



City of Largo Agenda Item 13

Meeting Date
09/04/18

Presenter: Meridy Semones, OMB Manager

Department: AD – Administration

TITLE:

ORDINANCE NO. 2018-66 - FIRST READING - ESTABLISHING THE PROPERTY TAX RATE FOR FISCAL YEAR 2019

The Truth in Millage (TRIM) notice, mailed on August 20, 2018, included the proposed tax rate of 5.7413 mills to be levied by the City of Largo for FY 2019, and the time, date and place for the first public hearing for property tax rate and budget adoption. During the public hearing conducted for property tax rate adoption, the City Commission may levy a tax rate lower, but not higher, than the proposed rate included in the TRIM notice. The second public hearing is scheduled at a regular City Commission meeting on Tuesday, September 18, 2018 at 6:00 pm.

In the Proposed Budget, the City Manager proposed keeping the property tax rate the same as FY 2018 at 5.7413 mills, which the City Commission approved to advertise on the TRIM notices. This rate would have the following impacts:

- Generate an additional \$1,717,000 in total revenue in the General Fund;
- Equate to an additional \$17 annually for the average Largo homesteaded home;
- Continue progress toward rebuilding fund balance in the General Fund target of 20%.

Adoption of this millage rate will also allow the City to continue to provide the quality services that residents and businesses expect, while making progress toward achieving its goals as outlined in the City’s Strategic Plan.

(Continued on Page 2)

Budgeted Amount: \$0.00 Budget Page No(s): N/A Available Amount: \$0.00 Expenditure Amount: \$0.00

Additional Budgetary Information: N/A

Funding Source(s): N/A Sufficient Funds Available: Yes No Budget Amendment Required: Yes No Source: N/A

City Attorney Reviewed: Yes No N/A Advisory Board Recommendation: For Against N/A Consistent With: Yes No N/A Strategic Plan

Potential Motion/Direction Requested: I MOVE TO APPROVE/DISAPPROVE ORDINANCE NO. 2018-66 ESTABLISHING THE PROPERTY TAX RATE FOR FISCAL YEAR 2019 AT 5.7413 / _____ MILLS ON FIRST READING AND SCHEDULE A SECOND READING AND PUBLIC HEARING ON SEPTEMBER 18, 2018 AT 6:00 PM.

Staff Contact: Meridy Semones, OMB Manager x7600 msemones@largo.com

Attachments: Page 2, Ordinance No. 2018-66, Millage Chart, Impacts of Millage Rates on General Fund, General Fund LRF, and County-wide Proposed Millage Rates.

How the Homestead Provision Works

In Florida, the County Property Appraiser assesses all property values for tax purposes. The individual taxing jurisdictions establish a tax rate for the fiscal year, which is then used by the County Tax Collector’s office to bill property owners and collect taxes due. Homeowners are eligible for the homestead exemption, which reduces the assessed value of their principal residence up to \$50,000. The Florida Constitution, through the “Save Our Homes” provision, also caps annual increases in the assessed value for homesteaded properties to 3% or the Consumer Price Index (CPI), whichever is less. If the market value for a homesteaded property decreases, an increase of the assessed value of 3% or CPI, (whichever is less) still occurs through a catch up provision within the “Save our Homes” program until such time that the assessed value equals the market value. This provision applies as long as the assessed value is greater than the “Save our Homes” base. For the 2018 tax year (FY 2019) the CPI is 2.1% and most property values increased, therefore, a 2.1% increase will be applied to the assessed value of homesteaded properties.

The City budgets 96.5% and 95% of the total tax levy in the General and CRA Funds respectively. Per state law, the City must budget at least 95% of the total tax levy. The table below shows the history of the City’s total taxable value, the property tax levied and the budgeted property tax revenue to the City.

Fiscal Year	Total City Taxable Value	Total Tax Levy	Value of One Mill for General Fund	Budgeted General Fund Property Tax Revenue	Budgeted CRA Fund Property Tax Revenue
FY 2009	4,343,624,169	\$16,700,366	\$4,191,597	\$15,755,000	\$401,900
FY 2010	3,897,783,107	\$16,804,512	\$3,761,361	\$15,836,000	\$344,500
FY 2011	3,486,118,909	\$15,029,704	\$3,364,105	\$14,251,000	\$308,300
FY 2012	3,306,805,549	\$15,077,049	\$3,191,067	\$14,380,000	\$276,300
FY 2013	3,244,615,167	\$16,222,751	\$3,131,054	\$15,440,000	\$182,900
FY 2014	3,289,066,021	\$17,148,861	\$3,173,949	\$16,441,000	\$216,300
FY 2015	3,467,172,706	\$18,009,535	\$3,345,822	\$17,163,000	\$245,700
FY 2016	3,724,208,734	\$20,000,863	\$3,593,861	\$19,056,000	\$268,400
FY 2017	4,044,507,672	\$21,721,028	\$3,902,950	\$20,686,000	\$321,500
FY 2018	4,367,692,783	\$24,330,227	\$4,214,824	\$23,479,000	\$382,600
FY 2019	4,689,087,872	\$26,921,460	\$4,524,970	\$25,516,000	\$459,800

Note: The taxable values for FY 2018 and earlier years are certified final values after Value Adjustment Board appeals were completed. FY 2019 numbers use the Preliminary Certified Tax Rolls of July 1, 2018 values issued by the Pinellas County Property Appraiser’s Office.

Breakdown of the Tax Value for FY 2019:

New Construction	34,361,600 (+0.79%)
Annexation	8,947,342 (+0.20%)
Change in Value of Existing Property	<u>282,211,961 (+6.47%)</u>
Net change in Taxable Value From Prior Year	325,520,903 (+7.46%)

ORDINANCE NO. 2018-66

AN ORDINANCE OF THE CITY OF LARGO, FLORIDA ESTABLISHING THE PROPERTY TAX RATE FOR THE CITY OF LARGO FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2018 AND ENDING SEPTEMBER 30, 2019, AT 5.7413 MILLS, 6.28% HIGHER THAN THE ROLLED-BACK RATE OF 5.4018 MILLS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, an annual budget for the City of Largo, Florida, including estimates of anticipated revenues and expenditures for the fiscal year commencing October 1, 2018 and ending September 30, 2019 (FY 2019), has been submitted to the City Commission by the City Manager in accordance with Article V of the City Charter; and

WHEREAS, the City Commission of the City of Largo, Florida, is required by the City Charter and state statutes to adopt an annual operating and capital improvements budget and property tax rate for each fiscal year; and

WHEREAS, having observed all procedures required by the City Charter and Florida statutes, including notice and holding public hearings, the City Commission now deems it in the best interest of the public to adopt a property tax rate at a level that adequately provides for the financial soundness of City operations.

NOW, THEREFORE, THE CITY COMMISSION OF THE CITY OF LARGO HEREBY ORDAINS:

Section 1. That the property tax rate for FY 2019 is established at 5.7413 mills. This millage rate is 6.28% higher than the rolled-back rate of 5.4018 mills for fiscal year 2019.

Section 2. That the provisions of this ordinance shall take effect immediately upon its final passage and adoption.

APPROVED ON FIRST READING _____

PASSED AND ADOPTED ON SECOND AND FINAL READING _____

CITY OF LARGO, FLORIDA

Mayor

ATTEST:

City Clerk

REVIEWED AND APPROVED:

City Attorney

City of Largo

FY 2019 Millage Rate Analysis

Description	Millage Rate	General Fund Prop. Tax Revenue	Difference from Prior Year	Total Tax Levy (includes CRA)	Value of One Mill of Total Tax Levy (96.5%)
FY 2011 Budget	4.3113	\$14,251,000	-\$1,585,000	\$15,029,704	\$3,364,105
FY 2012 Budget	4.5594	\$14,380,000	\$129,000	\$15,077,049	\$3,191,067
FY 2013 Budget	4.9999	\$15,440,000	\$1,060,000	\$16,222,751	\$3,131,054
FY 2014 Budget	5.2139	\$16,346,000	\$906,000	\$17,148,861	\$3,173,949
FY 2015 Budget	5.1943	\$17,163,000	\$817,000	\$18,039,271	\$3,351,346
FY 2016 Budget	5.3705	\$19,056,000	\$1,893,000	\$20,000,863	\$3,593,861
FY 2017 Budget	5.3705	\$20,686,000	\$1,630,000	\$21,721,028	\$3,902,950
FY 2018 Budget	5.7413	\$23,799,000	\$3,113,000	\$25,052,547	\$4,210,842
Alternative FY 2019 Budget (rolled-back rate)	5.4018	\$24,007,000	\$208,000	\$25,329,515	\$4,524,970
Alternative FY 2019 Budget (majority vote maximum millage rate)	5.4812	\$24,360,000	\$561,000	\$25,701,828	\$4,524,970
FY 2019 Proposed Budget (Requires Super Majority Vote)	5.7413	\$25,516,000	\$1,717,000	\$26,921,460	\$4,524,970



FY 2019 Taxable Value for Homesteaded Properties has a 2.1% CPI increase due to the Save Our Homes catch up provision
 FY 2019 Non-Homesteaded Property has a total tax base increase of 7.46% (10% cap).
 Value of one mill = (Total Tax Levy x 0.965 [amount that is budgeted as revenue]) / millage rate
 Rolled-Back Rate = Rate that would generate the same revenue as the previous year + revenue from new construction and annexation
 Maximum Millage Rate = Maximum Rate adoptable with a simple majority vote of the City Commission (Adjusted Rolled-back Rate increased by income growth)
 Total Tax Levy = Property tax revenue for City of Largo including West Bay Drive Community Redevelopment Agency DTIF

Millage Rate Scenarios For Actual Homesteaded Property in Largo

Ridge Road SW
Sale Date: 2008

	Assessed Value	Taxable Value	Millage Rate	Annual City Taxes	Difference from Prior Year Taxes
FY 2011 Property Tax – Save Our Homes Cap Starts	\$152,133	\$102,133	4.3113	\$440	-\$438
FY 2012 Property Tax	\$151,933	\$101,933	4.5594	\$465	\$25
FY 2013 Property Tax	\$128,724	\$78,724	4.9999	\$394	-\$71
FY 2014 Property Tax	\$132,355	\$82,355	5.2139	\$429	\$35
FY 2015 Property Tax	\$134,340	\$84,340	5.1943	\$438	\$9
FY 2016 Property Tax	\$135,415	\$85,415	5.3705	\$459	\$21
FY 2017 Property Tax	\$136,363	\$86,363	5.3705	\$464	\$5
FY 2018 Property Tax	\$139,227	\$89,227	5.7413	\$512	\$48
Alternative FY 2019 Budget (rolled-back rate)	\$142,151	\$92,151	5.4018	\$498	-\$14
Alternative FY 2019 Budget (majority vote maximum millage rate)	\$142,151	\$92,151	5.4812	\$505	-\$7
Proposed FY 2019 Budget (same millage rate as FY 2018)	\$142,151	\$92,151	5.7413	\$529	\$17

Millage Rate Scenarios For Actual Non-Homesteaded Property in Largo

East Bay Drive Large Commercial
Newer Construction

	Assessed Value	Taxable Value	Millage Rate	Annual City Taxes	Annual Difference from Prior Year Taxes
FY 2011 Property Tax	\$4,750,000	\$4,750,000	4.3113	\$20,479	-\$2,802
FY 2012 Property Tax	\$4,450,000	\$4,450,000	4.5594	\$20,289	-\$190
FY 2013 Property Tax	\$4,400,000	\$4,400,000	4.9999	\$22,000	\$1,711
FY 2014 Property Tax	\$4,540,000	\$4,540,000	5.2139	\$23,671	\$1,671
FY 2015 Property Tax	\$4,632,700	\$4,632,700	5.1943	\$24,064	\$393
FY 2016 Property Tax	\$5,095,970	\$5,095,970	5.3705	\$27,368	\$3,304
FY 2017 Property Tax	\$7,500,000	\$7,500,000	5.3705	\$40,279	\$12,911
FY 2018 Property Tax	\$7,825,000	\$7,825,000	5.7413	\$44,926	\$4,647
Alternative FY 2019 Budget (rolled-back rate)	\$8,408,745	\$8,408,745	5.4018	\$45,422	\$496
Alternative FY 2019 Budget (majority vote maximum millage rate)	\$8,408,745	\$8,408,745	5.4812	\$46,090	\$1,164
Proposed FY 2019 Budget (same millage rate as FY 2018)	\$8,408,745	\$8,408,745	5.7413	\$48,277	\$3,351

FY 2019 Tax Rate Adoption
Impact of Various Millage Rates on General Fund

Millage rate	Description	Definition	Tax Increase*	General Fund Prop. Tax Revenue	General Fund Prop. Tax Revenue Change from FY 2018	FY 2019 Ending Fund Balance %	FY 2023 General Fund Ending Fund Balance % **
5.4018	FY 2019 Rolled-back rate	The millage rate that will provide the same ad valorem tax revenue for the City as was levied in FY 2018, PLUS additional revenue from the value of new construction and annexed properties.	0.00%	\$24,007,000	\$208,000	14.1%	8.6%
5.4812	Simple Majority Vote Maximum Millage Rate	The maximum millage rate that can be adopted with a simple majority vote (4/7).	1.47%	\$24,360,000	\$561,000	15.0%	11.3%
5.7413	FY 2019 Proposed Millage Rate (current millage rate)	The current effective millage rate in FY 2016 and the proposed millage rate for FY 2017.	6.28%	\$25,516,000	\$1,717,000	18.0%	20.0%

* The percent of the tax increase is as calculated by the Dept. of Revenue DR-420 and does not include tax revenue from the value of new construction and annexations.

** Future Projections include 6% Property Tax Revenue Increases after FY2020 (add'l Homestead Exemption)

FY 2019 TENTATIVE BUDGET GENERAL FUND	ACTUAL FY 2017	BUDGET FY 2018	ESTIMATED FY 2018	BUDGET FY 2019	BUDGET FY 2020	BUDGET FY 2021	BUDGET FY 2022	BUDGET FY 2023
BEGINNING BALANCE	9,141,800	9,794,800	11,496,900	13,882,900	16,411,100	15,844,000	16,022,800	16,951,100
<u>Revenue</u>								
Property Tax	20,705,141	24,199,000	23,799,000	25,516,000	25,316,000	26,835,000	28,445,000	30,152,000
Other Taxes	11,937,225	12,139,600	12,357,000	12,619,000	12,821,400	13,027,500	13,237,100	13,450,300
Licenses & Permits	5,723,838	5,860,100	6,167,000	6,315,000	6,437,000	6,561,400	6,688,300	6,817,800
Intergovernmental	18,399,019	19,832,400	19,557,300	21,965,600	20,697,000	21,359,500	22,046,500	22,759,000
User Charges	5,162,010	4,915,200	5,312,000	5,252,500	5,154,800	5,200,200	5,245,400	5,288,600
Fines	403,111	370,000	376,500	385,000	385,000	385,000	385,000	385,000
Miscellaneous	3,046,509	3,059,100	2,557,900	2,087,400	2,096,300	2,105,300	2,114,300	2,123,400
Interfund Charges / Transfers	3,297,864	3,687,000	3,684,000	3,893,000	3,938,000	4,465,000	4,622,100	4,678,200
Debt Proceeds	0	0	0	0	0	0	0	0
Total Revenue	68,674,717	74,062,400	73,810,700	78,033,500	76,845,500	79,938,900	82,783,700	85,654,300
Fund Balance Added (-) / Used (+)	-2,819,859	-1,743,000	-2,386,000	-2,528,200	567,100	-178,800	-928,300	-1,326,700
TOTAL RESOURCES	65,854,858	72,319,400	71,424,700	75,505,300	77,412,600	79,760,100	81,855,400	84,327,600
<u>Expenditures</u>								
Personnel	51,774,324	57,009,900	54,875,000	60,209,600	62,684,200	65,119,000	67,960,400	70,371,300
Operating	12,871,804	16,622,900	15,384,800	17,416,200	16,558,100	16,823,200	16,432,400	17,343,000
Other	-340,082	-166,200	-166,200	-250,100	-297,600	-387,800	-388,100	-388,300
Capital	1,548,812	2,260,500	1,331,100	2,103,600	2,371,100	2,227,200	1,977,900	1,253,400
Budget Reductions	0	0	0	0	0	0	0	0
Recurring Impact of Reductions	0	0	0	0	0	0	0	0
Total Expenditures	65,854,858	75,727,100	71,424,700	79,479,300	81,315,800	83,781,600	85,982,600	88,579,400
Change In Reserves	-464,757	0	0	0	0	0	0	0
Estimated Unexpended (4.8%)	0	-3,407,700	0	-3,974,000	-3,903,200	-4,021,500	-4,127,200	-4,251,800
ENDING BUDGETARY FUND BALANCE	11,496,902	11,537,800	13,882,900	16,411,100	15,844,000	16,022,800	16,951,100	18,277,800
Committed for Next Year's Budget Deficit	-1,700,700	-2,676,100	-1,445,800	-4,470,300	-3,842,700	-3,198,900	-2,925,100	-2,925,100
UNASSIGNED FUND BALANCE	9,796,202	8,861,700	12,437,100	11,940,800	12,001,300	12,823,900	14,026,000	15,352,700
Assigned for Vacation Liability	2,348,937	2,256,500	2,348,900	2,348,900	2,348,900	2,348,900	2,348,900	2,348,900
UNRESTRICTED FUND BALANCE	12,145,139	11,118,200	14,786,000	14,289,700	14,350,200	15,172,800	16,374,900	17,701,600
Property Tax Rate	5.3705	5.7413	5.7413	5.7413	TBD	TBD	TBD	TBD
Tax Increase % / Future Revenue % Change	6.06% Incr.	13.42% Incr.	13.42% Incr.	6.28% Incr.	-78% Rev.	6% Revenue	6% Revenue	6% Revenue
UNRESTRICTED FUND BALANCE	18.4%	14.7%	20.7%	18.0%	17.6%	18.1%	19.0%	20.0%

Pinellas County Millage Rates

Taxing Authority	FY 2017	FY 2018	Rolled-Back Rate	FY 2019 Proposed TRIM Rate	July 1 Taxable Value Change	Effective Tax Increase
St. Petersburg	6.7550	6.7550	6.3513	6.7550	9.56%	6.36%
Belleair	5.9257	5.9257	5.6392	6.5000	5.21%	15.26%
Clearwater	5.1550	5.1550	4.8684	5.9550	9.79%	22.32%
Kenneth City	4.7592	4.7592	4.3390	5.7500	9.85%	32.52%
Largo	5.3705	5.7413	5.4018	5.7413	7.46%	6.28%
Pinellas Park	5.4900	5.4900	5.2294	5.4900	6.47%	4.98%
Tarpon Springs	5.4200	5.4200	5.1601	5.4200	6.72%	5.04%
Belleair Bluffs	5.3500	5.3500	4.9785	5.3500	7.74%	7.46%
Pinellas County	5.2755	5.2755	4.9659	5.2755	8.04%	6.23%
Dunedin	4.1345	4.1345	3.8428	4.1345	8.83%	7.59%
Oldsmar	4.0500	4.0500	3.8635	4.0500	6.20%	4.83%
Gulfport	4.0390	4.0390	3.7602	4.0390	8.25%	7.41%
Safety Harbor	3.9500	3.9500	3.7096	3.9500	7.23%	6.48%
South Pasadena	3.2500	3.2500	3.0447	3.5000	6.74%	14.95%
Treasure Island	3.3368	3.3368	3.1272	3.4368	6.96%	9.90%
St. Pete Beach	3.1500	3.1500	2.8294	3.1500	11.57%	11.33%
Seminole	2.4793	2.4793	2.3226	2.4793	10.84%	6.75%
Madeira Beach	2.2000	2.2000	2.0514	2.2000	7.76%	7.24%
Belleair Beach	2.0394	2.0394	1.9326	2.0394	5.77%	5.53%
Indian Shores	1.8700	1.8700	1.7449	1.8700	9.21%	7.17%
Indian Rocks Beach	1.9300	1.9300	1.8068	1.8326	7.56%	1.43%
Redington Beach	1.8149	1.8149	1.7182	1.8149	7.07%	5.63%
Redington Shores	1.8000	1.8000	1.7118	1.8000	5.50%	5.15%
North Redington Beach	0.7511	1.0000	0.9418	1.0000	6.45%	6.18%
Belleair Shore	0.7294	0.6594	0.5930	0.6594	11.34%	11.20%

Average 7.92% 9.01%