

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: AUTHORIZATION TO ADVERTISE PROPOSED TENTATIVE BUDGET AND MILLAGE LEVIES FOR FY 2011-12

COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

Florida Statutes require that the Superintendent submit a tentative budget and millage levy recommendation to the Board no later than 24 days after certification of the tax roll or by July 24, 2011.

Statutes also prescribe that each school board shall advertise its intent to adopt a tentative budget and millage levy within 29 days of certification of the tax roll or by July 29, 2010. No less than 2 days or more than 5 days thereafter, the district shall hold a public hearing on the tentative budget and millage levy. The School Board must advise the property appraiser of its proposed millage rates within 35 days of certification of the roll (July 1, 2011) or by August 4, 2011.

Due to these requirements, as well as the Board meeting dates, the following schedule was developed:

<u>Date</u>	<u>Event</u>
July	13 Board authorizes Superintendent to advertise tentative budget and proposed millage levies.
	23 Advertisement appears in newspaper of general circulation.
	27 First Public Budget Hearing. Board tentatively adopts millage levies and budget (6:00 p.m.)
July	29 Proposed millage levies sent to property appraiser.

The budget cycle culminates with a second public budget hearing and final adoption on September 7, 2011.

The millage levy for Required Local Effort is determined by the Florida Department of Education and the levies for Discretionary Operating and Discretionary Capital are the maximum permitted under current State law. The State mandated Required Local Effort Millage Rate is increasing from 5.616 to 5.625 mills. The maximum for both Discretionary Operating and Discretionary Capital Millage were modified during the 2009 Legislative Session. The maximum Discretionary Millage Rate is .748 mills. The **recommended** Discretionary Operating Millage Rate is .548 mills (a total shift of .20 mills from Operating to Capital). The recommended Capital Outlay Millage Rate is 1.700 mills including .200 mills from Discretionary Millage.

A Debt Service Levy is included which is required to service the district's outstanding bond series. The Debt Service Levy decreased from .385 to .240. As noted below, the total recommended levy is .136 mills lower than the levy for FY 2010-11, while actual property taxes collected will be about 2.3% lower than last year.

The levies recommended for advertising are shown below:

	FY 2010-11 Actual Levy	FY 2011-12 Recommended Levy*
<u>STATE ESTABLISHED AND REQUIRED:</u>		
Required Local Effort (RLE)	5.616	5.625
<u>LOCALLY LEVIED:</u>		
Discretionary Operating	.698	.548
Additional Discretionary Operating (.25)	0.000	0.000
Discretionary Capital	<u>1.550</u>	<u>1.700</u>
Sub-Total Locally Levied	2.248	2.248
Sub-Total Non Voted-Millage**	7.864	7.873
Debt Service (Voted)	<u>0.385</u>	<u>0.240</u>
Total Millage Levy	<u>8.249</u>	<u>8.113</u>

* The State Required Local Effort (RLE) Levy is subject to modification by the Commissioner of Education based upon an analysis of actual county tax rolls in the state and revisions in determining RLE under Truth-in-Millage statutes. The actual levies will be certified by the Commissioner no later than July 19, 2011. The millage advertisement on July 23, 2011 will contain the actual RLE certified by the State and revised calculated revenues with offsetting appropriations. Changes in the tax roll and in the certified millage rates affect revenues in the Executive Summary.

The RLE is required under State law in order for the School Board to receive \$609,336,373 in FEFP funding.

** The non-voted millage levy rate is 7.873 mills: **Actual property taxes collected will be about 2.3% less than last year.** The actual millage rate to be advertised, pursuant to Florida Statutes, cannot be calculated prior to receipt of the Required Local Effort to be received from the Department of Education no later than July 19, 2011.

In an effort to eliminate automatic revenue growth due to increasing property values, the Florida Legislature enacted statutes known as Truth-in-Millage (TRIM). TRIM requires a calculation of the change in millage rates from one year to the next called the "Rolled-Back Rate". The "Rolled-Back Rate" is the millage that would be necessary to generate the **same amount of dollars** as the previous fiscal year, excluding new construction. Due to the drop in the assessed value of property, the recommended property tax levy for FY 2011-12 will be well below the Rolled-Back Rate.

Since property values are down 2.3% (\$4.7 billion) since July 1, 2010, it is anticipated that a tax increase budget advertisement will NOT be required this year and that no tax increase will be involved.

Board authorization to advertise the tentative budget does not represent tentative adoption by the Board. This requested Board authorization only determines the information as to millage levy, tentative budget and list of capital projects funded by the Capital Millage Levy which will be included in the advertisement. The official millage levies and the tentative budget will not be voted on by the Board **until July 27, 2011.**

The Board, **by law**, may not authorize a millage levy higher than that which is advertised and/or tentatively adopted, unless it later informs every taxpayer by mailed notice of the higher rate. The only exception is that the Board may administratively adjust the millage without notifying each taxpayer only if the non-exempt property tax roll changes by 1% or more from the roll certified by the Property Appraiser on July 1, 2011.

The following schedules will be provided by July 8, 2011:

Attachment A - Summary of Revenues & Appropriations by Function – All Funds
FY 2011-12 Tentative Budget.

Attachment B - List of Capital Projects to be funded from the FY 2011-12 Capital
Millage Levy.

No later than July 8, 2011, Board Members will receive a copy of the FY 2011-12 Tentative Budget – Executive Summary and a copy of the detailed General Fund budget workpapers. Copies of each will be placed on file in the Citizen Information Center and in the Office of the Recording Secretary to the Board.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent to:

- 1) advertise a:
 - a) locally levied Discretionary Operating millage levy of .548 mills and Capital Outlay millage levy of 1.700 mills. There is no increase in the locally levied millage from the prior year.
 - b) state established and Required Local Effort millage levy of 5.625 mills (subject to certification from the Commissioner of Education);
 - c) Debt Service levy of .240 mills
- 2) advertise the Tentative Budget (Attachment A);
- 3) advertise the listing and description of capital projects to be funded from the FY 2011-12 Capital Millage Levy (Attachment B); and
- 4) advertise State Required Local Effort Millage Levy pursuant to official notification by the Commissioner of Education with appropriation revisions as required to balance.

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