

Palm Beach County
FY 2019
Proposed Budget

Important Meeting Dates

Budget Retreat	November 28, 2017	Noon
Initial Budget Workshop	June 12, 2018	6 PM
Board Sets Millage Rate	July 10, 2018	Regular BCC Meeting
1st Public Hearing	September 4, 2018	6 PM
2nd Public Hearing	September 17, 2108	6 PM

Strategic Priorities 2019

- **Economic Development**
 - Promote economic revitalization, business development and retention by driving the creation of employment opportunities while reducing disparities and improving the quality of life for everyone
- **Housing/Homelessness**
 - Promote the quality of life through targeted programs that address the housing and homelessness needs of the residents of Palm Beach County
- **Environmental Protection**
 - Promote programs and activities that protect, preserve and enhance natural resources while providing sustainable living and developing a climate of resilience
- **Infrastructure**
 - Provide and maintain the needed structures, systems and transportation services that establish the foundation required to enhance the quality of life of every resident
- **Public Safety**
 - To ensure a safe, secure and peaceful community
- **Heroin/Opioid Epidemic**
 - To address the Heroin/Opioid and Substance abuse crisis by providing evidence-based prevention, medication-assisted treatment, and recovery support services

FY 2019 Major Assumptions and Factors

Countywide Budget is Balanced at the current rate of 4.7815 mills

Proposed rate will generate \$894.8 million, a 5.8% increase

BCC Departments

Net Ad Valorem budgets for BCC departments up \$17.8 million (5.1%)

ATB 3% Pay increase - \$6.5 million

Supplemental Funding - \$8.9 million

Includes 40 ad valorem funded position

Includes 41 non-ad valorem funded positons

Sheriff

Net Budget increase of \$25.8 million

Homelessness funded at \$21.2 million

Economic Development funded at \$4.6 million

Heroin/Opioid Program funded at \$2 million

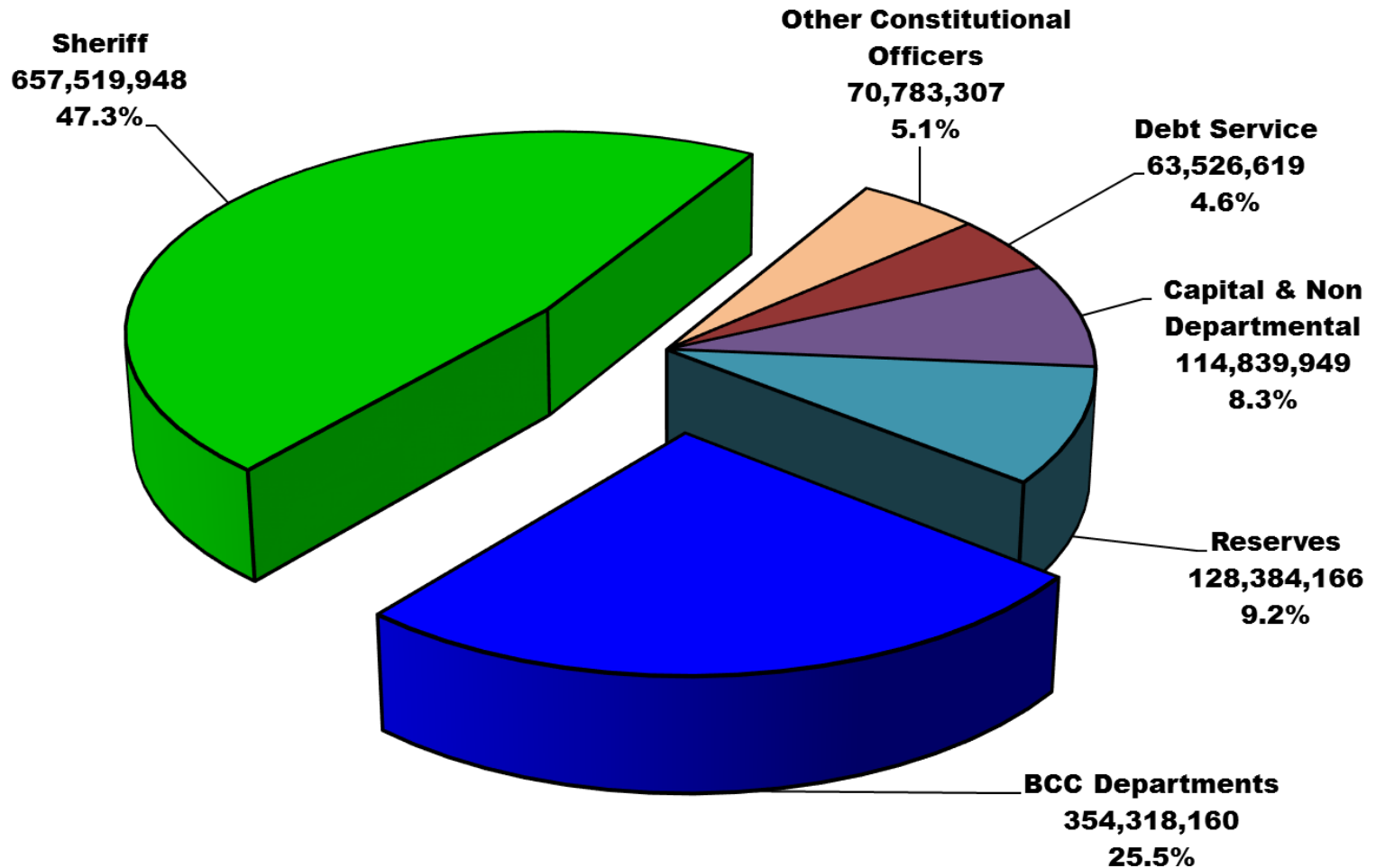
Environmental Protection - Natural Areas Supplemental Funding of \$3 million

Capital Project Funding - \$36.2 million - an increase of \$5.3 million over FY 2018

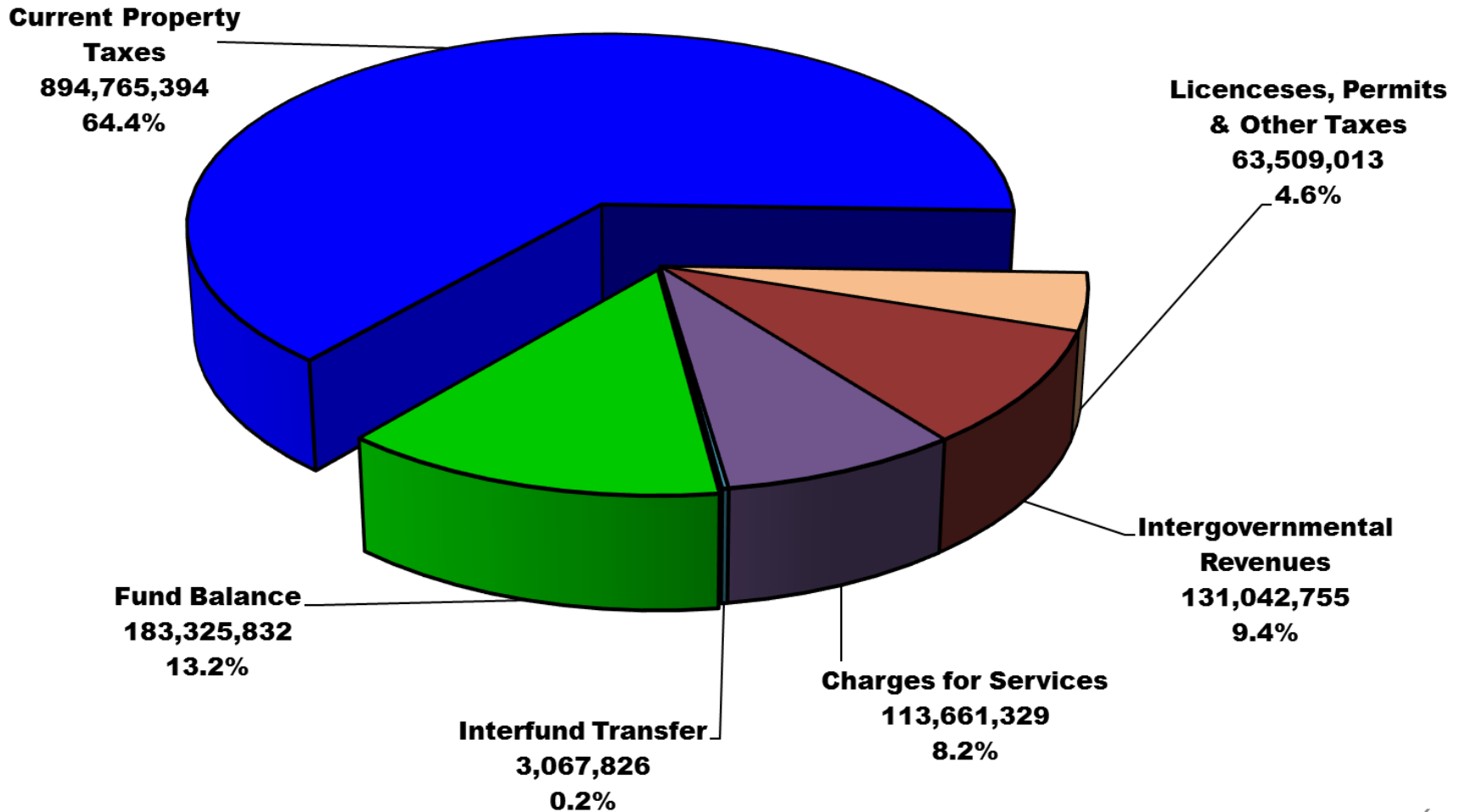
Primarily R&R projects

Includes \$3 million for SFWMD property

FY 2019
General Fund Total Appropriation Budget
\$1,389,372,149

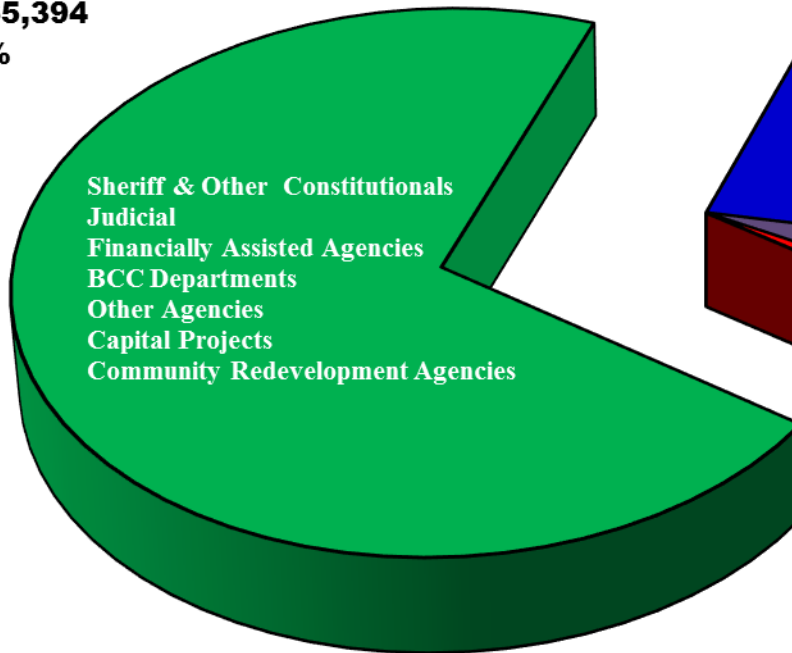


FY 2019
General Fund Sources of Funds by Category
\$1,389,372,149

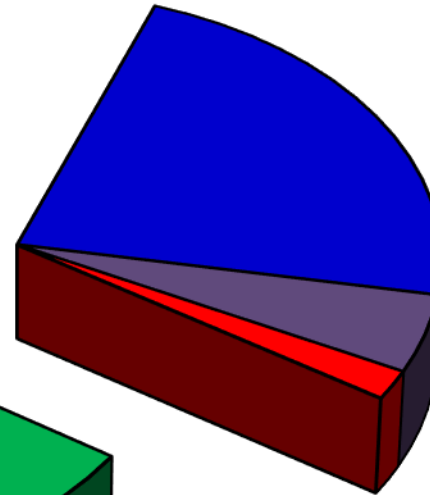


**FY 2019
Proposed Property Taxes
\$1,257,254,142**

**Countywide
Operating Taxes
\$894,765,394
71%**



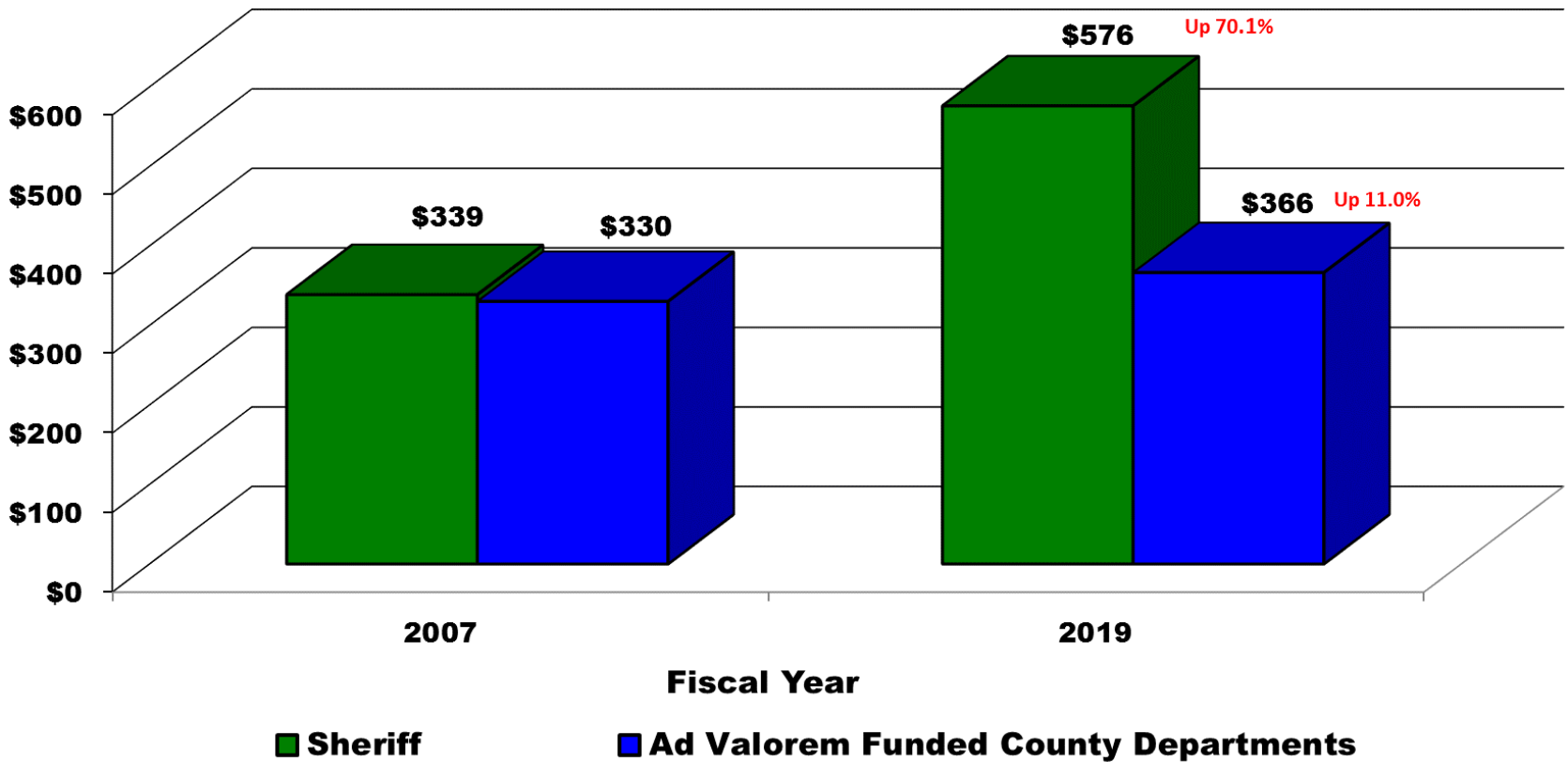
**Fire Rescue Taxes-
Operating and
Capital
\$282,046,992
22%**



**Library Operating &
Voted Debt Taxes
\$58,545,803
5%**

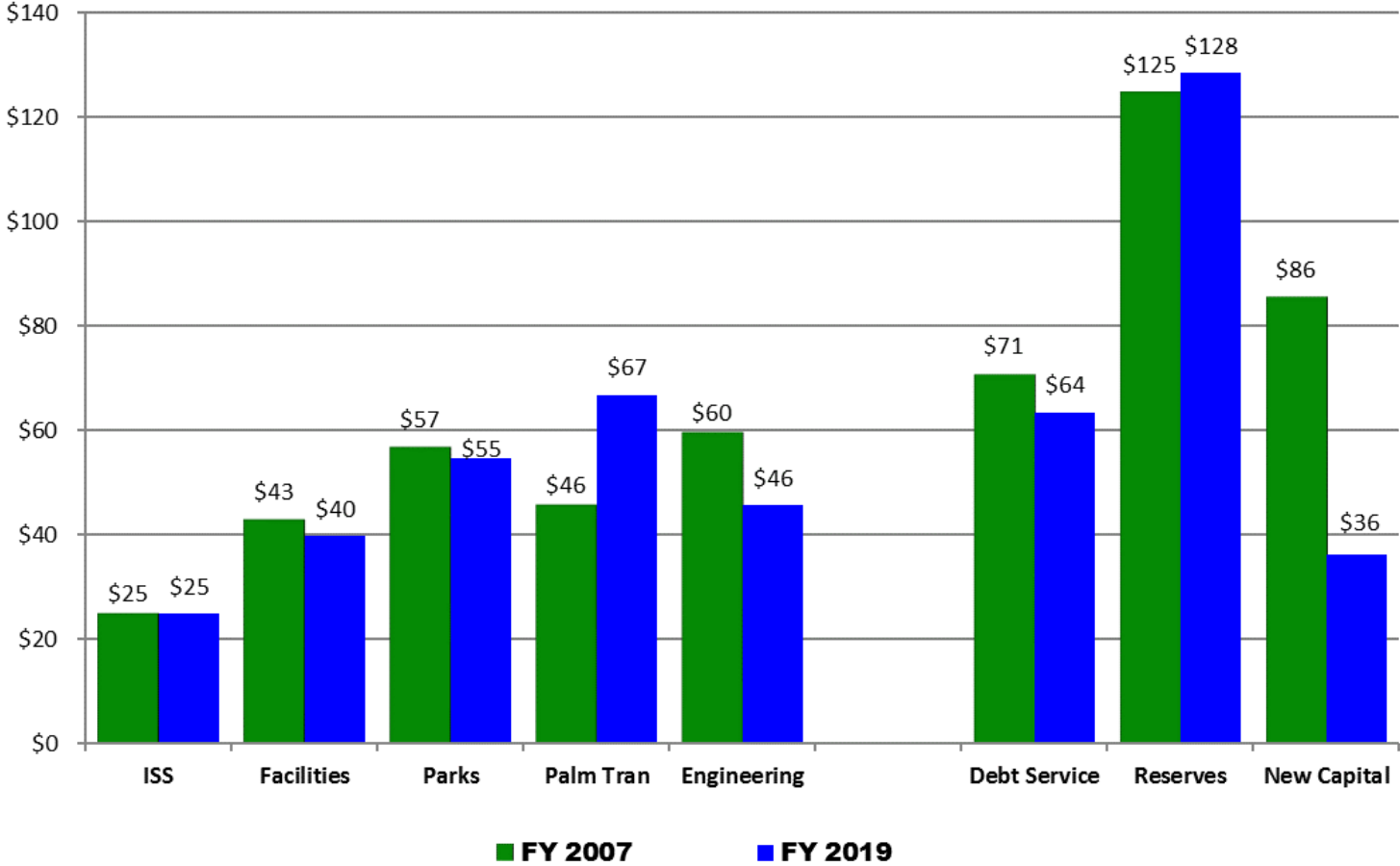
**Countywide Voted
Debt Taxes
\$21,895,953
2%**

FY 2007 vs. FY 2019 Net Ad Valorem Equivalent Budget (in millions)



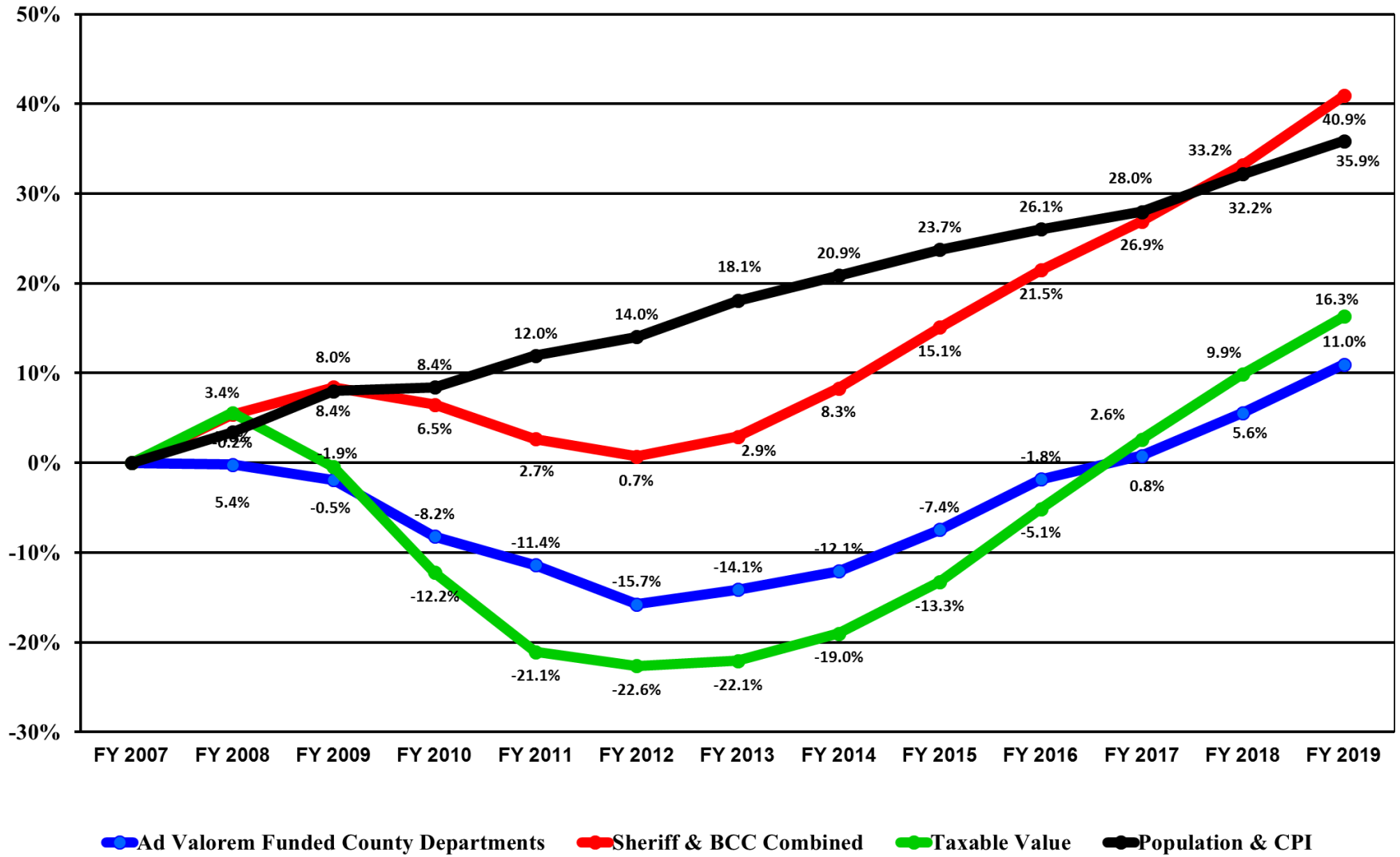
During this period, inflation was up 25.3% and population was up 10.6%

FY 2007 vs. FY 2019
Major BCC Departments and Other Funding
Net Operating Budget
(in millions)



For FY 2019, reserves have peaked above FY 2007. In FY 2007, reserves were at \$125 million.

Cumulative Percentage Increase in Ad Valorem Support



Ad Valorem Taxes

	<u>2007</u>	<u>2018</u>	<u>2019</u>	<u>2007-2019</u>	
				<u>Amount</u>	<u>%</u>
Countywide - Operating	\$688,623,243	\$845,592,790	\$894,765,394	\$206,142,151	29.9%
Countywide - Voted Debt	31,793,080	21,379,848	21,895,953	(9,897,127)	(31.1%)
Total Countywide	<u>\$720,416,323</u>	<u>\$866,972,638</u>	<u>\$916,661,347</u>	<u>\$196,245,024</u>	<u>27.2%</u>
Dependent Districts:					
Palm Beach County Library	\$53,088,448	\$55,477,125	\$58,545,803	\$5,457,355	10.3%
Fire Rescue MSTU	189,205,947	247,874,640	261,359,398	72,153,451 (1)	38.1% (1)
Glades Regional Fire MSTU	1,428,525	-	-	(1,428,525)	(100.0%)
Jupiter Fire MSTU	13,009,290	20,679,964	20,687,594	7,678,304	59.0%
Gross: Total Dependent Districts	<u>256,732,210</u>	<u>324,031,729</u>	<u>340,592,795</u>	<u>\$83,860,585</u>	<u>32.7%</u>
Total Countywide Funds & Dependent Districts	<u>\$977,148,533</u>	<u>\$1,191,004,367</u>	<u>\$1,257,254,142</u>	<u>\$280,105,609</u>	<u>28.7%</u> (2)

Notes: (1) Net of cities that have opted into Fire Rescue MSTU since FY 2007, the increase was \$54.6 million, or 28.9%.

(2) The CPI increased 25.3%, and population 10.6%, (Total of 35.9%) for the period FY 2007 - FY 2019

Millage Rate Impact on Homestead Property

	<u>FY 2018</u>	<u>Proposed FY 2019</u>	<u>FY 2018 - FY 2019</u>	
			<u>Amount</u>	<u>%</u>
Property Values				
Assessed Value	\$ 255,000	\$ 260,378	\$ 5,378	2.1%
Homestead Exemptions	(50,000)	(50,000)	-	0.0%
Taxable Value	<u>\$ 205,000</u>	<u>\$ 210,378</u>	<u>\$ 5,378</u>	<u>2.6%</u>
Countywide Millage Rates				
Operating	4.7815	4.7815	-	0.0%
Voted Debt Service	0.1208	0.1169	(0.0039)	(3.2%)
Total	<u>4.9023</u>	<u>4.8984</u>	<u>(0.0039)</u>	<u>(0.1%)</u>
Property Taxes				
Operating	\$ 980.21	\$ 1,005.92	\$ 25.71	
Voted Debt Service	24.76	24.59	(0.17)	
Total	<u>\$ 1,004.97</u>	<u>\$ 1,030.51</u>	<u>\$ 25.54</u>	<u>2.5%</u>

Historical Trends

	<u>2007</u>	<u>2018</u>	<u>2019</u>	<u>Increase/(Decrease) 2007-2019</u>	
				<u>Amount</u>	<u>%</u>
Countywide Millage Rate	4.2800	4.7815	4.7815	0.5015	11.7%
Taxable Property Values	\$ 160.9	\$ 176.8	<u>In Billions</u> \$ 187.1	\$ 26.2	16.3%
Countywide Property Taxes	\$688.6	\$845.6	<u>In Millions</u> \$894.8	\$206.2	29.9%
Total Property Taxes Including Debt	\$977.1	\$1,188.5	\$1,194.6	\$217.5	22.3%
BCC Funded Positions					
BCC Countywide Ad Valorem Funded	4,156	3,407	3,454	(702)	-16.9%
Other Departments & Agencies *	<u>2,753</u>	<u>2,932</u>	<u>2,977</u>	<u>224</u>	8.1%
Total	6,909	6,339	6,431	(478)	-6.9%
* Airports, Building Division, Library, Fire-Rescue, Fleet, TDC, Water Utilities, Ethics, OIG					
General Fund Appropriated Reserves	\$ 125	\$ 107	<u>In Millions</u> \$ 128	\$ 4	2.8%
CPI	196.800	241.432	246.524	49.724	25.3%
Population	1,291,426	1,414,144	1,428,285 *	136,859	10.6%

* FY 2019 population assumes a 1% increase - actual values will be available in September

Future Funding/Budget Issues

Maximum Millage Rate

Based on projected property values increases of 5% per year, by FY 2020 the current millage rate will likely exceed the maximum millage rate with a simple majority vote.

A super-majority vote would be required to maintain the current millage rate.

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Roll-Back Rate	4.5421	4.5706	4.7735	4.6257	4.6266
Adopted Millage Rate	4.7815	4.7815	4.7815	4.7815	4.7815

Maximum Millage (MM) Rate

Prior Year	5.0718	4.9803	4.8398	4.7523	4.6937
Roll-Back MM	4.8301	4.7697	4.6835	4.6257	4.6266
Per Capita Florida Income	3.11%	1.47%	1.47%	1.47%	1.47%
Majority Vote MM	4.9803	4.8398	4.7523	4.6937	4.6946
2/3 MM (up to 10% above) *	5.4783	5.3238	5.2275	5.1631	5.1641

* Unanimous vote above this amount

Additional Homestead Exemption

If approved by the voters, the additional homestead exemption will result in an estimated loss of \$27.5 million in FY 2020 (Countywide Operating Only).

To prepare, it is recommended we increase our reserves above the 8% policy threshold in FY 2019. This will help offset the impact and help preserve services.

**FY 2019 Projected vs FY 2019 Proposed Budget
General Fund**

	FY 2018 Adopted Budget	FY 2019 Projection Nov Workshop	FY 2019 Proposed Budget
Property Values*	\$ 176,846,761,549	\$ 189,226,034,857	\$ 187,130,689,986
Revenues			
Ad Valorem Taxes at current rate of 4.7815	\$ 845,592,790	\$ 904,784,286	\$ 894,765,394
Major Revenue	221,590,000	226,021,800	232,465,000
Sheriff Revenue	80,393,059	82,000,920	81,092,077
BCC Dept. Revenue	44,093,656	44,975,529	46,218,361
Balance Brought Forward	158,138,101	152,922,653	183,325,832
Other Revenues	15,511,959	14,946,472	14,997,230
Statutory Reserve	<u>(60,323,049)</u>	<u>(63,636,450)</u>	<u>(63,491,745)</u>
Total Revenue	<u>\$ 1,304,996,516</u>	<u>\$ 1,362,015,210</u>	<u>\$ 1,389,372,149</u>
Annual increase in Ad Valorem Taxes	\$ 56,028,074	\$ 59,191,496	\$ 49,172,604
Appropriations			
Sheriff	\$ 629,037,635	\$ 650,094,464	\$ 657,519,948
Sheriff - Additional Deputies**	2,000,000	6,000,000	0
Sheriff - Projected Operating Capital	0	33,671,776	0
Total Sheriff	<u>\$ 631,037,635</u>	<u>\$ 689,766,240</u>	<u>\$ 657,519,948</u>
BCC Departments	335,551,205	354,668,672	354,318,160
Other Constitutional Officers	58,298,272	60,338,712	65,813,586
Judicial	5,547,476	5,741,638	4,969,721
Non Departmental	75,542,558	80,388,540	78,676,949
Capital	30,902,000	46,000,000	36,163,000
Reserves - Undesignated	107,497,943	114,000,000	128,384,166
Debt Service (excludes voted)***	<u>60,619,427</u>	<u>59,000,000</u>	<u>63,526,619</u>
Total Appropriations	<u>\$ 1,304,996,516</u>	<u>\$ 1,409,903,802</u>	<u>\$ 1,389,372,149</u>
Projected Shortfall	\$ -	\$ (47,888,592)	\$ -

* November Workshop assumed 7% increase in Property Values. Actual increase is 5.8%.

** Additional Deputies assumed 15 new deputies in FY 2018 and 45 in FY 2019 Projection
Actual is 30 new deputies added in FY 2018, 15 of which are grant funded for 3 years.

*** FY 2018 Adopted Budget included a one-time revenue that reduced Debt Service from \$65.1 million, which would result in a \$1.6 million decrease in FY 2019.

**FY 2019 - FY 2022 Budget Projection
General Fund**

	FY 2019 Proposed Budget	FY 2020 Projected Budget	FY 2021 Projected Budget	FY 2022 Projected Budget
Property Values*	\$ 187,130,689,986	\$ 190,737,224,485	\$ 200,274,085,710	\$ 210,287,789,995
Revenues				
Ad Valorem Taxes at current rate of 4.7815**	\$ 894,765,394	\$ 912,010,039	\$ 957,610,541	\$ 1,005,491,068
Loss of Ad Valorem Taxes by adopting MM Rate	0	(5,569,527)	(17,584,065)	(18,274,009)
Major Revenue	232,465,000	239,438,950	246,622,119	254,020,782
Sheriff Revenue	81,092,077	81,902,998	82,722,028	83,549,248
BCC Dept. Revenue	46,218,361	47,142,728	48,085,583	49,047,294
Balance Brought Forward	183,325,832	186,325,832	189,325,832	192,325,832
Other Revenues	14,997,230	15,057,230	15,118,430	15,180,854
Statutory Reserve	<u>(63,491,745)</u>	<u>(64,339,135)</u>	<u>(66,619,160)</u>	<u>(69,013,187)</u>
Total Net Revenue at Simple Majority Vote	<u>\$ 1,389,372,149</u>	<u>\$ 1,411,969,115</u>	<u>\$ 1,455,281,308</u>	<u>\$ 1,512,327,882</u>
Appropriations				
Sheriff	\$ 657,519,948	\$ 687,108,346	\$ 718,028,221	\$ 750,339,491
Sheriff - Projected Operating Capital	0	32,444,590	18,098,625	18,017,221
Total Sheriff	<u>\$ 657,519,948</u>	<u>\$ 719,552,936</u>	<u>\$ 736,126,846</u>	<u>\$ 768,356,712</u>
BCC Departments	354,318,160	369,263,094	385,924,906	403,336,499
Other Constitutional Officers	65,813,586	68,117,062	70,501,159	72,968,699
Judicial	4,969,721	5,193,358	5,427,060	5,671,277
Non Departmental	78,676,949	82,217,412	85,917,195	89,783,469
Capital	36,163,000	40,000,000	45,000,000	50,000,000
Reserves - Undesignated	128,384,166	135,384,166	142,384,166	149,384,166
Debt Service (excludes voted)	<u>63,526,619</u>	<u>62,026,619</u>	<u>60,326,619</u>	<u>59,026,619</u>
Total Appropriations	<u>\$ 1,389,372,149</u>	<u>\$ 1,481,754,647</u>	<u>\$ 1,531,607,951</u>	<u>\$ 1,598,527,441</u>
Projected Shortfall at Simple Majority Vote	\$ -	\$ (69,785,532)	\$ (76,326,643)	\$ (86,199,559)
Projected Shortfall at with Super Majority Vote Current Millage 4.7815		\$ (64,216,005)	\$ (58,742,578)	\$ (67,925,550)
Projected Shortfall with Super Majority Vote Maximum Millage		\$ 20,858,519	\$ 17,676,005	\$ 12,522,147
Current Millage Millage	4.7815	4.7815	4.7815	4.7815
MM Rate with Simple Majority Vote	4.8398	4.7523	4.6937	4.6946
MM Rate with Super Majority Vote	5.3238	5.2275	5.1631	5.1641

* Assumed increase of 5%

** Includes \$27.5 million Ad Valorem loss in FY 2020