

MEMORANDUM

September 22, 2020

TO: Honorable Mayor and City Commissioners

VIA: James Slaton, Interim City Manager

FROM: Dorothy Abbott, Finance Director

RE: Ordinance 2020-11, Adoption of FY2020-21 Millage Rate – 2nd Reading & Public Hearing
Ordinance 2020-12, Adoption of FY2020-21 Budget – 2nd Reading & Public Hearing

SYNOPSIS: The Commissioners will consider adopting a millage rate of 6.7974 mills for Fiscal Year 2020-21. The Commissioners will also consider adopting the proposed operating budget.

RECOMMENDATION

After second reading and separate public hearings, it is recommended that the City Commission take the following actions:

1. Approve Ordinance 2020-11, adopting a millage rate of 6.7974 mills for FY2020-2021;
2. Approve Ordinance 2020-12, adopting an operating budget for FY2020-2021.

BACKGROUND

In accordance with Florida Statutes and the City Charter, Ordinances 2020-11 and 2020-12 are presented for first reading and public hearing. Ordinance 2020-11 establishes the millage rate for FY20'21, and Ordinance 2020-12 adopts the proposed FY20'21 budget. These ordinances must have separate public hearings and must be voted upon individually.

The proposed FY20'21 budget document includes the revenue and expenditure details for the General Fund, CRA Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Utility System Fund, Airport Fund and Stormwater.

This budget has been prepared in accordance with Article VI, Section 6.04 of the City Charter, which requires that the budget provide a complete financial plan of municipal funds and activities. Estimated current year ending fund balances have been considered and are included in the budget.

PROPERTY TAX

On July 21, 2020, the City Commission adopted an Interim Millage Rate of 7.0974. The proposed budget was balanced on a Millage Rate equal to the roll-back rate of 6.7974 millage rate per \$1,000 taxable valuation.

BUDGETARY CHANGES IN GENERAL FUND “REVENUE SOURCES & TRANSFERS IN” FOR FY20’21 COMPARED TO FY19’20:

General Fund revenues in FY20’21 (\$12,379,748 + 1,552,522 – 53,522 impact fee reimbursement – 0 financing/leases = 13,878,748) are projected to be \$154,715 less than budgeted in FY18’19 (\$13,999,789 + 1,538,322 – 211,322 impact fee reimbursement – 1,293,326 financing/leases = 14,033,463). **An expected decrease of \$154,715 is mainly due to the following items:**

- Increase in ad valorem tax of \$125,226
- Decrease in sales and use taxes of \$170,150 due to allocation needed for debt service leased vehicles.
- Decrease in licenses and permits of \$320,500 due to \$170,500 decrease in franchise fees and \$150,000 decrease in building permits.
- Increase in special assessments of \$95,000 due to increase in fire special assessment.
- Decrease in intergovernmental revenues of \$113,332 mainly due to decrease in state revenue sharing and grants for the Museum/Depot (Pioneer Day Advertisement)
- Increase in charges for services of \$95,041 mainly due to garbage fees.
- Decrease in fines and forfeitures of \$22,000 mainly due to code enforcement fines.
- Decrease in miscellaneous revenue of \$16,000 mainly due to \$13,000 for Ridge League Dinner, \$3,000 facility rentals.
- Increase in transfers of \$172,000

BUDGETARY CHANGES IN GENERAL FUND “OPERATING EXPENDITURES” FOR FY20’21 COMPARED TO FY19’20:

General Fund “operating” expenditures in FY20’21 are projected to be \$14,168,517, which is **\$511,392 less than** budgeted in FY19’20 \$14,679,909.

GOVERNMENTAL FUND BALANCE

As of September 30, 2019, the City’s governmental funds reported combined ending fund balances of \$8,168,273 (page 13 of the CAFR). An increase of \$193,953 for the year. Approximately 40% (\$3,253,113) of total funds balance is available for spending at the government’s discretion (unassigned)

At the end of September 30, 2019, unassigned fund balance of the General Fund was \$3,253,113, while total fund balance reached \$4,281,310. In 2011, the City established a reserve policy for the General Fund equal to 15% - 20% of total operating costs. As of September 30, 2019, the general fund’s unassigned fund balance represented 21% of total general fund expenditures, while total fund balance represents 20% of the same amount.

SUMMARY OF ALL FUNDS

General Fund	16,077,270
CRA Fund	5,551,300
Special Revenue Funds	2,723,223
Debt Service Fund	2,448,912

Capital Projects Fund	1,481,000
Cemetery (LWVG)	484,706
Utility System Fund	30,082,050
Airport Fund	905,217
Stormwater Fund	500,000
TOTAL	60,253,678

The expenditure total of \$47,973,859 is comprised of operating costs in the amount of \$27,455,251 and capital outlay in the amount of \$20,518,608. Transfers in the amount of \$2,702,062 bring total expenditures plus transfers to \$50,675,921.

Note: Capital expenditures proposed for FY20'21 are itemized in "Schedule C" within the budget document.

CONCLUSION

The local economy, as well as the global economy, has struggled in 2020 due to the Covid-19 pandemic. As the Governor directed all non-essential services to close for the month of April, the resulting business closures led to a jump in the State unemployment rate and a decline in State Revenue sharing of sales tax and gasoline taxes. As Americans stay home, Florida's tourist economy has suffered, exemplified by the lower than expected visitors to Florida. Economists have failed to agree on the length of the current economic downturn. Some economists are optimistic a vaccine for Covid-19 will be approved before the end of the year and in wide circulation by the end of 2021 which in turn will lead the economy returning to a more stable status. Other economists are forecasting the Covid-19 pandemic to continue through to 2023.

While forecasting the future economy is extremely difficult, for the FY2020-2021 budget, staff has taken the conservative approach relating to the economic effects of the Covid-19 pandemic. As such, staff has taken a conservative methodology approach to appropriations relating to revenues and expenditures. City staff will continue throughout next year to watch for changes in the economy.

ATTACHMENTS

Ordinance 2020-11, Adoption of FY2020'21 Millage Rate
Ordinance 2020-12, Adoption of FY2020'21 Operating Budget
Budget Summary, Fiscal Year 2020'21