




The City of Palm Bay Florida
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Palm Bay, FL 32907
(321) 952-3400
www.palmbayflorida.org

Mayor
ROB MEDINA
Deputy Mayor
KENNY JOHNSON
Councilmembers
JEFF BAILEY
RANDY FOSTER
DONNY FELIX

AGENDA

Workshop Thursday

January 28, 2021 - 6:00 PM

Tony Rosa Community Center, Rooms A and B, 1502 Port Malabar Boulevard NE

CALL TO ORDER:

ROLL CALL:

BUSINESS

1. Budget Process and Fund Overview.

ADJOURNMENT:

Councilmembers who are members of the Space Coast Transportation Planning Organization (TPO) may discuss TPO issues which may subsequently be addressed by the TPO.

If an individual decides to appeal any decision made by the City Council with respect to any matter considered at this meeting, a record of the proceedings will be required, and the individual will need to ensure that a verbatim transcript of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based (FS 286.0105). Such person must provide a method for recording the proceedings verbatim.

Any aggrieved or adversely affected person desiring to become a party in the quasi-judicial proceeding shall provide written notice to the City Clerk which notice shall, at a minimum, set forth the aggrieved or affected person's name, address, and telephone number, indicate how the aggrieved or affected person qualifies as an aggrieved or affected person and indicate whether the aggrieved or affected person is in favor of or opposed to the requested quasi-judicial action. The required notice must be received by the Clerk no later than five (5) business days at the close of business, which is 5 p.m., before the hearing. (59.03, Palm Bay Code of Ordinances).

In accordance with the Americans with Disabilities Act, persons needing special accommodations for this meeting shall, at least 48 hours prior to the meeting, contact the

Office of the City Clerk at (321) 952-3414 or Florida Relay System at 711.

Pursuant to Council Policies and Procedures, members of the public wishing to use electronic media when addressing City Council must provide the electronic file to staff for screening no later than 2:00 P.M. on the day of the meeting; audio presentations must be submitted to the City Clerk at least twenty-four (24) hours prior to the meeting.

THIS MEETING IS BROADCAST LIVE ON THE CITY'S WEBSITE AND TELEVISED ON THE SPACE COAST GOVERNMENT TV CHANNEL.



LEGISLATIVE MEMORANDUM

DATE: 1/28/2021

RE: Budget Process and Fund Overview.

ATTACHMENTS:

Description

Staff Presentation



BUDGET

FUND & PROCESS OVERVIEW

JANUARY 28, 2021

PRESENTED BY:
ANGELICA COLLINS
FISCAL MANAGER

TOPICS OF REVIEW

- Fund Structures
- Fund Types & Purposes
- Budget Process Overview & Important Timelines
- General Fund
 - Revenue Collection & Spending
- Ad Valorem Tax Revenue
 - 3.0% CAP & Related Ad Valorem Calculations
 - Rolled-Back Rate
 - Debt Levy Taxation
- TRIM Highlights



FUND STRUCTURES

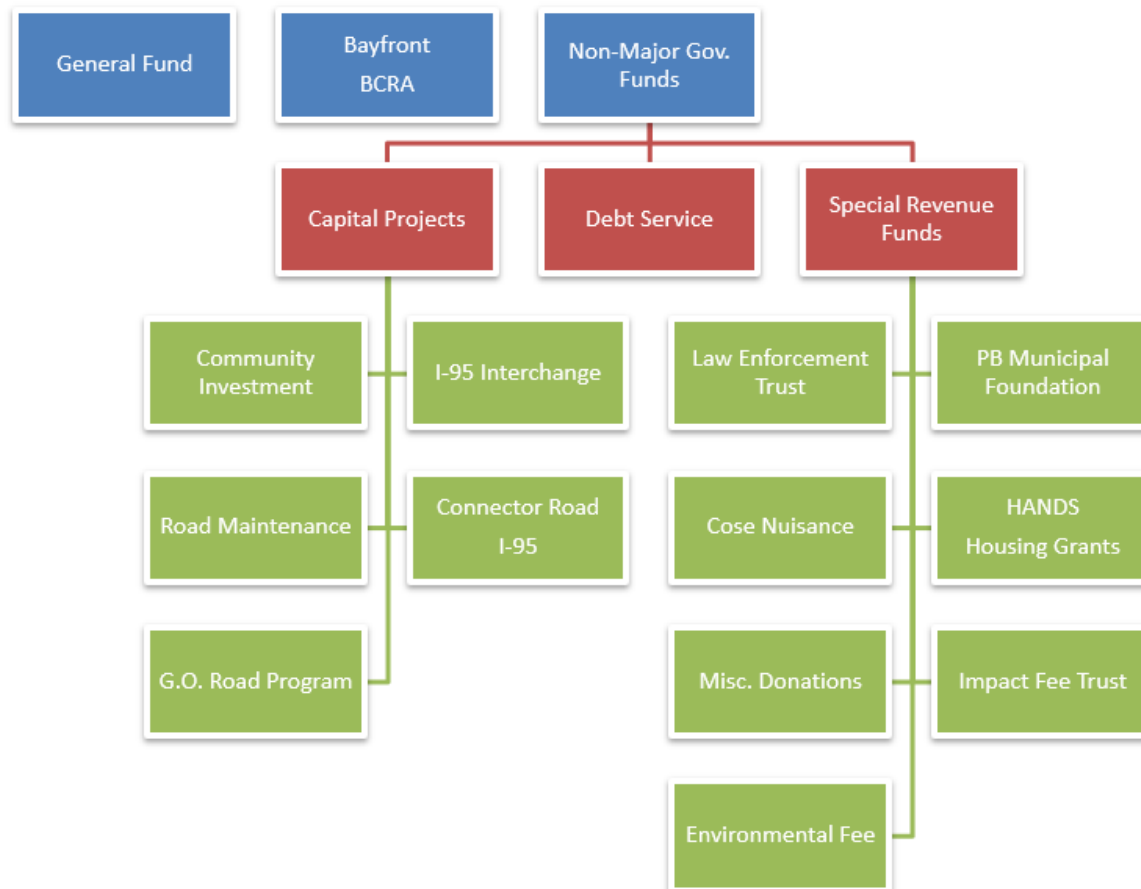
OVERVIEW

- Fund accounting used to ensure compliance with finance-related legal requirements
- Funds – Departments – Divisions – Accounts → organized based on fund & account groups
- Each fund is considered a separate accounting entity with operations accounted for with separate sets of self-balancing accounts to comprise the City's assets, liabilities, fund equity, revenues and expenditures
- Government resources are allocated to, and accounted for, in individual funds based on spending purposes
- The City's funds are divided into four categories
 1. Governmental
 2. Proprietary
 3. Internal Service
 4. Fiduciary

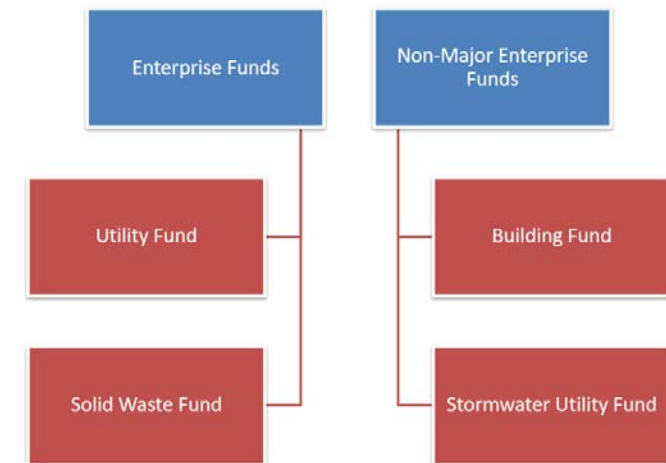
FUND STRUCTURES

OVERVIEW

Governmental Funds



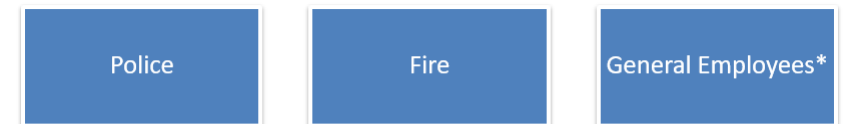
Proprietary Funds



Internal Service Funds



Pension Trust Funds

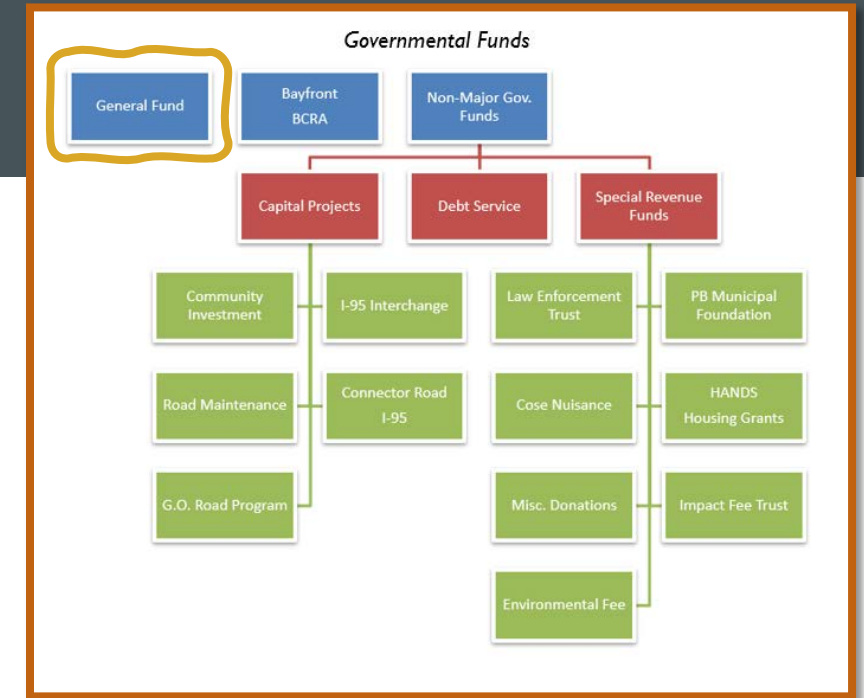


* Closed to new employees; consists of retirees only

FUND TYPES & PURPOSES

GOVERNMENTAL FUNDS – GENERAL FUND

- Chief operating fund (001) → largest
- Funding sources include property taxes, utility taxes, franchise fees & state-shared revenues
- Includes governmental services such as
 - Legislative oversight
 - General and financial administration
 - Law enforcement
 - Fire safety/rescue
 - Community development
 - Streets and drainage system operation and maintenance
 - Parks and recreation operation and maintenance
- Activities comprise 37.0% of the City's FY 2021 Approved Annual Budget



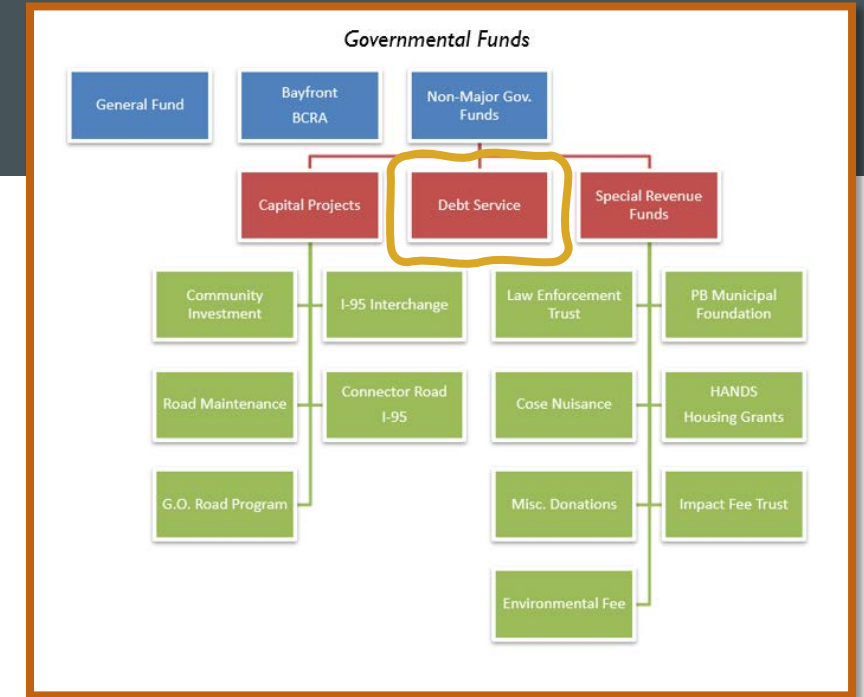
Challenges

Competing Priorities & Limited Funds

FUND TYPES & PURPOSES

GOVERNMENTAL FUNDS – DEBT SERVICE

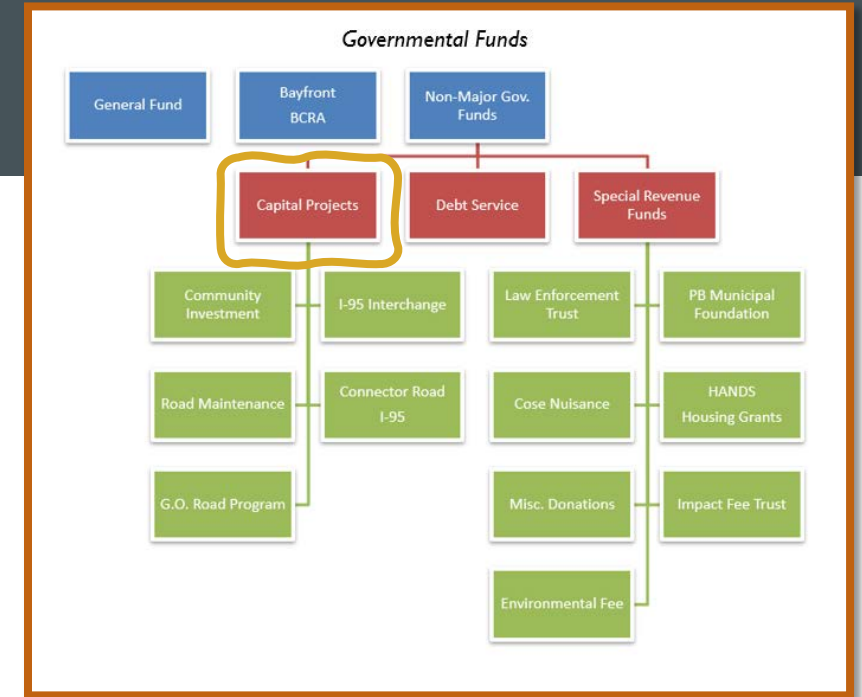
- One **Debt Service Fund (201)** → it is used to account for the payment of principal & interest on outstanding general governmental revenue debt
- Current & Future Debt
 1. Capital Leases
 2. 2004 Pension Bonds Debt Service
 3. Capital Improvement Revenue Bonds, Series 2010
 4. Taxable Special Obligation Refunding Bonds, Series 2013
 5. Local Option Gas Tax Refunding Revenue Note, Series 2014
 6. Franchise Fee Revenue Note, Series 2015
 7. Community Investment Revenue Refunding Bonds, Series 2015
 8. Franchise Fee Revenue Note, Series 2016
 9. Local Option Gas Tax Revenue Note, Series 2018
 10. General Obligation (G.O.) Bonds, Series 2019
 11. Future → General Obligation (G.O.) Bonds, Series 2021



FUND TYPES & PURPOSES

GOVERNMENTAL FUNDS – CAPITAL PROJECTS

- **Capital Improvement Programs (CIP) – Fund 301**
 - Project expenses associated with General Fund & other revenues
 - All other capital improvement projects are accounted for in the respective fund that receives the funding source
- **Road Maintenance CIP – Fund 307**
 - Financial resources earmarked for the maintenance & repair of existing roadways
- **G.O. Road Program – Fund 309**
 - Financial resources associated with funding road improvements & ancillary facilities throughout the City
 - 1st of three bonds issued in the sum of \$50 million
 - Secured through a separate ad valorem tax (debt levy)



FUND TYPES & PURPOSES

INTERNAL SERVICE FUNDS



■ Risk Management Fund (512)

- Accounts for expenses incurred for
 - Workers' compensation claims
 - General & auto liability claims
 - Property damage claims
 - Related administrative expenses to operate the program

■ Employee Health Insurance Fund (511)

- Accounts for the City's self-insured employee health insurance program only

■ Other Employee Benefits Fund (513)

- Accounts for expenses incurred for insured & self-insured benefits under the City's Section 125 "cafeteria" benefits plan maintained for City employees

■ Fleet Services Fund (521)

- Accounts for the fiscal activity related to meeting the automotive & other vehicular needs of the City

Revenue is generated based on amounts allocated out to other Funds...

FTE Head-Count
Insurance & Benefits Coverage
Fleet & Service Costs

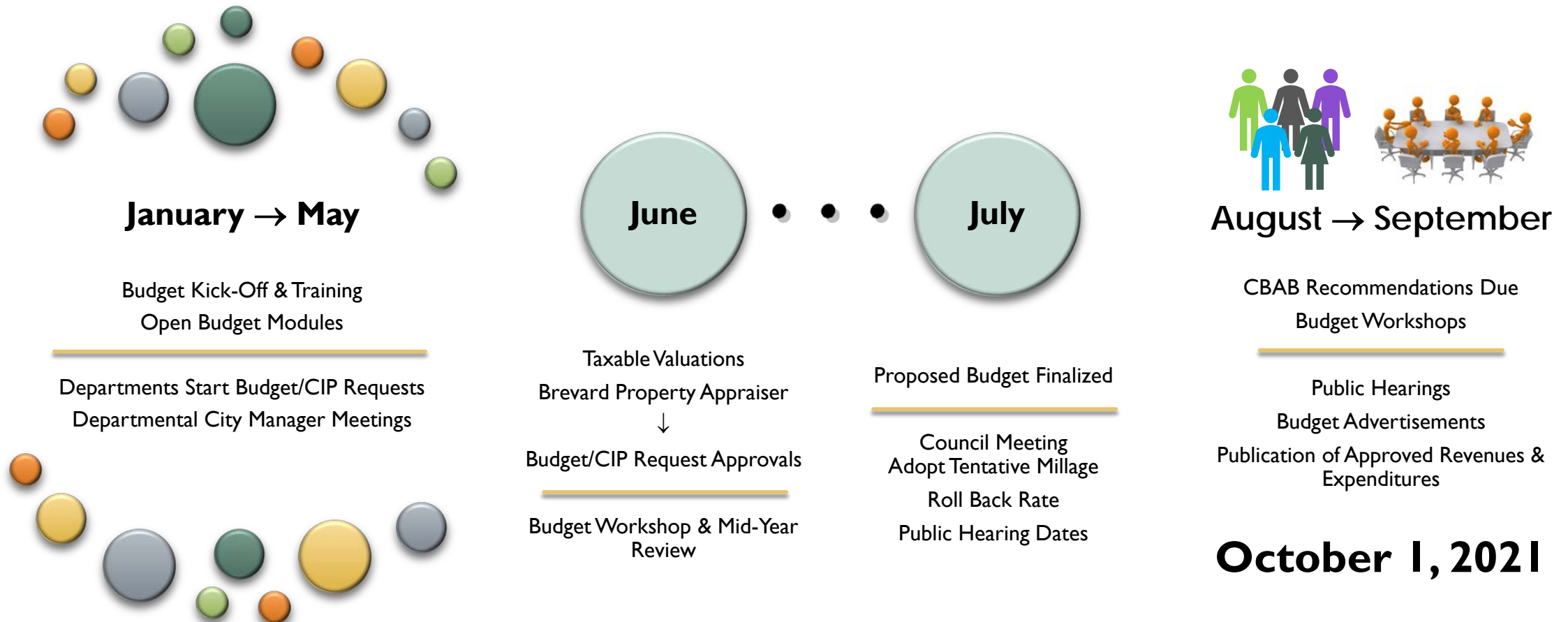
FUND TYPES & PURPOSES

FIDUCIARY FUNDS

- Full-time employees participate in one of two retirement plans offered by the City
 - The ***Palm Bay Defined Contribution Retirement Plan*** or
 - The ***Palm Bay Defined Benefit Police & Fire Retirement System***
 - Elected officials are a part of the Florida Retirement System
- The City's general employees defined contribution plan is administered & maintained by ICMA Retirement Corporation
 - The City has no fiduciary responsibility for this plan
- The City maintains a single-employees defined pension plan for police officers and firefighters
 - Coverage is administered by the Board of Trustees of the City of Palm Bay Police & Firefighter Retirement System

BUDGET PROCESS

TIMELINE OVERVIEW



BUDGET PROCESS

IMPORTANT COUNCIL TIMELINES

Estimates	Meeting Topic/Discussion
June 1 st	Estimated Taxable Property Values Expected from Brevard County Property Appraiser
* SCM June 16 th	Budget Workshop & Mid-Year Review
July 1 st	Certified Taxable Valuations Published by Brevard County Property Appraiser
RCM July 15 th	Approval of Tentative Millage Rate, Roll-Back Rate & Public Hearing Dates
July 23 rd	Proposed Budget Distributed to City Council & CBAB
July 28 th	CBAB Recommendations Due to City Council
* SCM August 3 rd & 17 th	Budget Workshops
* SCM September	1 st Public Hearing on Proposed Budget (TRIM Requirement) <i>Adopt Tentative Millage Rate & Proposed Budget</i>
* September	Newspaper Advertisements Published (TRIM Requirement)
* SCM September	2 nd Public Hearing (TRIM Requirement) <i>Adopt Final Millage Rate & Budget</i>

* Dates pending Council scheduling & approval

Important: SCM September dates cannot be changed once public hearing dates are approved at July 15th RCM

GENERAL FUND

HOW IS REVENUE COLLECTED?

■ Property Taxes

- Operating Millage → 3.0% CAP

■ Intergovernmental Revenues

- State-Shared Revenues
- ½ Cent Sales Tax
- Grants

■ Utility Taxes

- FPL & Utility Taxes
- Communications Service Tax
- Fuel Tax

■ Franchise Fees

- FPL
- Waste Management
- Florida City Gas

■ Charges for Services

- General & Public Safety
- Transportation
- Recreation

■ Sales, Use & Fuel Taxes

■ Transfers

- Transfers from other Funds with costs budgeted in General Fund & direct impact on other Fund's activities

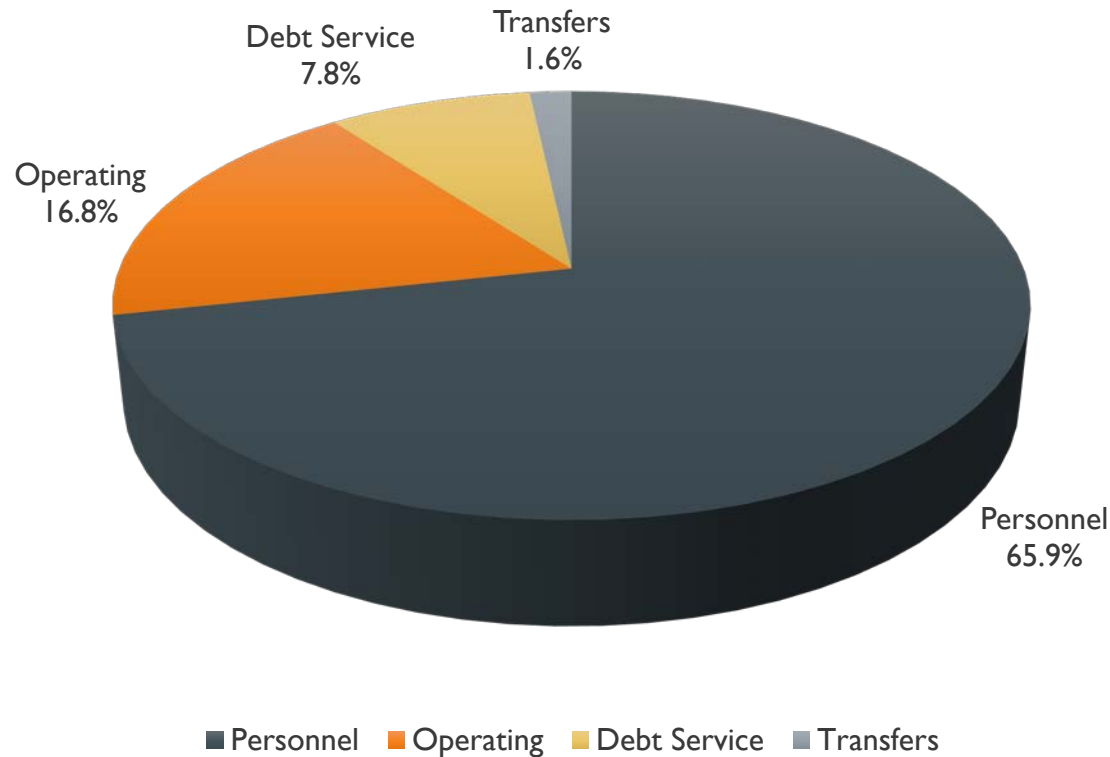
■ Other Sources

- Fines & Forfeitures
- Fees/Permits

Revenue/Source Type	FY 2021 Approved Budget	% of Budget
Property Taxes	35,353,784	47.0%
Intergovernmental Revenues	10,187,665	13.5%
Utility Taxes	8,920,500	15.1%
Franchise Fees	5,936,200	7.9%
Charges for Service	5,072,376	6.7%
Sales, Use & Fuel Taxes	3,620,907	4.8%
Transfers	1,750,106	2.3%
Other Revenue Sources	4,449,758	2.6%
Capital Contributions	0	0.0%
TOTAL	75,291,296	

GENERAL FUND

HOW IS REVENUE SPENT?



The FY 2021 Approved Budget did not include any Capital Expenditure types for the General Fund!

Department	FY 2021 Approved Budget	% of Budget
Legislative	916,805	1.2%
Office of City Manager	570,438	0.8%
Office of City Attorney	521,826	0.7%
Procurement	663,096	0.9%
Finance	1,737,836	2.3%
Information Technology	2,879,650	3.8%
Human Resources	621,530	0.8%
Growth Management	1,671,358	2.2%
Community & Economic Development	1,315,074	1.7%
Parks and Recreation	4,566,295	6.1%
Facilities	2,463,350	3.3%
Police	22,811,528	30.3%
Fire	15,843,425	21.0%
Public Works	6,107,735	8.1%
Transfers	7,709,664	10.2%
Non-Departmental	4,891,686	6.5%
TOTAL	75,291,296	

GENERAL FUND

WHAT IS THE 3.0% CAP?

On November 8, 2016, the electorate voted to approve an ad valorem tax limitation of no more than a three percent (3.0%) increase in revenue over the current year's budgeted revenue amount

- What does this mean when preparing a future budget?
 - The operating millage approved in September is capped to a set rate that will not generate more than a 3.0% revenue increase from the current budgeted amount excluding new taxable value/construction added to the most recent tax roll year
 1. What did we budget for in the current year?
 2. What is 3.0% of this revenue?
 3. Sum of both values is the 3.0% CAP & the set operating millage cannot generate more than this sum based on the current year adjusted taxable value (gross taxable value less new taxable value/construction)

GENERAL FUND

WHAT IS THE 3.0% CAP?

Let's look at an example of how FY 2020 data was used to calculate the FY 2021 CAP amount...

Maximum FY 2021 Ad Valorem Tax Revenue Increase at 3.0% CAP – Excluding New Construction

General Fund Budgeted Ad Valorem Revenue @ 96.0% Collection – Prior Fiscal Year (FY 2020)	33,163,426
3.0% CAP	+ 994,903
General Fund Maximum Allowable Revenue – Without New Construction	34,158,329

Using this calculation method for the upcoming fiscal year budget planning process, the maximum allowable ad valorem tax revenue based on the current FY 2021 budgeted amount of \$35,273,784 is \$36,331,998 with the \$1,058,214 serving as the 3.0% CAP variance.

GENERAL FUND

WHY IS THE AD VALOREM REVENUE RECORDED HIGHER THAN THE 3.0% CAP?

Items to remember when the calculations are completed...

- The 3.0% CAP only applies to the current year adjusted taxable value as determined by the Property Appraiser
- New construction (or new taxable value) is excluded from this CAP for the first tax roll year
 - After the first year on the tax rolls the new construction will fall under the current year adjusted taxable values & will be subjected to the 3.0% CAP
 - New construction valuations allow the City to generate additional revenue at the approved operating millage higher than the 3.0% CAP
- The ad valorem revenues are based on a 96.0% collection rate
- The City is required to fund the BCRA's taxable value at the adopted operating millage – this amount is deducted from the ad valorem total & accounted for in revenue within the Bayfront Community Redevelopment Fund.

GENERAL FUND

FY 2021 AD VALOREM CALCULATIONS

Maximum FY 2021 Ad Valorem Tax Revenue Increase at 3.0% CAP – Including New Construction

Based on a 7.8378 Operating Millage Rate

(Current Year Adjusted Taxable Value x Operating Millage) / 1000 (4,671,795,917 x 7.8378) / 1000	36,616,602
Estimated at 96.0% Collection	35,151,938
BCRA Dedicated Taxable Value Portion (Dedicated Increment Value x Operating Millage) / 1000 (126,791,950 x 7.8378) / 1000	(993,770)
General Fund Ad Valorem Revenue at 7.8378 – Excluding New Construction	34,158,168
(New Taxable Value x Operating Millage) / 1000 (142,337,932 x 7.8378) / 1000	1,115,616
General Fund Ad Valorem Revenue at 7.8378 – Including New Construction	35,273,784

This total amount can't exceed the 3.0% CAP calculation reflected in the previous slide!



	33,163,426
	+ 994,903
→	34,158,329

GENERAL FUND

WHAT IS THE ROLLED-BACK RATE?

If the tax rate generates the same General Fund ad valorem revenue one year as it did in the previous year, the rolled-back rate has been applied

- Calculated & officially disclosed within the Certification of Taxable Value filings completed in July
- Based on current year adjusted taxable values – excluding new construction (or new taxable value)
 - At 96.0% collection rate & less BCRA dedicated taxable value portion
 - Total General Fund ad valorem revenue recorded may be higher than previous year due to new construction valuations added to final revenue calculations
- Must be disclosed during both public hearings in September & within the ordinance adopting millage rates

G.O. BOND – DEBT LEVY

DEBT LEVY MILLAGE RATE ADOPTED FOR DEBT SERVICE PAYMENT

- First installment of \$50 million to fund roadway improvements is secured through a *separate ad valorem tax*
- Voted debt levy millage rate is adopted simultaneously with the General Fund operating millage rate & is set to cover the annual debt service requirements
- Revenue generated is based on the current year gross taxable value determined by the Property Appraiser

FY 2021 Debt Service Requirement	3,527,750
Current Year Gross Taxable Value for FY 2021	4,693,051,833
Voted Debt Millage is set @ 0.7516 (Current Year Gross Taxable Value x Operating Millage) / 1000 (4,693,051,833 x 0.7516) / 1000	3,527,298



TRIM HIGHLIGHTS

TRUTH IN MILLAGE

The Operating Millage & Budget Adoption is Regulated by the Florida Department of Revenue

- Approve tentative operating millage rate, debt levy rate & 1st public hearing date/time at RCM July 15th
 - Information is included in property tax mailings distributed by Property Appraiser's Office
 - Final proposed operating millage can be lowered from the published tentative rate – it can't increase!
 - 1st public hearing must occur as approved
- 1st & 2nd public hearings can't occur on the same dates as the School Board & County Commissioner's Office public budget hearings
 - Budget Office will schedule meetings in March/April for September hearings
- Legal advertisements of tax increases and/or budget summaries must occur within 15 days of the 1st public hearing
- 2nd public hearing must occur within 2-5 days following the legal advertisement

BUDGET OFFICE HIGHLIGHTS

FY 2022 Budget Kick-Off Meeting

Thursday, February 25, 2021

10:00 am – 12:00 pm

Council Chambers & via MS Teams

Recording made available for staff

Budget Office Contacts

Finance Department

Angelica Collins, Fiscal Manager

Cynthia Parker, Budget Analyst

Myriam Bonilla, Fiscal Analyst

Budget@palmbayflorida.org

THANK YOU

Questions & Comments

