

Legislation Text

File #: 17-0115, **Version:** 1

Summary

To: Finance Board

From: Ashley Bernal

Date: 5/11/2017

Subject:

Preliminary Fiscal Year 2017-18 Budget Discussion

Summary:

The staff is seeking early input as budget meetings with departments proceed.

Background/Problem Discussion: Staff has begun the budget process and wishes to engage the Finance Board in order to better prepare for any priorities the board may have. Preliminary budget estimates consider a few revenues are decreasing while ad valorem is projected to realize a moderate increase. Several horizon issues like potential increases to homestead exemptions and the potential loss of the penny in 2020 are driving budgetary concerns for staff this year. At this point staff is evaluating the following items.

- Awaiting value estimates from the property appraiser to be received June 1st
- Requests for more full-time staff
- Ongoing review of expenditures from departments
- Health estimates are being narrowed
- Rising operational costs
- Contractual increases
- Grant funding opportunities

Revenues

We are still awaiting the June 1st Ad Valorem estimates. As the budgeting process begins, staff is conservatively estimating a 2.5% increase in values. At this time, we do not think it would be appropriate to increase the millage rate. The primary reason for such a recommendation is not wanting to have any tax increases that threatens the vote on the Penny for Pinellas. The Penny has an estimated revenue of \$464,100 for 17-18 and is of critical importance to the capital projects fund moving forward. One thing the board needs to be aware of is the legislature approved a referendum allowing an additional \$25,000 Homestead Exemption to be set for November ballot. If approved by the voters, the town would likely see the effects in 2019. Current estimates place the revenue loss around \$230,000 annually.

With the sale of the golf course, the town will be receiving \$3.8 million, though there is some revenue lost to each fund so there is an offset. Staff would specifically like to engage the board on the topic of the use of the sale proceeds, and the revenue deficit left behind by the sale.

Other revenue factors to consider include the loss of a \$32,000 grant, minor increases in state tax revenue sharing and investment income.

Expenditures

The staff does not yet have any firm numbers to share with the board, as department heads have only recently been engaged . Early personnel expenses include a possible COLA rate of 2.2 percent, early health care increases of 10% and possible merit increases of 3%. The staff is estimating an 8% increase for property and casualty insurance. There is a minor uptick in the pension liability of \$5,600. In addition, there are a few contractual increases for fire and police dispatch. More expenditure detail will be provided at the June meeting of the board. The staff is seeking feedback on any items of concern as we delve further into departmental expenditures.