



**Manatee County
Board of County Commissioners**

Budget - Frequently Asked Questions – FAQ

1. What is a “Balanced Budget”?

Florida Statutes 129.01(b) specifically calls for Florida Budgets to be balanced which means revenues equal expenses. The Statute further defines a balanced budget equation as follows:

All Revenues + Cash Brought Forward (Cash Carryforward)

=

Total Appropriations for Expenditures + Reserves

2. Is the cash identified in the financial statements separate cash and is not part of the budget?

Per Statute 129.01(b), the budget is to have 100% of balances estimated to be brought forward at the beginning of the year. Governmental budgeting is different from private enterprise. The cash on hand (in all bank accounts) is estimated for the October 1 date for the budget. This amount is identified in the budget as Cash Carryforward. When the audited statements are completed, the actual cash as of October 1 is compared with the estimated Budget Cash as of October 1. Any difference is highlighted with the Board and brought into the budget in the following year or can be brought into the budget through a public hearing. Manatee historically allows any additional cash to be placed into the budget the following year.

3. Isn't it true the Statutes say that County's must keep a 5% reserve?

The 5% reserve relates to revenues and not one of the Four Official Categories of Reserves discussed below (see Question concerning Reserves). Per Statute 129.01(b), the “revenues” are to be included at 95% within the budget. Most County Budget's (including Manatee County) list revenues at 100% for full disclosure and then a line stating, “less 5%”. The “Less 5%” makes the revenues in agreement with the Statutes.

4. What is a contingency?

A contingency is defined as a **future event or circumstance which is possible but cannot be predicted** with certainty. An example of a Reserve for Contingency is the Board's reserve for \$1,050,000 within the General Fund. The funding is for contingency items which occur but are not planned or predicted.

5. What is the difference between Contingency and a Set Aside?

A contingency is defined as a future event or circumstance which is possible but cannot be predicted with certainty. A Set Aside Reserve is a reserve set aside for a specific project or event. Manatee County historically places some items within Reserves as a “Set Aside” until the time occurs when the funding will be needed. The “Set Aside” is then moved from Reserves to Operating expenses through a Budget Amendment brought before the Board. An example of a “Set Aside” would be for Grant matches known to be occurring but the timing is not exact. Instead of placing the funding within the Operational expenses, we “Set Aside” in reserves and access through a budget amendment so that the Board may receive a full update.

6. Do the Financial Statements show that Manatee County has money beyond the Florida Statute of reserves of 10% for Reserve for Contingency and 20% for Cash Balance?

Florida Statutes 129.01(c)1-2 define the maximum reserves that may be held within **the Budget not the Financial Statements**. In preparing a budget, the reserves planned must not exceed the calculation. The amounts must be examined on the fund level and cannot be summarized into generalized format due to the legal restrictions associated with each fund.

As an example, Impact Fees are collected based upon legal requirements for growth within our community. Impact Fees are not a Reserve for Contingency nor are they needed for Cash Balance. They are collected for Capital Projects/Improvements due to expansion of growth. Each Fund must be identified for its legal uses. Manatee County plans the 10% and 20% contingency each year through the Budget process.

7. Does the State of Florida have within its budget a “Stabilization Account” or is that unique to only Manatee County?

Florida Statutes 215.32 4(c)1-4 defines the **Budget Stabilization Fund** for the State of Florida, therefore for the State of Florida it is not a reserve within their General Fund but a Fund by itself. The Principal Balance equals at least 5% to a maximum of 10% of the net revenue collections of the State’s General Fund for the prior fiscal year. Provisions provide that if an expenditure is made from the Budget Stabilization Fund then a schedule for refunding must occur within three years of the expense. The refunding must occur over five annual transfers to restore the Fund.

8. Who is DOR?

DOR is the acronym for Florida Department of Revenue who handles all the compliance with Chapter 129 revenue collection.

9. Can Manatee County use Infrastructure Sales Tax for any need?

The Infrastructure Sales Tax (IST) is a restricted funding source established by voter referendum. The funds may only be used for the purposes established by the voters, the Ordinance, and the Resolution. Manatee County has in place an Infrastructure Sales Tax Oversight Committee that attests and reports the Board by December 31 of each year. The report verifies the following:

- (1) If actual or planned expenditures are consistent with the subcategories and percentages established by the Board of County Commissioners
- (2) If all changes to the Infrastructure Sales Tax Funding Categories List were approved by the Board

- (3) All project and equipment expenditures were identified on the official Infrastructure Sales Tax Project and Equipment List
- (4) Any changes to the Infrastructure Sales Tax and Equipment List were changed by the Board

10. Can Manatee County use Utility Rates revenue to reduce taxes?

Utility Rate revenue was assessed to the Utility Systems customers based upon legal guidelines and restrictions. Funding from the Utility Rates may only be used in accordance with the legal restrictions established by the Utility System. Utility Rates cannot be used for social service programs, as funding for parks, nor to reduce property taxes.

11. Unrestricted Cash versus Unrestricted Net Position – are they the same thing?

In a short answer, **no they are not**. Unrestricted cash means all cash which does not have restrictions however you have to look as to the specific use of the cash. Within the Business Funds, Unrestricted Cash relates to rates which have been received and assessed based upon the needs of the system. The Utility system cannot use their “Unrestricted Cash” within their Fund to move to a property tax fund to support social programs or offset property taxes. The Port Authority has unrestricted cash however that cash cannot be used for parks maintenance.

Unrestricted Net Position is the product of all Assets less Liabilities. Governmental Accounting Standards Board (GASB) is the accounting guidance used within all governments. GASB gives guidance as to what is considered Unrestricted Net Position per Fund. For example, the Unrestricted Net Position on the Entity Wide Statements shows \$559 million. However, inside that number is represented the Landfill Closure/New Cell funding which Manatee County will be obligated to pay for closure and monitoring of the old Landfill as well as toward a new cell. This amount within the Fund is Unrestricted however the revenue which generated this amount was assessed for specific items and cannot be arbitrarily altered.

The General Fund Unrestricted Net Fund Balance (called Fund Balance because it is a Governmental Fund) is the amount which can be reallocated programs based upon the Board’s decisions.

12. Can all the cash presented in the statements be used for anything?

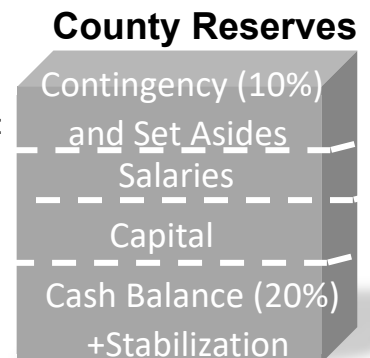
Governments are restricted to using cash collected for the legal purposes for which the cash was collected. An example would be Tourist Taxes. Manatee County has assessed Tourist Taxes and those taxes may only be spent upon the legal restrictions established for collection. As a result, Tourist Taxes may not be spent on social programs, parks maintenance, or to offset property taxes.

13. What are the reserves for Manatee County?

Reserves are made up of 4 Classifications:

1 – Reserve for Contingency- There are two items within this category:

- Item 1** - Contingency (Limited to 10% of all Fund expenses)
- Item 2** - “Set Aside” amounts for specific items which would normally be held in expense but have been placed in Reserves until specific events occur (No Limit because



Amounts would otherwise be expenses)

2 – Salaries Reserve – Manatee historically places 97% of salaries in departments expenses and the remaining 3% into reserves. The total is reconciled and brought before the Board in August each year as a Budget Amendment to place within the departments the amount needed. The full amount could have been placed into the operational expenses however, this provides the Board a clear picture of the attrition at the end of the year.

3 – Capital Reserves – Amounts held for capital projects either immediately occurring or planned to occur

4 – Reserve for Cash Balance – There are several items within this category:

Item 1 - Cash Reserve – This is not limited for any specific item but is calculated as 20% of all expenses and in compliance with limits of Statutes. Best practice recommends 2 months (16.7%) operating expenses for immediate needs however for areas subject to disasters (Hurricanes) they recommend higher. Manatee County has adopted a policy of 20%. Compliance with Florida Statutes 129.01(c) 2 for Budgets.

Item 2 – Items historically placed within the Reserve for Cash Balance due to comparative representation of data. Items such as the Stabilization Fund, the Disaster Recovery Fund, Capital Reserves for CIP which have fund balance historically located within this Reserve is an example of Other Items. But are specifically held for items not qualifying for the 20% compliance but are identified as specific items.

All reserves are listed within the Budget by Fund within the Budget Book.

14. What is a bond rating test?

While each agency has different criteria and methodologies, ratings are generally based on four broad categories:

Tax Base: (represents 30% of Test)

Size, strength and diversity of the local economy; property tax values and per capita income levels

Financial Position: (represents 30% of Test)

Liquidity and reserves, budgeting history, and revenue flexibility

Legal and Management: (represents 20% of Test)

Legal and regulatory structure, history of stable and capable governing and management

Debt Position: (represents 20% of Test)

Amount of debt, average life of debt, unfunded pension and other obligations

The rating agencies define each of the areas and assign scoring for each area. This determines the score and rating to be received.

15. What are the consequences if we spend down reserves on the Bond Rating?

It depends on the reason. If reserves are drawn for special, one-time shortfalls with plans to replenish the reserves, there is typically little to no impact. If reserves are required because the County is not running a balanced budget without the use of reserves, it generally will lead to downgrades in that factor, which could have a negative impact on the overall rating.

16. Does Florida have a report card on Manatee County?

The State of Florida has created a program which requires all local cities and counties within the State of Florida to submit information to the State and are assessed a "Grade" on their efforts. This is required by Statute and was implemented on October 15, 2019. The website for the data is located at **FloridaTaxpayers.com**.

17. How can I get more information about the Manatee County Budget?

Our website, mymanatee.org, has a list of departments under the Government header. Under Financial Management you will find videos, FAQ, and all Budget information that has been presented on the FY21 Budget.