

SFWMD

CHAPTER 373 FLORIDA STATUTES PART V

Finance, Budget and Taxation
Investments
Issuance of Debt



4 Major Topics:

- Ad Valorem Taxation
- District Budget Process
- Investment of District Funds
- Authority to Borrow Money



AD VALOREM PROPERTY TAX

Florida Constitution
Article VII, Finance and Taxation
Section 9, Local Taxes

- Counties, School Districts and Cities must and Special districts *may* be authorized by law to levy ad valorem taxes.
- Millage rate shall not exceed 1.0 mill for water management purposes
- Exclusive of taxes authorized by a vote of the electors



AD VALOREM PROPERTY TAX

Section 373.503, Florida Statutes

- Florida Legislature's findings:
 - Regulatory and administrative functions of the water management districts that benefit the people of the state should fully or in part be financed by general appropriations.
 - Water resources programs that benefit limited segments of the population should be financed by those most directly benefited.
 - Permit application fees
 - Ad valorem taxation



AD VALOREM PROPERTY TAX

Section 373.503, Florida Statutes

- Millage authorized for water management purposes by the State Constitution shall be levied *only* by the water management districts
 - Taxes may be separated into a millage for district purposes of the district and a millage for basin functions.
 - The maximum total millage rate for district and basin purposes for the South Florida Water Management District is 0.80 mill
 - District's current millage rate is below the maximum



AD VALOREM PROPERTY TAX MILLAGE RATE LIMITATIONS

Section 200.065, Florida Statutes

- Truth in Millage (TRIM)
 - Local governments are required to provide a Notice of proposed property taxes
 - Governing Board is required to approve submission of proposed millage rates to local government property appraisers for inclusion in TRIM notice.
 - The final millage rate cannot exceed the tentative rate unless individual first class mail notice is given to all taxpayers indicating the amount of taxes based on the higher rate.



DISTRICT BUDGET

Section 373.536, Florida Statutes

- The District's fiscal year is October 1 - September 30.
- The District's tentative budget must be submitted to the governing board by July 15.
- The budget must indicate:
 - District programs by fund
 - Encumbered funds, fund balance, and millage rates
 - Salaries and benefits
 - Expenses
 - Operating capital outlay
 - Number of authorized positions and other personal services



STATE REVIEW OF BUDGET

Section 373.536, Florida Statutes

- **August 1** - The District's tentative budget must be submitted to the Governor, President of the Senate, Speaker of the House and other agencies and entities.
- **September 5** - The House and Senate appropriations chairs may transmit to each district comments and objections to the proposed budgets.
- **5** days prior to final district budget adoption hearing
 - District must receive Written disapproval of any provision in the tentative budget by the Governor
 - The Governor has veto power and line item veto power over the District Budget.



BUDGET AMENDMENTS AND TRANSFERS

- Budget Amendments
 - Must occur at a public meeting for which notice has been given that an amendment will occur – Sec. 373.536(4)(c), Fla. Stat.
 - Typically done to recognize new revenue
- Budget Transfers
 - Addressed in Section 110-25, District Policies Code
 - The Governing Board must approve:
 - Transfers between resource areas and programs.
 - Transfers between departments within a resource area in amounts exceeding \$150,000.00 for non-capital construction, and exceeding \$500,000.00 for capital construction.
 - Transfers between elements within a program in amounts exceeding \$150,000.00 for non-capital construction, and exceeding \$500,000.00 for capital construction.



INVESTMENT OF DISTRICT FUNDS

- Must be consistent with State law - Chapter 218, Part IV, Florida Statutes (Investment of Local Government Surplus Funds)
- District's Policies Code, Article VI, Chapter 110:
 - Investment Objectives
 - Safety of Principal
 - Maintenance of Liquidity
 - Return on Investment
 - Also addresses matters such as:
 - Nature and Type of Investments
 - Maturities
 - Ratios of Types of Investments



AUTHORITY TO BORROW MONEY

Sections 373.559 – 373.584, Florida Statutes

- General Obligation Bonds
 - Require referendum
 - Pledges “full faith and credit” of taxing authority
- Short Term Borrowing
 - Line of credit
 - Equipment Leases Purchases
 - Other Bank Loans
- Revenue Bonds:
 - Certificates of participation
 - WMLTF Bonds
 - Bonds for water production facilities



GOVERNING BOARD DEBT POLICY

- Article IV, District Policies Code, Chapter 110
- Benchmarks for debt issuance– such as
 - Debt per capita ratio, debt to assessed value, debt service percentage cap
 - Rules for issuance of Acceler8 debt
 - Refunding of existing debt
 - Will need to be revised in light of US Sugar purchase
- Types of Debt
 - Long term v. short term
- Structure
 - Negotiated sale v. Competitive sale
- Process
 - Selection of Bond Professionals



CERTIFICATES OF PARTICIPATION

- District creates Not for Profit Entity (NFP).
- District leases its land for a nominal sum to Not for Profit Entity (NFP).
- NFP subleases land back to the District to allow District to construct capital facilities on land; District agrees to pay – on annual basis - rent to NFP for a fixed term. (but there is no pledge of any specific revenue)
- NFP assigns sublease, incl. District's promise to pay rent, to a trustee (Bank).
- The trustee issues shares (COPs) of District's promise to pay to purchasers (akin to bondholders).



CERTIFICATES OF PARTICIPATION

Why Use This Type Of Financing?

- Allows use of all legally available district revenues to pay make lease payments, including ad valorem tax revenue
- Allows flexibility to issue when and as needed
- Allows flexibility to substitute projects within financing structure
- Referendum is not required.
- Florida Supreme Court - Strand decision- Sept. 2007
 - Case about tax increment (TIF) bonds, NOT COPs
 - Disapproved both TIF and COPS financing structure unless by referendum
 - After considerable uproar and many filings, 22 days later, Court limited holding only to TIF bonds.



AUDIT AND FINANCIAL STATEMENTS

- District management is required by law to submit annually to the Governing Board an audited Comprehensive Annual Financial Report (CAFR) for the preceding fiscal year.
 - Typically done in March – April time frame
- District audit is managed by the Inspector General's Office.
- The District's use of state and federal funds is also reported and audited in this process.

