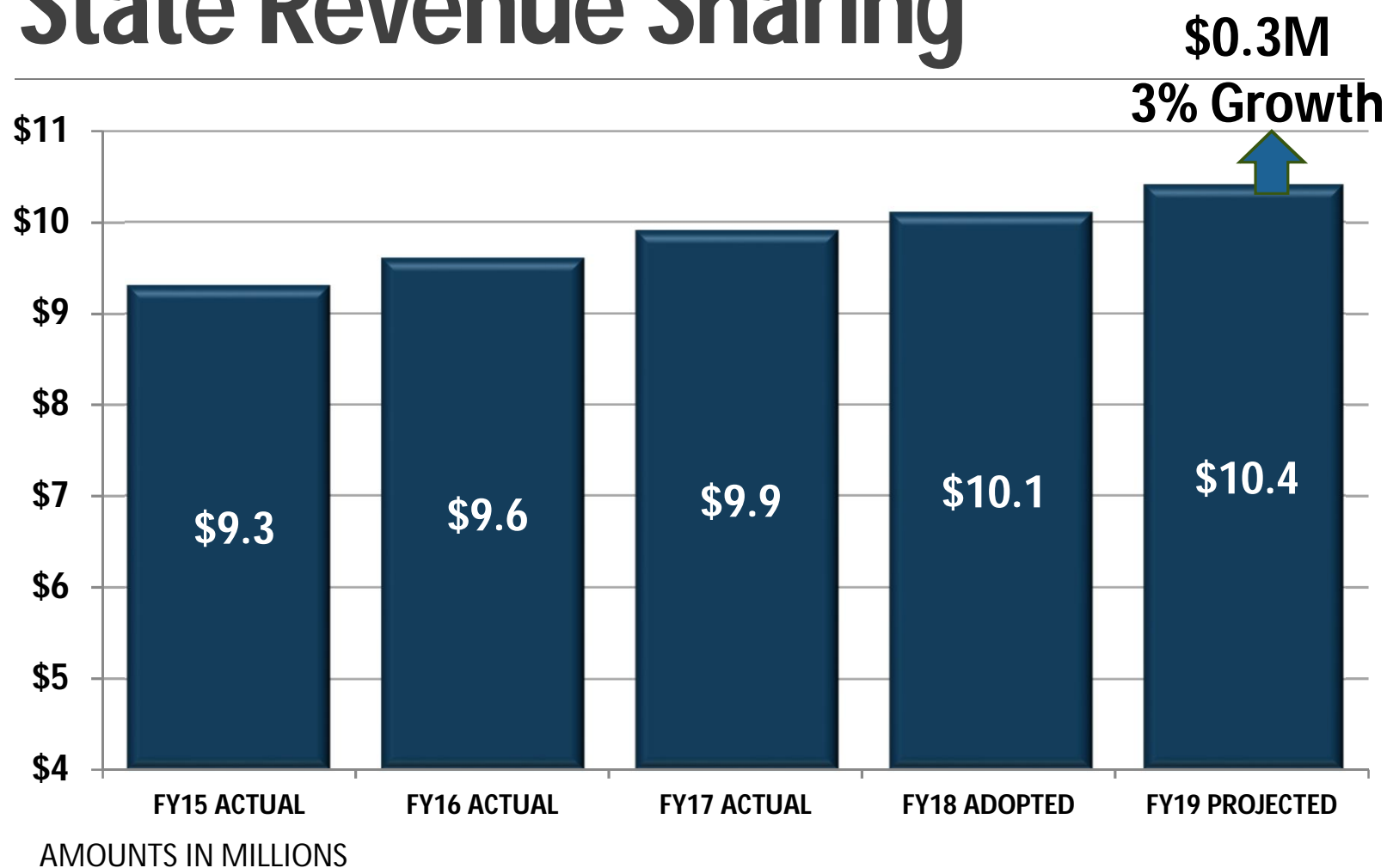
AMOUNTS IN MILLIONS

State Shared Half Cent Sales Tax

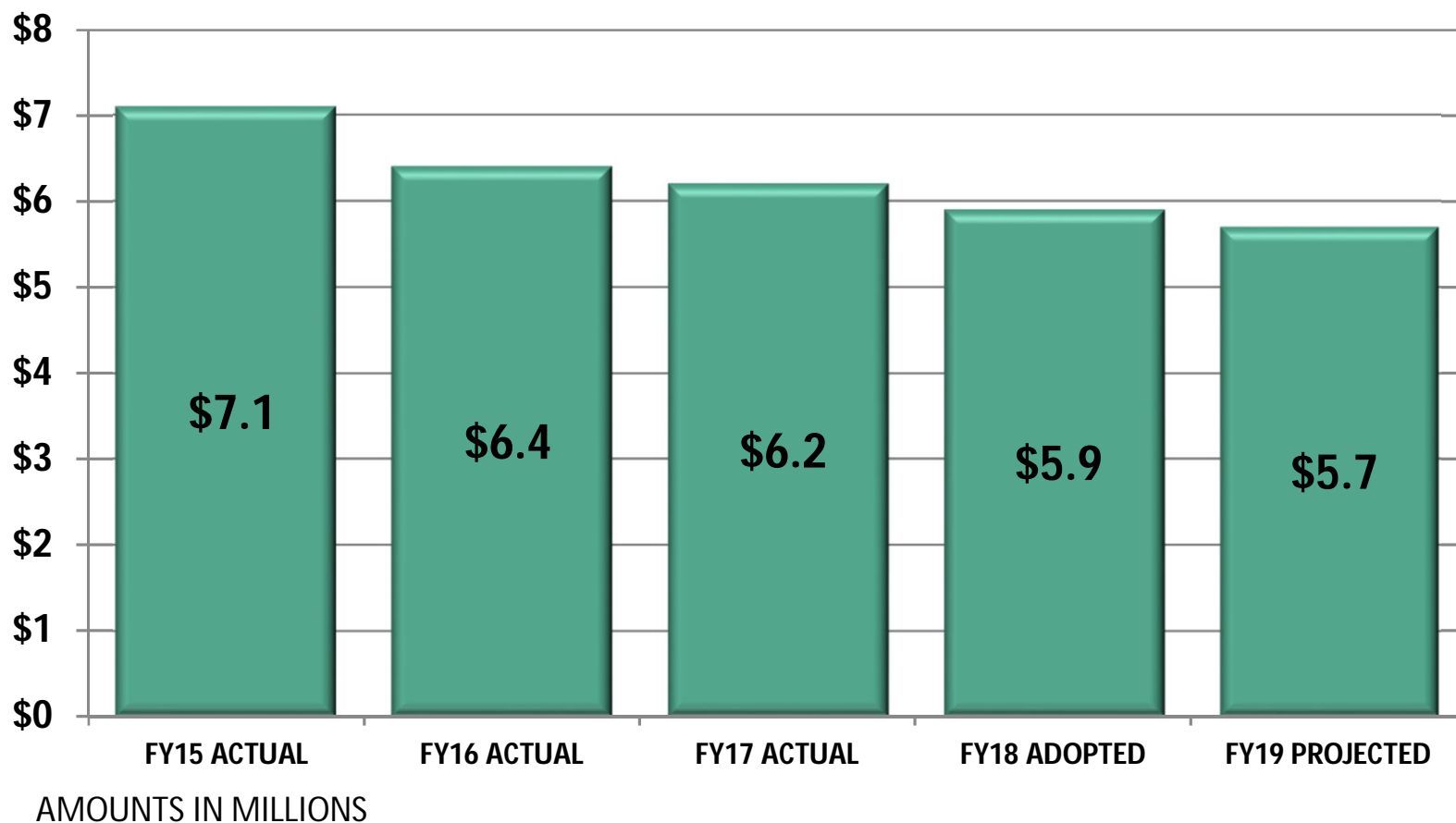


AMOUNTS IN MILLIONS

State Revenue Sharing



Communication Service Tax

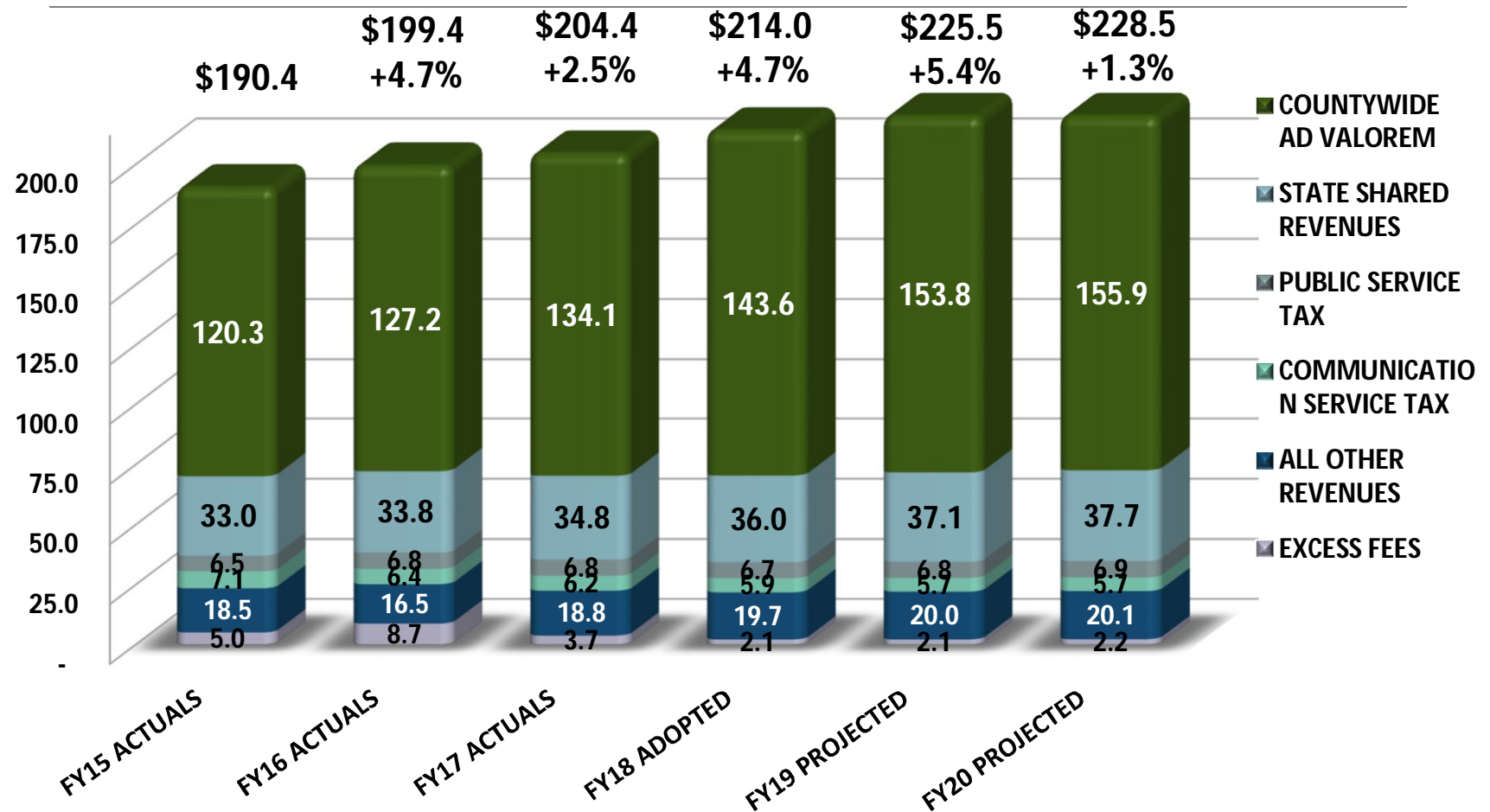


Excess Fee Transfers

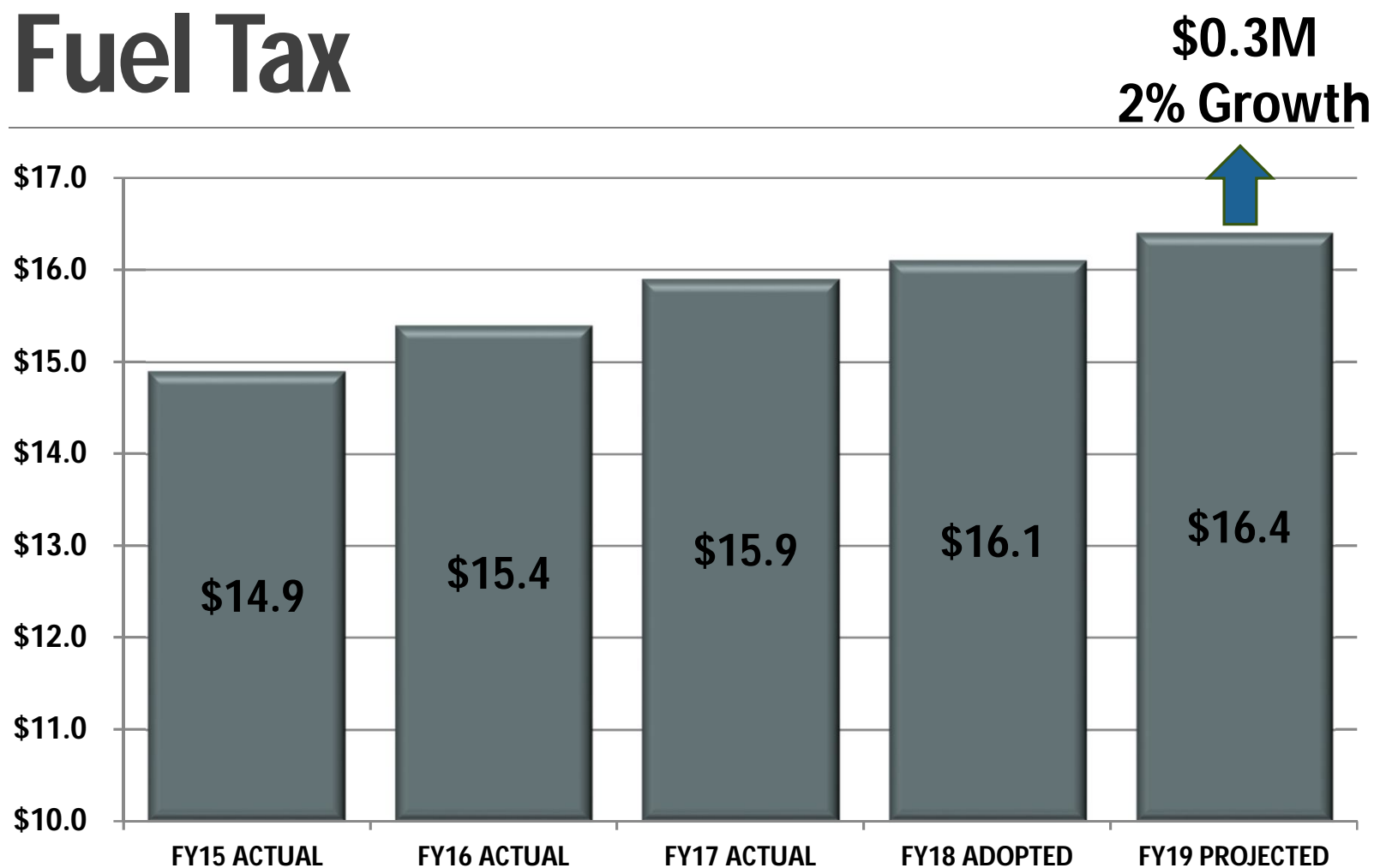
EXCESS FEE HISTORY						
CONSTITUTIONAL OFFICER	FY 2013 ACTUALS	FY 2014 ACTUALS	FY 2015 ACTUALS	FY 2016 ACTUALS	FY 2017 ACTUALS	FY 2018 BUDGET
Clerk of the Court	29,955	536,219	511,724	1,021,329	325,879	-
Property Appraiser	2,814	11,093	7,530	20,955	82,839	-
Sheriff	283,715	545,014	217,166	710	165,964	-
Supervisor of Elections	258,771	336,653	451,427	209,914	214,936	220,000
Tax Collector	2,638,618	4,184,558	3,819,873	7,422,492	2,910,151	1,850,000
Total	3,213,873	5,613,538	5,007,723	8,675,399	3,699,770	2,070,000

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.

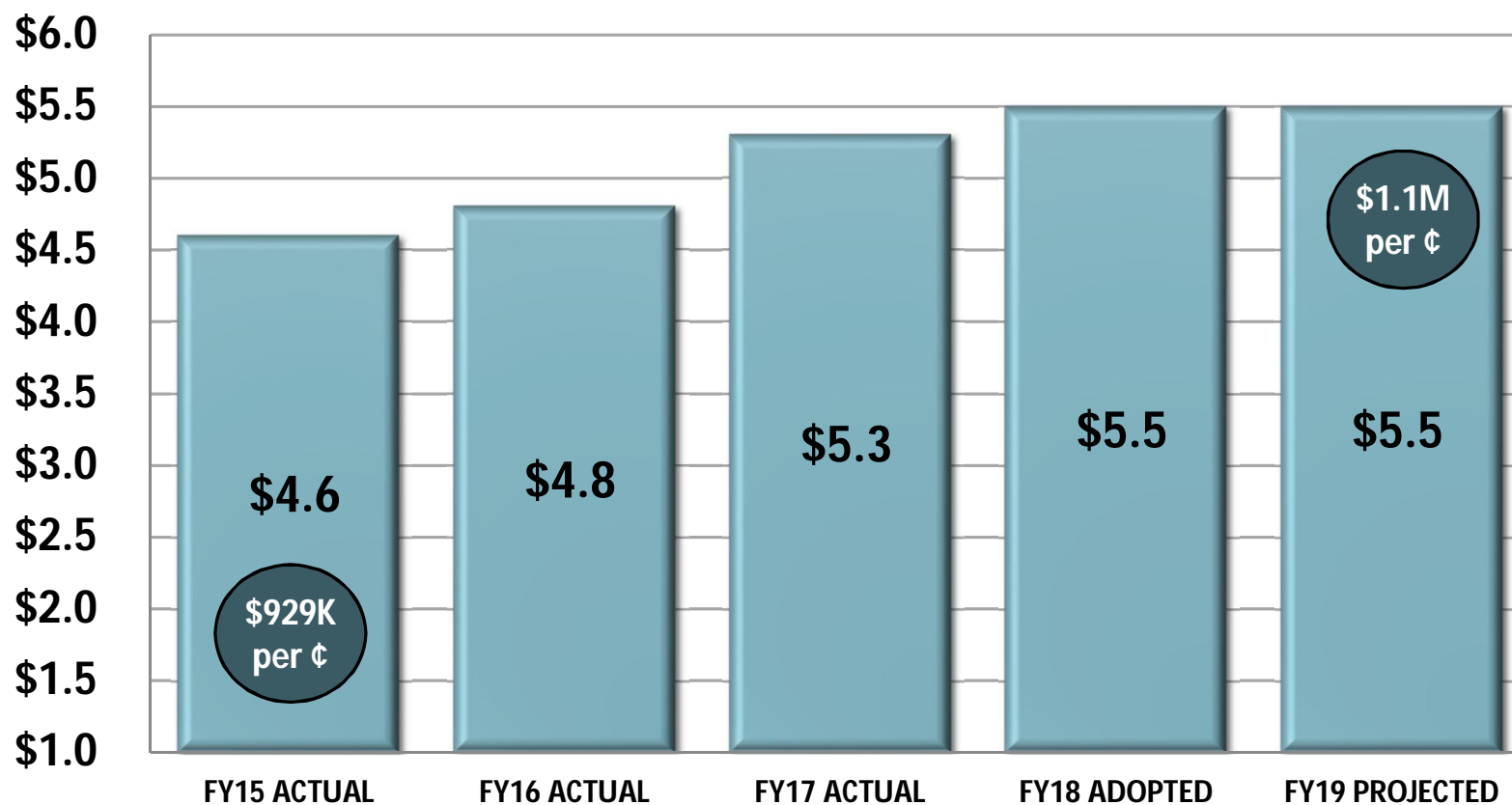
General Fund Revenue Sources



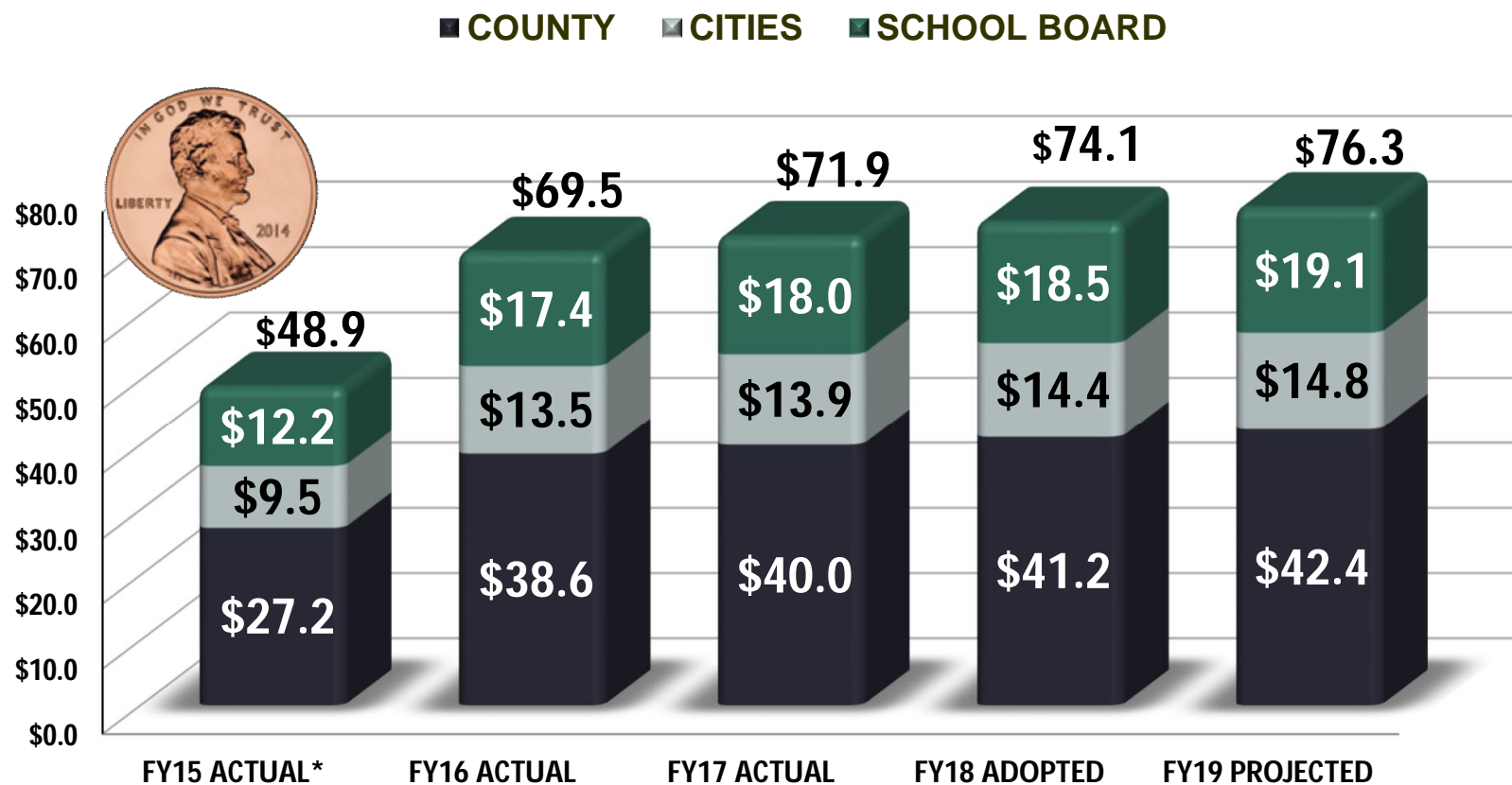
Fuel Tax



Tourist Development Tax



Infrastructure Sales Tax



*FY15 Actuals reflect only 9 months of collections

Infrastructure Sales Tax

2014 SALES TAX 10 YEAR PROJECTION	COUNTY	SCHOOL BOARD	CITIES	TOTAL
ORIGINAL ESTIMATES	350.9M	157.8M	122.4M	631.1M
CURRENT PROJECTED	426.5M	191.8M	148.8M	767.0M
INCREASE OVER ORIGINAL ESTIMATES	75.6M	34.0M	26.4M	135.9M
DISTRIBUTION %	55.6%	25.0%	19.4%	100%

General Fund Operating Results

FY 2016/17

Operating Budget Savings \$5.2M

- *Personnel Services* = *\$0.8M*
- *Operating Expenses* = *1.5M*
- *Internal Charges/Contra* = *(0.7M)*
- *Capital* = *0.2M*
- *Grants and Aids* = *0.4M*
- *Transfers* = *1.5M*
- *Carryforward to FY18* = *\$1.5M*

General Fund Operating Results

FY 2016/17

(in millions)	Adopted Budget	Amended Budget	Actual (unaudited)	Budget Variance
Revenues	\$ 200.7	\$ 201.2	\$ 200.7	(\$ 0.5)
Excess Fees	5.3	5.3	3.7	(1.6)
Expenditures	(206.0)	(209.6)	(204.4)	5.2
Operating Results	\$ 0.0	\$ (3.1)	\$ 0.0	\$ 3.1

Revenue Shortfall	(2.1M)
Expenditure Savings	5.2M
Carryforward Projects	1.5M
Reserve Adjustment	\$ 1.6M

General Fund Financial Overview

FY 2016/17

Fund Balance Reconciliation	
Actual Ending FB 9/30/17	\$54.9M
Carryforward Adjustment	(1.5M)
Uncommitted Balance	\$53.4M
Budgeted Beg. FB 10/1/17	51.8M
Reserve Adjustment	\$1.6M

**Preliminary Close Positive
Reserve Adjustment**

+\$1.6M

Revenue (\$2.1M)

- ✓ *Communication Service Tax*
- ✓ *Constitutional Excess Fees*

Lapsed Appropriations \$3.7M

- ✓ *Position Vacancies*
- ✓ *Fuel Savings*
- ✓ *Economic Development Transfer*

General Fund Financial Overview

Reserves



- **Base Reserve 10%**
- **Economic Stabilization**
 - ✓ *Mitigate Losses*
 - ✓ *3 Months Operations*

FY18 Adjusted Reserves	
Uncommitted FB 10/1/2017	\$53.4M
FY18 Budget Reserves Used	(0.6M)
17-92 CRA TIF Refund	5.95M
FY18 Adjusted Reserves	\$58.8M

General Fund Forecast Assumptions

Revenue Assumptions:

- Additional \$25K Homestead Passes
- Taxable Valuation Growth
 - FY 2018/19: 7.5%
 - FY 2019/20: 6.5%
- Sales Tax 3%
- Public Service Tax 2%
- Communication Service Tax continues to decline
- Other revenues increasing at average of 1.5% per year

Expenditure Assumptions:

- SunRail Operations funding starts in FY21 at \$11M per year
- Net 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 ended in FY 2017/18; Savings \$1.2M in FY 2018/19

Transfers

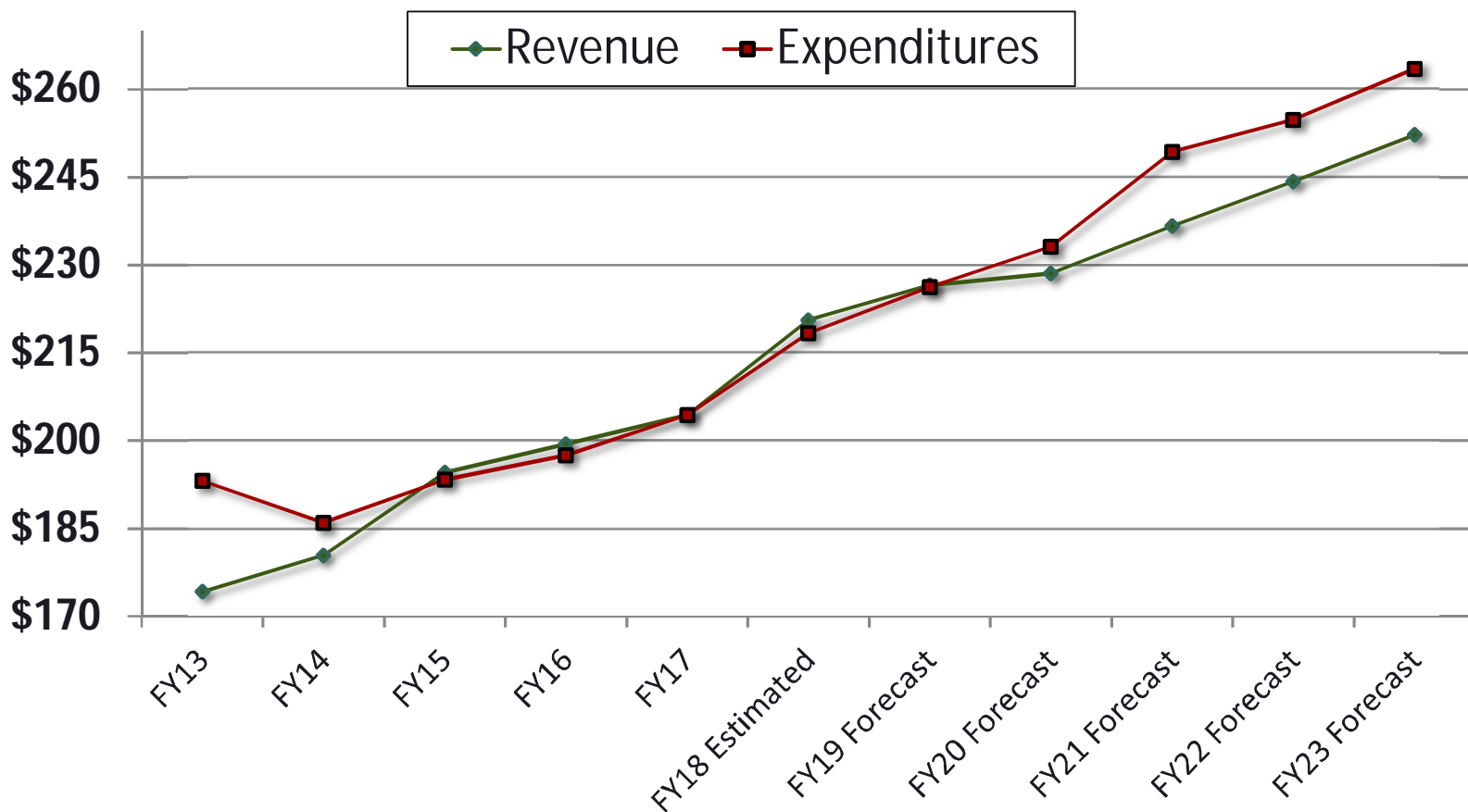
- Lynx – 3.5% annual growth; average transfer \$5M
- Economic Development – \$2M based on current commitments
- Renewal & Replacements – Facilities \$600K; Fleet \$500K; Technology \$250K
- Debt Service - \$8.3M

5 Year General Fund Forecast

Fiscal Year	Revenues	Expenditures	Operating Results	Ending Fund Balance	Fund Balance % of Revenues
FY 2016/17 (Unaudited)	204.4	204.4	0.0	54.9	27%
FY 2017/18 (Estimated)	220.6	218.3	2.3	57.2	26%
FY 2018/19	225.5	225.2	0.3	57.5	25%
FY 2019/20 (Homestead)	228.5	233.1	(4.6)	52.9	23%
FY 2020/21 (SunRail)	236.7	249.3	(12.6)	40.3	17%
FY 2021/22	244.3	254.8	(10.5)	29.8	12%
FY 2022/23	252.2	263.5	(11.3)	18.5	7%

General Fund

Revenue / Expenditure Comparison



Fire Fund Operating Results

FY 2017/18

**FY2016/17
Year End Results:
Operating Deficit (\$2.4M)**

FY2016/17 Results (Unaudited)	
Operating Revenue	\$51.0M
Operating Expenditures	\$53.4M
Operating Deficit	(\$2.4M)
Beginning Fund Balance 10/1/16	\$21.0M
Ending Fund Balance 9/30/17	\$18.6M

Figures exclude Casselberry Fire Fund

Fire Fund Financial Overview

FY 2017/18

Fund Balance Reconciliation	
Actual Ending Fund Balance 9/30/16	\$18.6M
Carryforward Adjustment	(3.7M)
Uncommitted Balance	14.9M
Budgeted Beginning Fund Balance 10/1/17	\$14.2M
Reserve Adjustment	\$0.7M

**Preliminary Close Positive
Reserve Adjustment
+\$0.7M**

Fire Fund Forecast

(includes Casselberry Fire Fund)

Fiscal Year	Revenues	Expenditures	Operating Results	Ending Fund Balance	Fund Balance % of Revenues
FY 2016/17 (Unaudited)	58.2	60.8	(2.6)	18.6	32%
FY 2017/18 (Estimated)	73.3	72.3	1.0	19.6	27%
FY 2018/19	71.6	72.7	(1.1)	18.5	26%
FY 2019/20	69.7	72.8	(3.1)	15.4	22%
FY 2020/21	74.0	74.9	(0.9)	14.5	20%
FY 2021/22	75.9	76.0	(0.1)	14.4	19%
FY 2022/23	78.9	81.0	(2.1)	12.3	16%

Legislative Impacts

- **Additional Homestead Property Tax Exemption**
- **Tax Rate for Rental, Lease, or License To Use Real Property - Florida Statute 212.031**
 - State Sales Tax Rate Reduced from 6% to 5.8%
 - Includes for example: commercial office or retail space, warehouses, and self-storage units or min-warehouses.
- Effective January 1, 2018
- State Sales Tax Collections Statewide is about \$144M
- Savings to Lease Holders Statewide is about \$4.8M Statewide
- State Sales Tax Collections in Seminole County is about \$3.0M
- Savings to Lease Holders in Seminole County is about \$100K

County Grants

GRANT	FY17 BUDGET	FY18 BUDGET	PENDING GRANTS
CAD GRANT	-	1,000,000	1,000,000
CONSTRUCTION GRANTS (FDOT)	10,400,333	7,598,777	
EMERGENCY MANAGEMENT GRANTS	1,217,897	1,110,869	
FIRE GRANTS	43,862	136,477	
HOUSING GRANTS	16,960,777	16,112,650	
HUMAN SERVICES GRANTS	806,498	2,108,221	1,955,008
LEISURE SERVICES GRANTS	10,000	3,995	400,000
MOSQUITO CONTROL GRANTS	1,247,202	473,609	
WATER QUALITY GRANTS			1,688,778
FEMA GRANTS			8,148,026
Grand Total	30,686,569	28,544,597	13,191,812

FEMA Reimbursements

FUND	ELIGIBLE STORM COSTS	EXPECTED REIMBURS- MENT	FY18	FY19	FUTURE YEARS
General Fund	5.1	4.4	0.6	1.9	1.9
Transportation Trust	5.0	3.8	0.4	1.9	1.5
Sales Tax Fund	2.0	1.1	0.1	0.6	0.5
Fire Fund	2.1	1.8	0.6	0.6	0.5
Water and Sewer	0.9	0.7	0.1	0.3	0.3
Solid Waste	12.1	11.1	0.5	5.6	5.0
TOTAL	27.2	22.9	2.3	10.8	9.7

(AMOUNTS IN MILLIONS)

Uses of General Fund Revenues

PROGRAM	FY15	FY16	FY17	FY18 BUDGET	AVG	%	MILL- AGE
CLERK OF THE COURT	2.9	2.8	2.7	2.6	2.8	1.4%	
PROPERTY APPRAISER	4.7	4.9	4.9	5.1	4.9	2.4%	0.1717
SHERIFF'S OFFICE*	106.6	110.1	115.7	119.6	113.0	56.1%	3.3221
SUPERVISOR OF ELECTIONS	2.6	3.0	3.9	2.5	3.0	1.5%	0.0779
TAX COLLECTOR	6.2	6.6	6.7	7.1	6.7	3.3%	0.1791
BOARD PROGRAMS	66.2	70.6	70.5	77	71	35.3%	1.0357
TOTAL	\$ 189.2	\$ 198.0	\$204.4	\$ 213.9	\$201.4	100%	4.8751

(AMOUNTS IN MILLIONS)

*FY15 and FY16 figures were adjusted for PAY and Probation Programs

Tentative Budget Timeline

- Budget Kickoff Meeting 1/30
- Department Requests Due 3/19
- Financial Update and Budget Development 4/10
- County Manager Worksessions May
- Add'l BCC Worksessions as needed May-June
- Deliver CM's Proposed Budget to BCC Early July
- TRIM Adoption 7/24
- BCC Worksession Dates 8/2 & 8/16
- 1st Public Hearing 9/12
- 2nd Public Hearing 9/25

Board Direction

- **Expectations for Constitutional Officers**
- **BCC Departments**
- **Outsourcing Options**