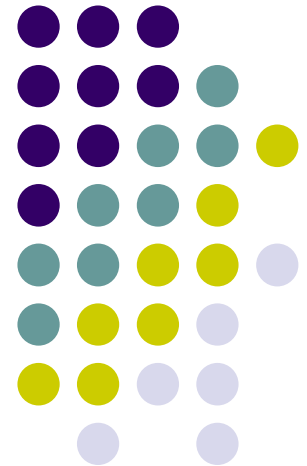




Communicate Budget to Elected Officials

Florida Government Finance Officers
Panhandle Chapter Webinar
March 25, 2022

By: Diane Reichard, CPA, CGMA, CGFO, CPFO

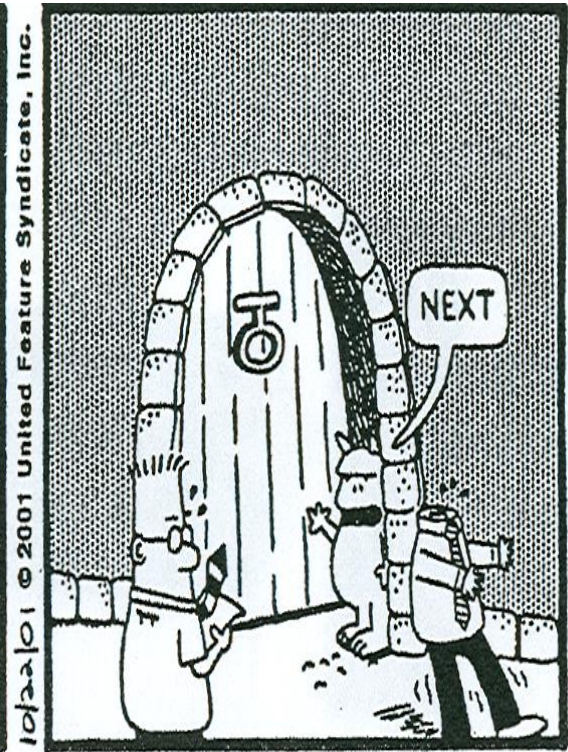
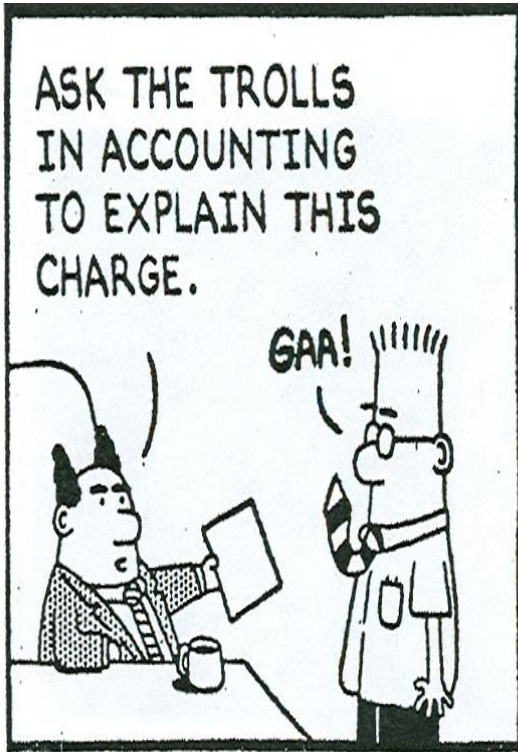
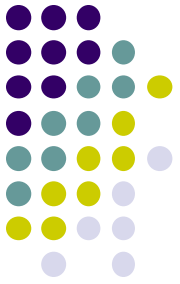




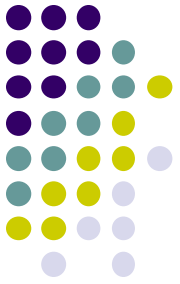
Agenda



- ✓ Budget Planning
- ✓ Legislative Requirement
- ✓ Policies
- ✓ CIP and Debt
- ✓ Samples for Presentation



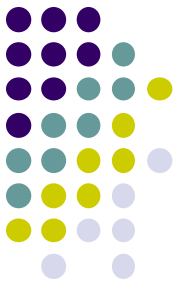
10/22/01 © 2001 United Feature Syndicate, Inc.



BUDGET PLANNING



Budget Train



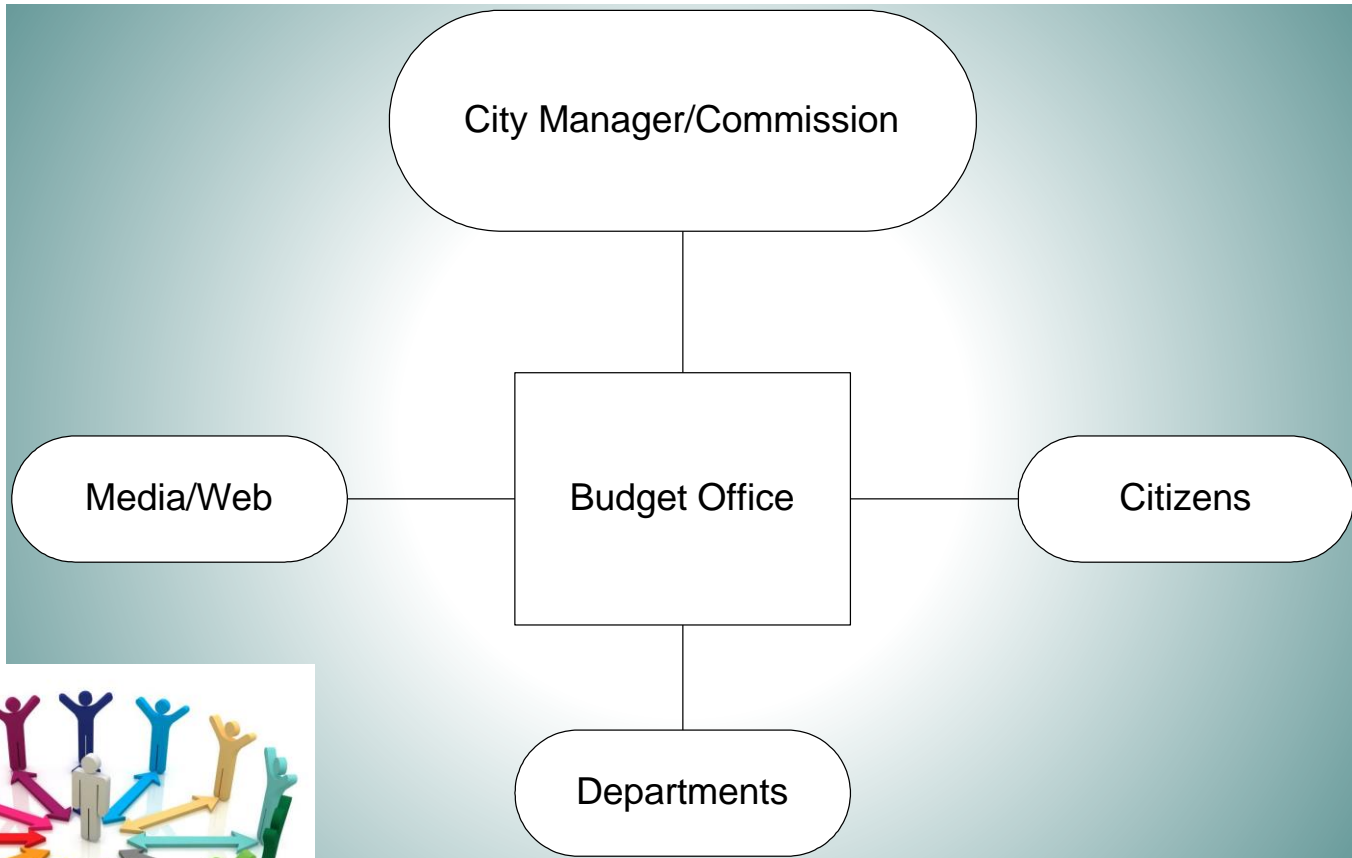
- How many conductors?
- How many cars?
- How much cargo?



- Where is the train headed?
 - How much time?
 - Who is riding?



Key Players





Budget Office



- Coordinate all key players
- Communicate Council's goals & priorities
- Understand City Manager direction
- Provide direction to departments
- Understand the needs & wants of citizens
- Present document to all



City Commission

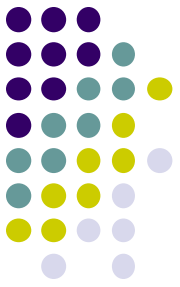


- Provide mission vision, and values
- Develop strategic plan
- Support Community
- Attend budget workshops





Chief Executive Office



- Provide leadership to departments
- Develop strategic plan
- Attend weekly meetings to understand goals and direction
- Establish priorities





Internal Departments



- Directors/Liaisons
 - Understand balance between City Manager directives and available sources
- Assisting Departments
 - Accounting (revenue projections, grants)
 - Human Resources (employee information)
 - Planning (Capital Improvement Plan)
 - Public Works (CIP & infrastructure)



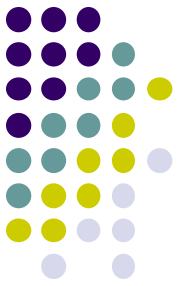
External Departments



- Citizens
 - Advisory groups
 - Civic organizations
- CRA districts
- State-revenue estimates



Functions of Budget



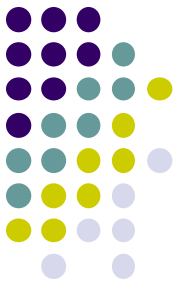
Ultimate goal - submit a balanced responsible budget to the City Commission for approval

- Balance City Manager priorities with funding
- Keep calendar moving
- Review revenue forecasts
- Prepare CIP/budget document
- Monitor budget spending and position control





Question 1



Who is not a key player in the budget process?

1. City Manager
2. Human Resources
3. Citizens
4. **Vendors**



Budget Plan



- I. Develop Your Plan
- II. Work Your Plan
- III. Present Your Plan



Plan, Plan, Plan and one thing for sure

“Things will change.”



Develop Your Plan



January

City Council holds goal-setting session.



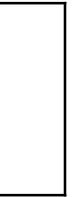
February

BUDGET KICK-OFF



March

Finance analyzes & projects revenue estimates



May

Departments submit budgets to Finance.



June

City Manager meets with Departments.



July

Finance and City Manager prepare proposed budget.



July

City Council holds budget workshop.



August

City Manager submits proposed budget to City Council.



September

City Council holds public hearings to adopt budget.



Budget Responsibility

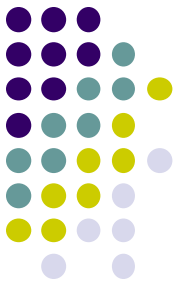


- Revenue = Appropriation
- Fiscal Year = Oct - Sept
- Enter line items
- Departments are responsible to monitor by category
 - Personnel Services
 - Operating Expenses
 - Capital Outlay
- Compare programs to revenue

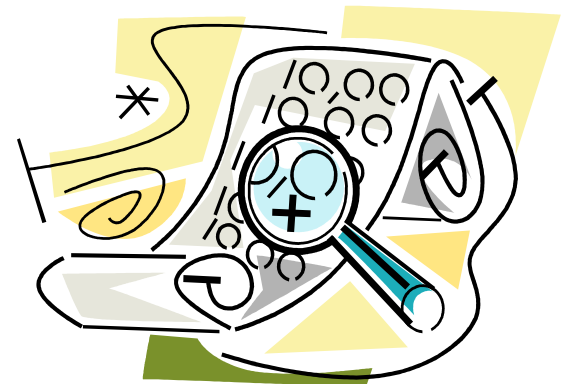




Details



- Details are important – list with amounts
- Plan for change and document change
- Personnel - # of positions evaluated
- Capital outlay
 - Specific item and amount is budgeted
 - Request to change or add if not in budget
 - Delayed if funding is tight
- Plan diligently
- Monitor monthly





Work Your Plan



- Manage the calendar
- Adhere to deadlines
- Utilize resources and technology



Manage the Calendar

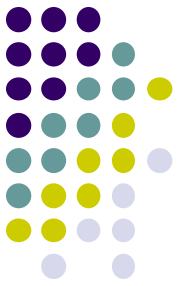


- Stay Focused
- Allow time for specific tasks
- Depend on those who have information
 - Revenue projections
 - Bond documents
 - Interest calculations
 - Debt service requirements





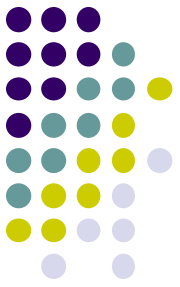
Manage Deadlines



- Provide task list with date and responsible party
- Develop check list with examples
- Budget responsibility
- Pay attention to details
- Adhere to deadlines



Adhere to Deadlines



- Be patient with new directors
- Beware of changes

NOW or LATER

- Decide when to STOP

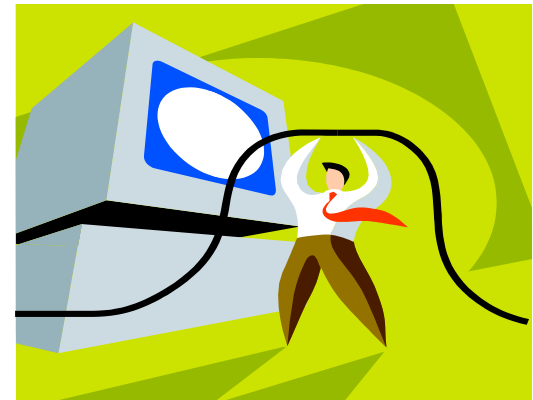




Utilize Resources



- Recommended Budget Practices
- Budget Policy
- Internet for examples
- Revenue sources
- Enterprise funds – outside agencies





Present Your Plan



- Organize thoughts
- Align with City Manager
- Simple to decipher
- Easy to understand





Budget Function



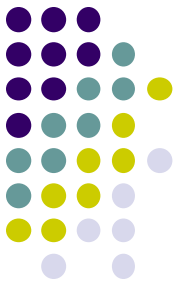
The way the budget function operates has a wide-range effect on the budget itself

Five Dimensions:

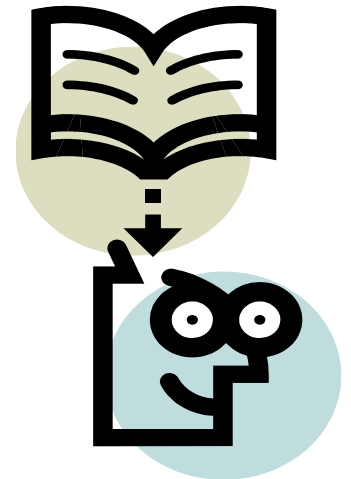
- Financial
- Planning
- Communication
- Political
- Managerial



Knowledge



- Government Structure
- Accounting System
- Budget Process
- Operating Departments
- Legal & Regulatory Impacts





Skills



People/Interpersonal

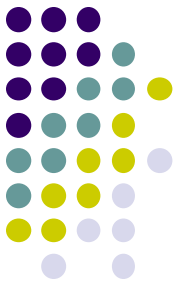
- networking
- persuasion
- negotiation
- interviewing
- oral/written communication

Analytical

- complex problem into parts and solve
- proficiency with tools and techniques



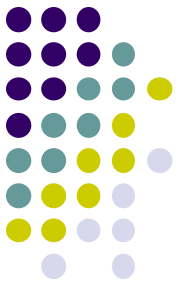
Ability



- Creative/ Innovative
- Organize tasks/ juggle priorities
- Follow through with commitments
- Good judgment (fiscal/policy/political)



Question 2

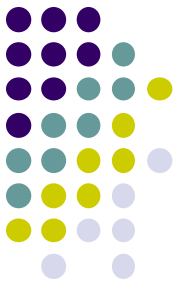


What is a goal of the budget process?

1. Include all department requests
2. **Provide a balanced responsible budget**
3. Ensure that every commissioner's project is included
4. Use fund balance to provide raises



Budget Preparation



- Budget staff reviews requests to ensure:
 - Compliance with budget instructions
 - Revenues and expenditures balance
 - Realistic revenue projections
- Chief executive and management determine which requests are included in the budget
- Approved requests are compiled into a proposed budget document that is submitted to the legislative body for review and decision



Budget Document



- Summary information for the public\media
- Transmittal letter that outlines key policies and strategies
- Readable and understandable
- Explanation of changes in operations to ensure financial stability
- Posted on the official website at least two days before budget hearing



Proposed Budget Consideration and Adoption



- Proposed budget is presented to legislative body for consideration
- Legislative body reviews budget to ensure constituent needs are addressed
- Holds public hearing in accordance with Florida Statutes and local ordinances

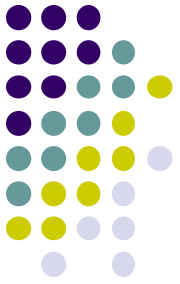


Question 3



What is the purpose of a budget calendar?

1. Aggravate the departments.
2. Over plan details without knowing the result
3. **Use to keep on track and meet TRIM compliance**
4. Get the work done on time



LEGISLATIVE REQUIREMENT



What is TRIM?



Truth in Millage - Chapter 200, Florida Statutes

- Open discussion of millage rates and budgets
- Provides transparency in how local taxing authorities propose/approve millage rates
- Outlines requirements to be in TRIM compliance
- Determines if a tax increase is proposed based on the rolled-back rate



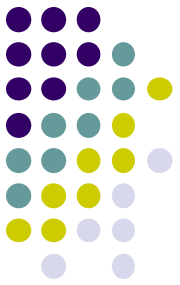
TRIM Process



- Maximum millage rate for cities and counties is 10 mills
- Defines a “county of special financial concern” as a county where 1 mill raises less than \$100 per capita
- Department of Revenue oversees compliance of the TRIM (property tax ad valorem) process



Rolled-Back Rate



- The millage rate necessary to provide the same amount of money from the taxpayers in the current year as was paid in the previous year (excludes new construction)

2019 - 4.5000 mills on \$200,000 = \$900.00

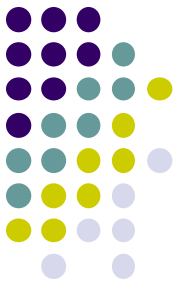
2020 – 4.4335 mills on \$203,000 = \$900.00

2020 – 4.5000 mills on \$203,000 = \$913.50

- Levying a millage rate higher than the rolled-back rate requires the taxing authority to advertise a **tax increase**



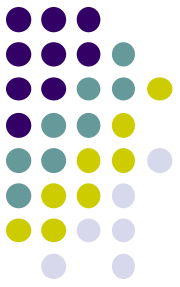
TRIM Process



- Tax revenue is based on Certification of Value from the Property Appraiser - the taxable value within the jurisdiction
- Requires taxing authorities to budget a minimum of 95% of the certified taxable value
- Requires two public hearings for open discussion of millage rates and budgets



Summary Calendar



TRIM Deadlines – Very Important to follow

- May 31st – Estimate from Property Appraiser
- June 30th – Updated certification
- Aug 4th – Proposed Millage Rate
- September – Two Public Hearings
- Budget 95%





TRIM Calendar



- Day 1 - July 1 or the date of certification, whichever is later
- Day 35 – advise property appraiser of proposed millage rate and first public hearing date
- Day 55 – property appraiser distributes Notice of Proposed Taxes (TRIM Notice)
- Between day 65 (September 3) and day 80 (September 18) - hold first public hearing



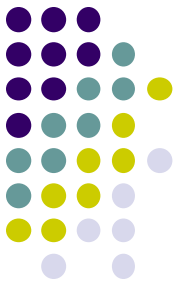
Public Hearing Requirements



- Within 15 days of the first public hearing the taxing authority must publish an advertisement to adopt the final millage and budget
- Second public hearing must be held between 2 and 5 days after the advertisement has been published
- Submit TRIM package to DOR for review and approval



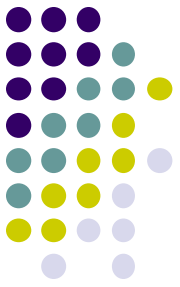
Public Hearings



- At both hearings, millage rate must be discussed first before the budget; increase over the rolled-back rate must be announced
- General public is allowed to speak before governing body can take any action
- Millage must be adopted before budget adoption



Maximum Levy Limits



- Majority vote – Rolled-back rate (RBR) plus per capita personal income change
- Two-thirds vote – 110% of RBR adjusted for per capita personal income
- Unanimous vote (3/4 if 9 or more) – up to 10 mill cap
- Referendum – up to 10 mill cap
- Super-majority vote is of the membership of the governing body, not the members who are present



Millage Rate Approval

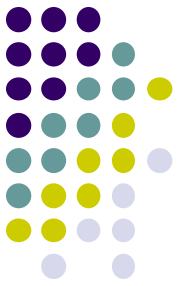
This item is on the agenda at the Regular Commission meeting.

- Current rate is 5.7157
- Rolled back rate is 5.3018
- ✓ Maximum millage rate that can be approved by simple majority is 6.2387.
- ✓ A millage rate greater than 6.2387 and up to 6.8626 must have 2/3 majority vote.
- ✓ Any rate greater than 6.8626 must have unanimous approval of the City Commission.





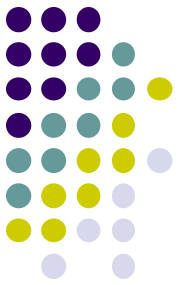
Budget Implementation



- Budget officer implements
- Budget is uploaded into the financial system as approved by the legislative body
- Manage position control process
- Work closely with the finance office

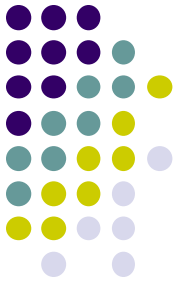


Question 4



Which one is not a benefit of TRIM?

1. Provide open discussion regarding millage rates and budgets
2. Demonstrates a tax increase if approved over rolled-back rate
3. **Ensures that rolled back rate is adopted**
4. Demonstrates the adopted rate compared to rolled-back rate



POLICIES



Operating Budget Policies



- Define a balanced operating budget
- Develop with the goal to maintain a **structurally balanced budget** (operating revenue = operating costs)
- Identify who is responsible for budget preparation – management
- Level of Budget Control
- Authority for Budget Amendments



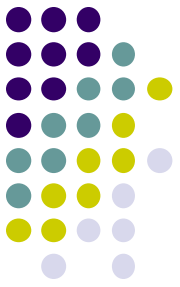
Revenue Policies



- How much change in the property tax rate is acceptable in a given year
- How one-time revenue will be used
- How frequently should service charges and fees be reviewed
- Revenue diversification
- Items that will not be budgeted (i.e. savings)



Fund Balance Policies



Establish policy:

- Predictability of revenues
- Volatility of expenditures
- Risk of significant one-time outlays (disasters)

Acceptable level (target):

- ✓ 15% for General Fund
- ✓ 33% of utility revenue in previous fiscal year
- ✓ Amount for emergencies



u18805318 fotosearch.com



Stabalization Policies



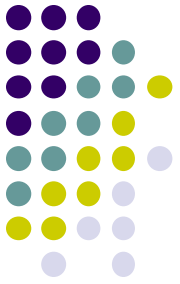
- Stabilization funds may be called rainy day funds, committed balances, or contingency funds
- Policy will guide creation, maintenance, and use of resources held for financial stabilization purposes
- Policy will Identify purpose for which funds can be used



Contingency Planning Policies



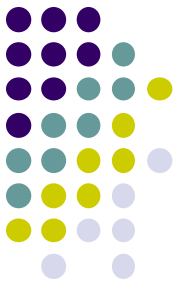
- General guide to improve the ability to take timely action and to aid management when an emergency occurs
- Should include a basic financial plan in the event of emergencies, natural disasters, or other unforeseen events.
- Address how to replenish if used



CIP AND DEBT



Capital Improvement Program



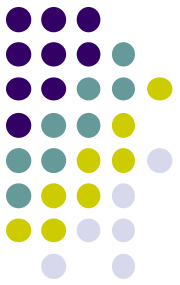
- Ranking Capital Project criteria:
 - Should be developed to select and rank
 - Agreed upon by decision makers

- Consider:
 - If taxes will have to be raised
 - How many citizens will benefit
 - Public safety issues
 - Ongoing operational costs/savings of the completed project





Debt Issuance



Pay-as-you-go vs. Borrowing

Advantages of Debt

- Acquire assets sooner

- Costs shared by future users

- Lock in current price (avoid inflation)

Disadvantages of Debt

- Limits future flexibility and options

- Commits future generations without permission



Finance Capital Projects



- Current revenues (pay-as-you-go):
 - Impact/Development fees
 - Renewal and Replacement
 - User Fees
 - Gas taxes
 - Infrastructure surtaxes
- Debt
 - Long-term
 - Short-term
- Grants





Pay-As-You-Go



Requires current revenues to be saved

➤ Advantages

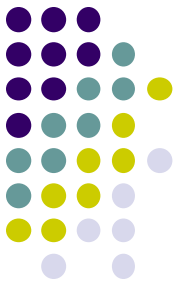
- No interest or financing costs
- Suited for smaller projects not feasible to finance

➤ Disadvantages

- Current taxpayers pay the project's entire cost but will be enjoyed by future taxpayers
- Reduces future financial flexibility



Debt Financing



Issue bonds, commercial paper, or bank note

➤ Advantages:

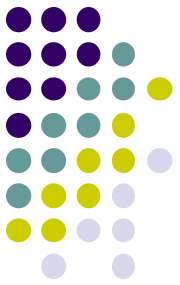
- Intergenerational equity
- Preserves reserves
- Suited for larger projects

➤ Disadvantages

- Interest and finance costs
- Dedicated revenue stream restricts future use



What kind of debt?



Bonds

Loan pool

Long-term Leases

Bank loan

State revolving loan

Joint venture with a developer

Can the asset / facility support itself?

Revenue pledge

Coverage ratio test



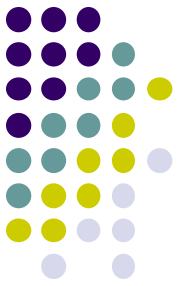
Other Debt Thoughts



- Determine acceptable debt levels
- Improvements must be financially feasible
 - Provide return on investment in 5-7 years
 - Customer Contribution for special utility installation

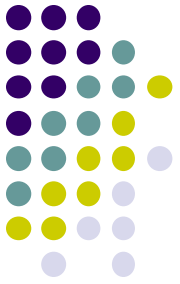


Question 5



What financing mechanism uses current revenue saved to fund a capital project?

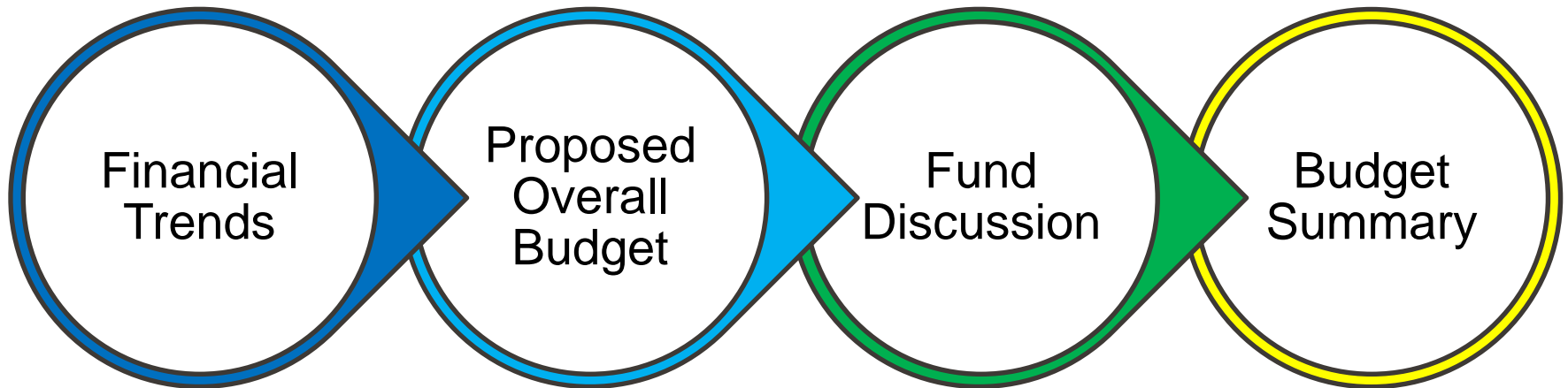
1. **Pay-as-you-go**
2. Debt
3. Reserves
4. Short-term borrowing



SAMPLES FOR PRESENTATION



Agenda



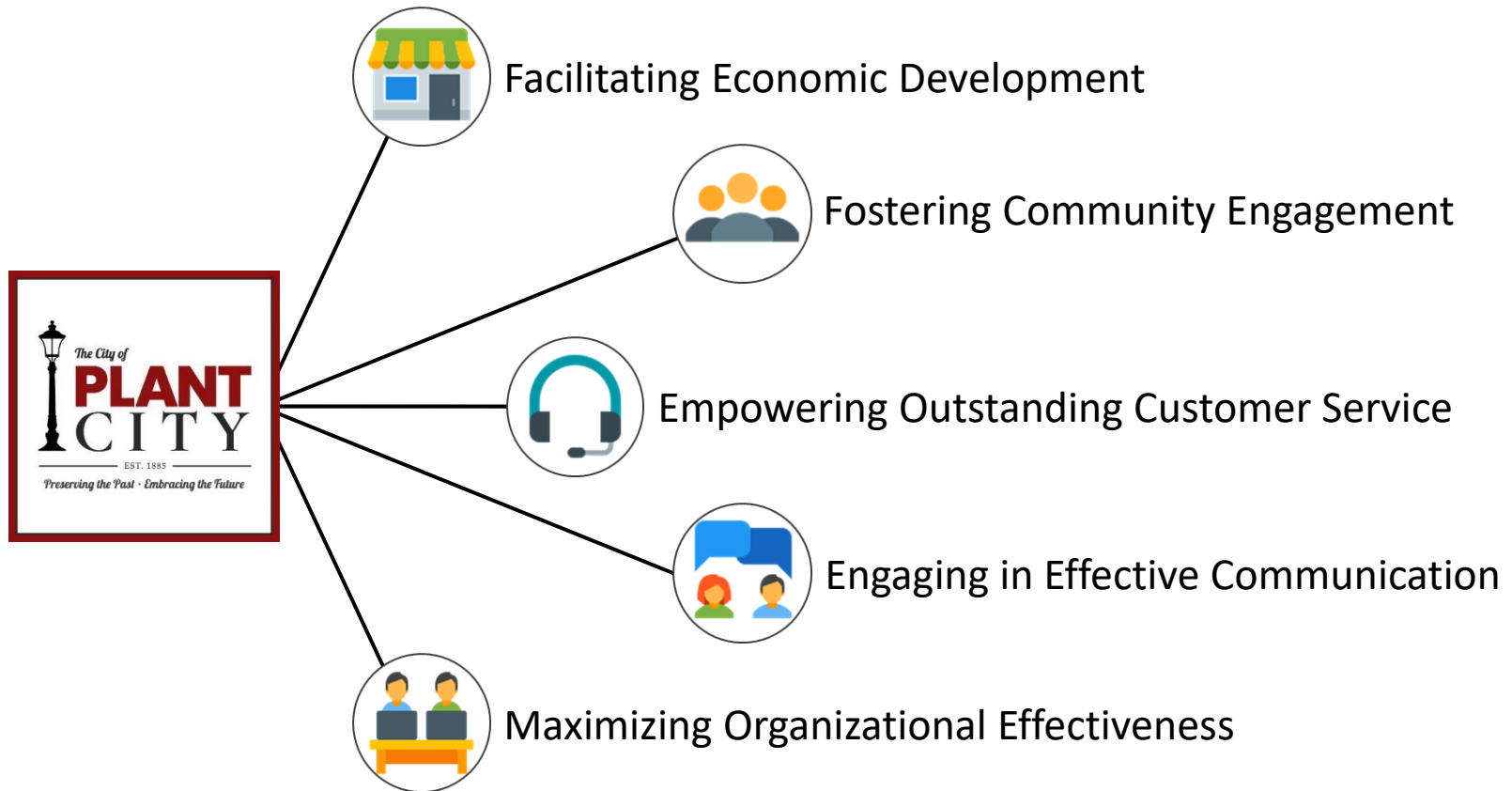


Core Strategies





Core Strategies





Financial Trends Summary

The report for FY 2018 reflects 27 trends in five categories:

- Community Resources
- Revenues
- Expenditures
- Operating Position
- Debt

The results are:

- 22 are **positive**
- 4 are **marginal**
- 1 is **negative**

| Chart | Page | Positive | Marginal | Negative |
|------------------------------|------|-----------|----------|----------|
| Community Resources | | | | |
| Population | 4 | X | | |
| Personal Income | 6 | | | X |
| City Assessed Valuation | 8 | X | | |
| CRA Assessed Valuation | 10 | X | | |
| Unemployment | 12 | X | | |
| Total Construction Value | 14 | X | | |
| Revenues | | | | |
| Revenue Per Capita | 17 | X | | |
| Restricted Revenue | 19 | X | | |
| Intergovernmental Revenue | 21 | X | | |
| Property Tax Revenue | 23 | X | | |
| Uncollected Property Tax | 25 | X | | |
| Utility Tax Revenue | 27 | X | | |
| Franchise Tax Revenue | 29 | | X | |
| Expenditures | | | | |
| Operating Expenditures | 32 | X | | |
| Employees per 1,000 Citizens | 34 | X | | |
| Average Employee Salary | 36 | X | | |
| Fringe Benefits | 38 | | X | |
| Salaries and Wages | 40 | X | | |
| Total Personal Services | 42 | | X | |
| Operating Position | | | | |
| Operating Surplus/(Deficit) | 45 | X | | |
| Unassigned Fund Balance | 47 | X | | |
| Water and Sewer | 49 | | X | |
| Solid Waste | 51 | X | | |
| Stormwater | 53 | X | | |
| Liquidity Ratio | 55 | X | | |
| Debt | | | | |
| Current Liabilities | 58 | X | | |
| Long-Term Debt per Capita | 60 | X | | |
| TOTAL | | 22 | 4 | 1 |





Financial Trends – Taxable Value

Taxable values have increased for the past five years through FY 2018, and continues for the next two years:

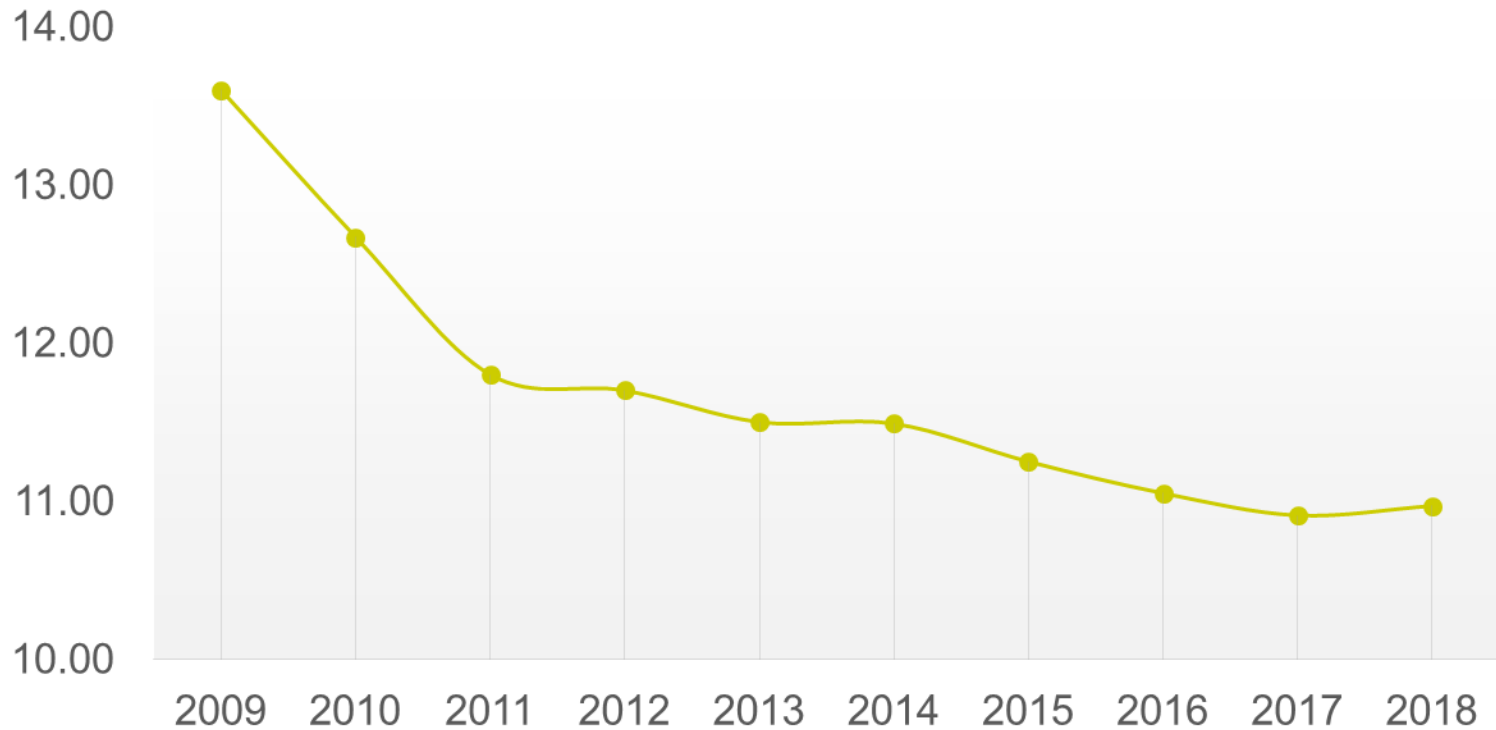
| | |
|---------|-----------------|
| FY 2018 | \$2,000,261,839 |
| FY 2019 | \$2,190,581,951 |
| FY 2020 | \$2,397,560,289 |

Property tax revenue per capita continued to rise up to \$242.73 in FY 2018.
Uncollected property tax is 3.9 percent of the total amount levied.





Employee Per Thousand Citizens

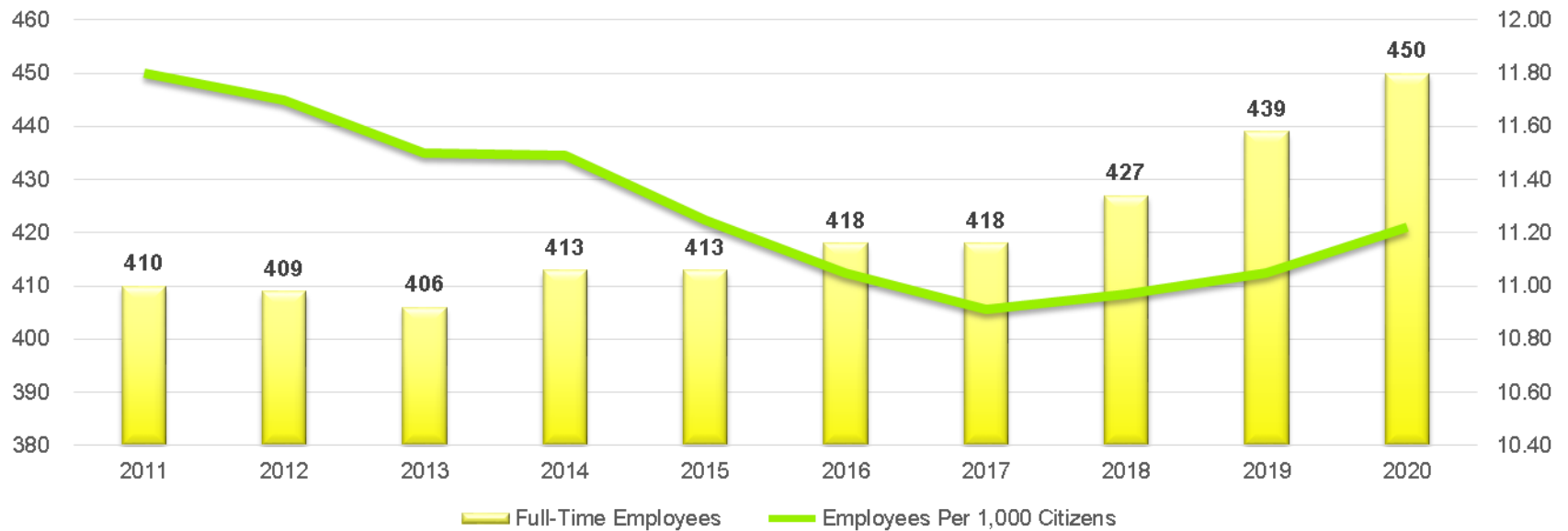


| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Full - Time Employees | 453 | 440 | 410 | 409 | 406 | 413 | 413 | 418 | 418 | 427 |
| Population | 33,306 | 34,721 | 34,746 | 34,963 | 35,313 | 35,956 | 36,710 | 37,840 | 38,297 | 38,938 |
| Employees Per 1,000 Citizens | 13.60 | 12.67 | 11.80 | 11.70 | 11.50 | 11.49 | 11.25 | 11.05 | 10.91 | 10.97 |



City Workforce Profile

Full-Time Employees per 1,000 Citizens



| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Full - Time Employees | 410 | 409 | 406 | 413 | 413 | 418 | 418 | 427 | 439 | 450 |
| Population | 34,746 | 34,963 | 35,313 | 35,956 | 36,710 | 37,840 | 38,297 | 38,938 | 39,717 | 40,114 |
| Employees Per 1,000 Citizens | 11.80 | 11.70 | 11.50 | 11.49 | 11.25 | 11.05 | 10.91 | 10.97 | 11.05 | 11.22 |



Financial Trends – Operating Position



The unassigned fund balance in FY 2018 ended at \$12,694,508, which is the largest in a ten-year period at 41.22% of net operating revenue (\$30,793,692).



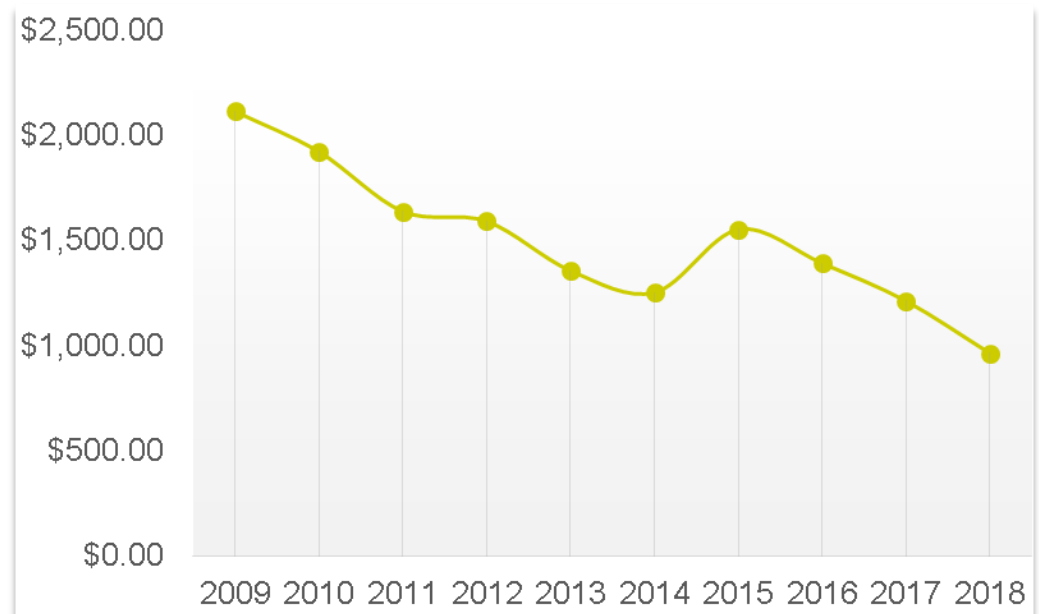


Financial Trends - Debt

Current liabilities in the General Fund are low at \$780,129, which is 2.53% of operating revenue.

Long-term debt is \$963.02 per resident, which is a significant decline from \$2,112.65 in FY2009.

In 2018, the City paid off three debts:



2005B Series Bonds – Stadium
Paid off early - October 2018

1999 and 2003 State Revolving Loan – Stormwater
Paid off early - June 2018



Governmental Fund Debt Service Payments

Series 2010 – City Hall - \$446,580 (CIT)

Outstanding principal as of October 1, 2019 - \$1,935,000

Final maturity: September 1, 2024

Series 2012 – Police Station - \$359,290 (CIT)

Outstanding principal as of October 1, 2019 - \$1,685,000

Final maturity: September 1, 2024





Water/Sewer Debt Service Payments

Upgrade/expand Wastewater Treatment Plant
– Final maturity is July 15, 2028

2005 SRF Loan - \$183,900

Outstanding principal as of October 1, 2019 - \$1,477,233

2006 SRF Loan - \$2,651,902

Outstanding principal as of October 1, 2019 - \$21,322,125

2007 SRF Loan - \$328,912

Outstanding principal as of October 1, 2019 - \$2,636,154





Proposed Total Budget Overview – All Funds

| | <u>FY 2018-19</u> | <u>FY 2019-20</u> |
|-----------------|---------------------|---------------------|
| Total All Funds | \$76,055,834 | \$85,833,387 |
| Less: CRA | 1,440,307 | 1,674,883 |
| Total Expenses | <u>\$74,615,527</u> | <u>\$84,158,504</u> |

Total Increase for All Funds - \$9,777,553 - 12.9%

Total Increase less CRA - \$9,542,977 - 12.8%

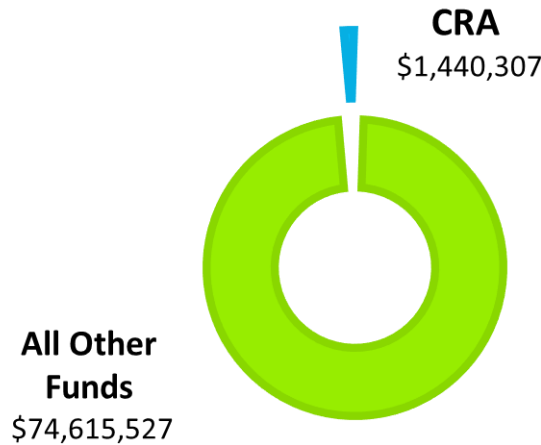




Total Budget Overview – All Funds

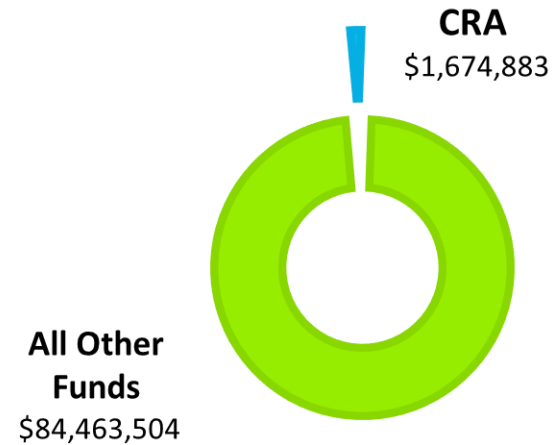
Fiscal Year 2018-19

\$76,055,834



Fiscal Year 2019-20

\$86,138,387



Total Increase for All Funds – 10,082,553 (13.3%)

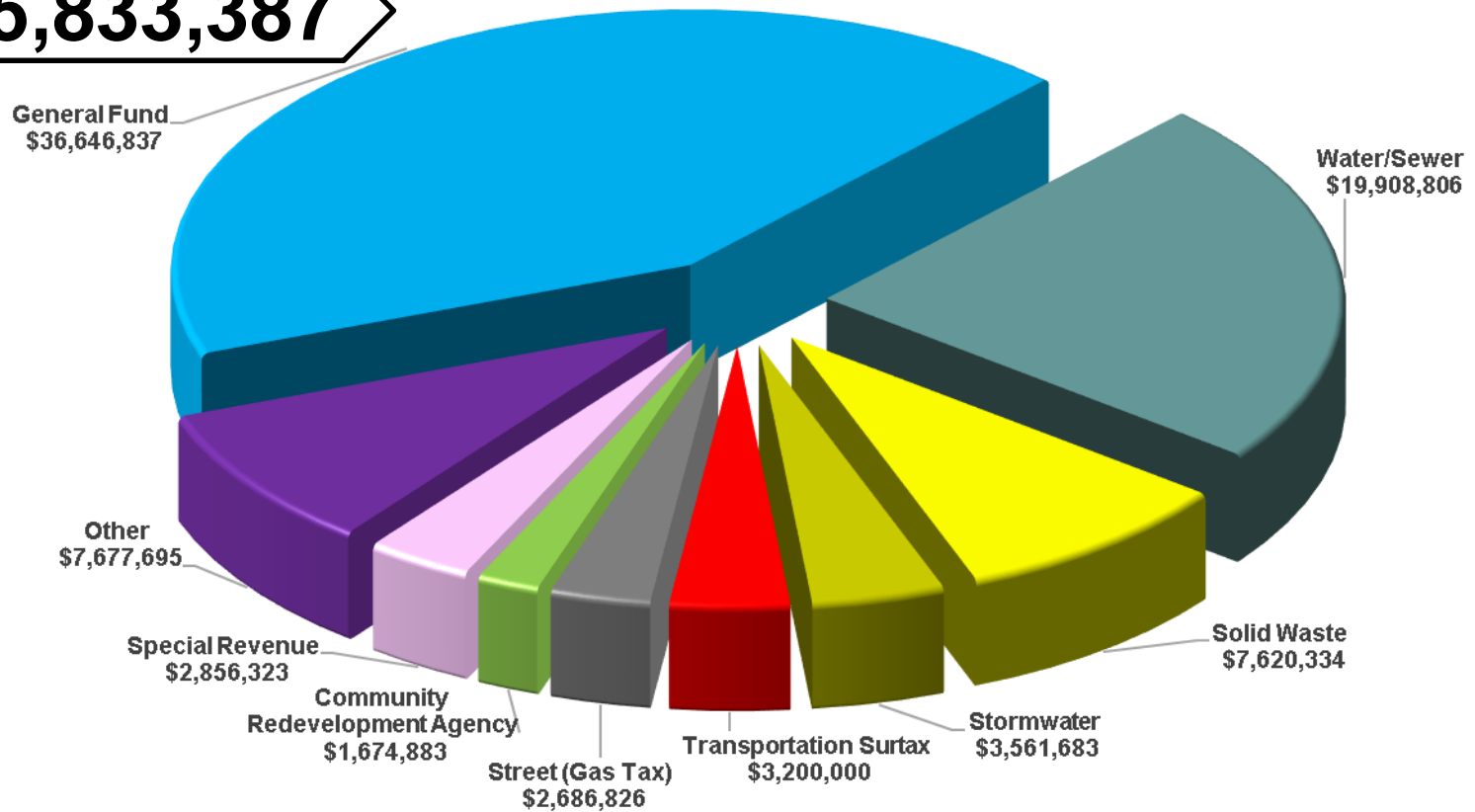
Total Increase less CRA – 9,847,977 (13.2%)

Total Increase CRA – 234,576 (16.3%)



Proposed Total Budget – All Funds

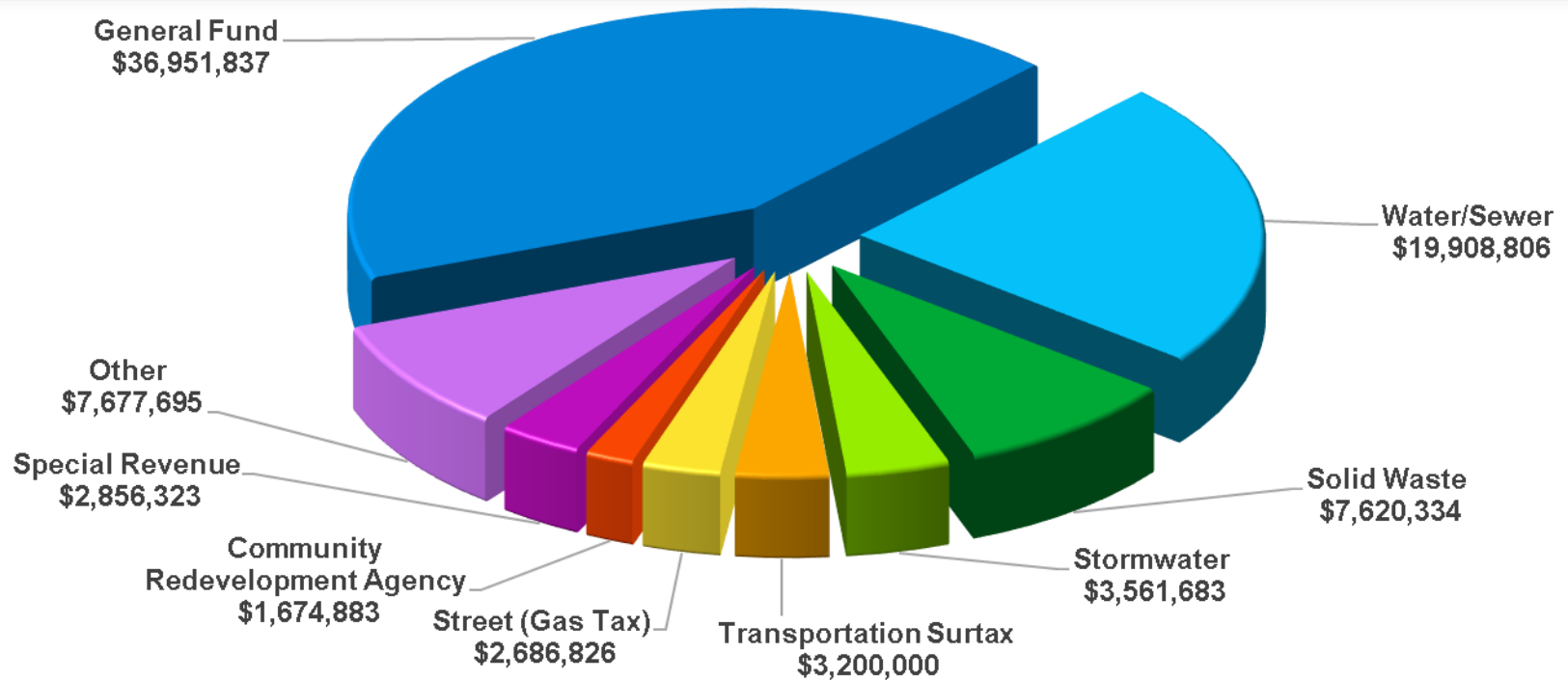
\$85,833,387





Total Budget by Fund

\$86,138,387





Millage Rate

No Increase in Ad Valorem Millage Rate

Property values increased by 9.4% to \$2,397,560,289

CRA values increased by 10.8% to \$221,389,955

Millage rate remains at 5.7157; 1 mil dedicated to road improvements





Millage Rate

Property values
increased by
9.4%

CRA values
increased by
10.8%

Ad Valorem
Millage Rate
5.7157
No Increase

1 Mil Dedicated
Citywide
Streets
\$2,132,816

1 Mil Dedicated
CRA District
Streets
\$144,866



Position Counts

| Full-Time Equivalent (FTE) | Count |
|-----------------------------------|--------------|
| Current FTE | 440 |
| Additions: | |
| Governmental Funds | 11.5 |
| Deletions: | |
| Enterprise Funds | (1) |
| Proposed FTE | 450.5 |







With proposed FTE, the City will maintain 11.26 employees per 1,000 citizen.*

*Estimated population of 40,000





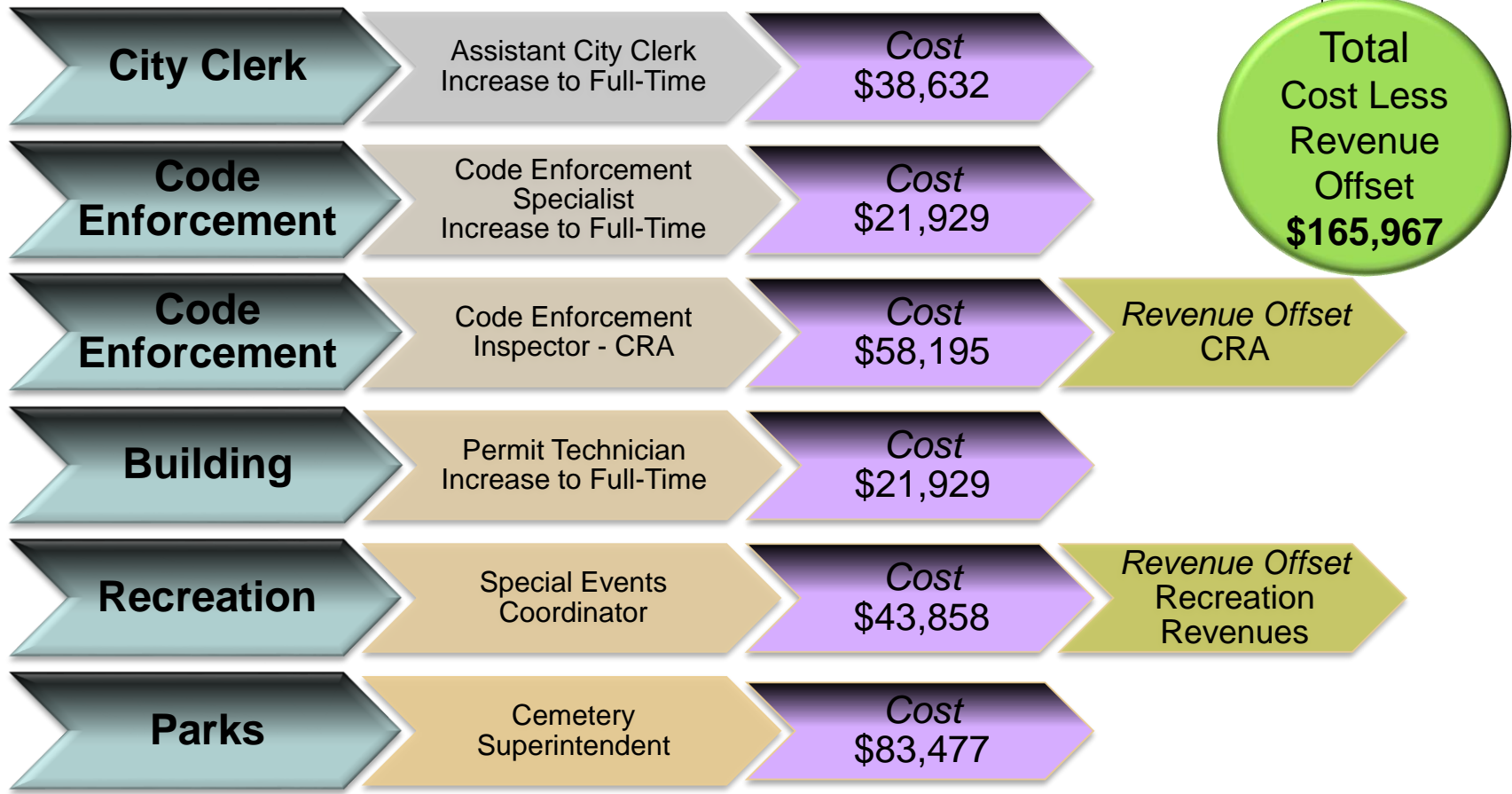
New Positions – Add 11.5 FTEs

| | | |
|-----------------------------|--|---|
| City Clerk | Assistant City Clerk from Part-Time to Full-Time |  |
| Code Enforcement | Code Enforcement Specialist Part-Time to Full-Time Code Enforcement Inspector for CRA |  |
| Building | Permit Technician from Part-Time to Full-Time |  |
| Fire Rescue | Three Firefighters/EMTs |  |
| Police Department | Four Police Officers |  |
| Parks and Recreation | Special Events Coordinator Cemetery Superintendent |  |



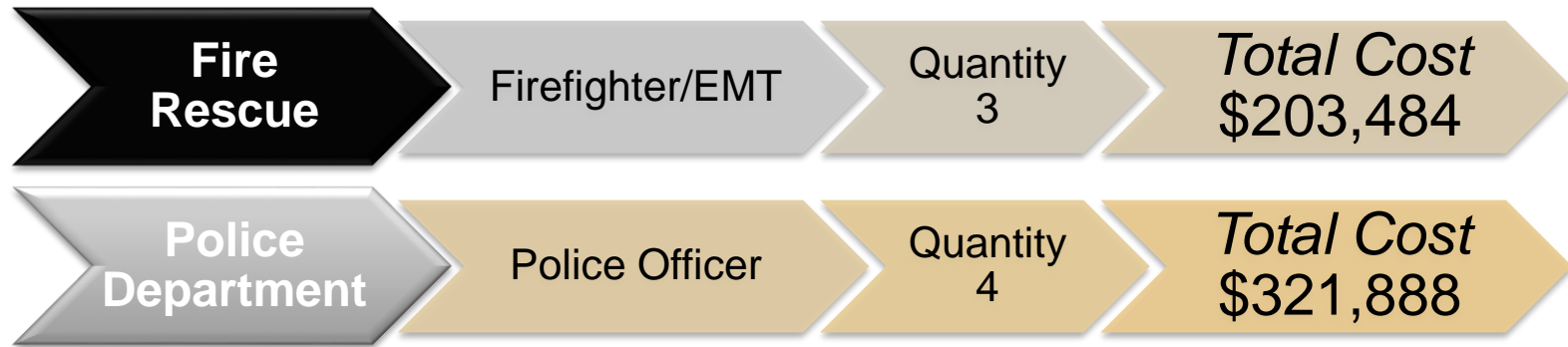


Non-Safety New Positions Cost and Offsets





Safety New Positions Cost and Offsets



**Total Cost
\$525,372**





Health & Life Insurance



The cost increase will be borne by the City via an increase in flex benefit dollars.

This is a new expense for the City. In the past, the cost was covered through the flex benefit dollars the employee earned.





Investment in Employees

Continue Tuition Reimbursement Program for employees at \$10,000.

Assisted five employees who are furthering their education.

Provide Certified Public Manager training for \$30,000.

Two year program that provides management training for current employees.

Complete Organizational Studies for \$30,000.

Provide for service improvements that will benefit citizens.

Customer Service Training for \$15,000.

Opportunity to enhance outstanding customer service.





Workforce Investments

Non-Step

Proposing a 3% cost-of-living increase on October 1 for non-step employees.

All Employees

City 100% Cost Coverage for Life Insurance

Increase in Flex Dollars to cover Health Insurance increase

Step Plans

Step employees are eligible for their next step increase on their anniversary date.



Investment in Employees



**Tuition
Reimbursement
Program**

\$10,000



**Certified
Public Manager
Training**

\$30,000



**Conduct
Organizational
Studies**

\$30,000

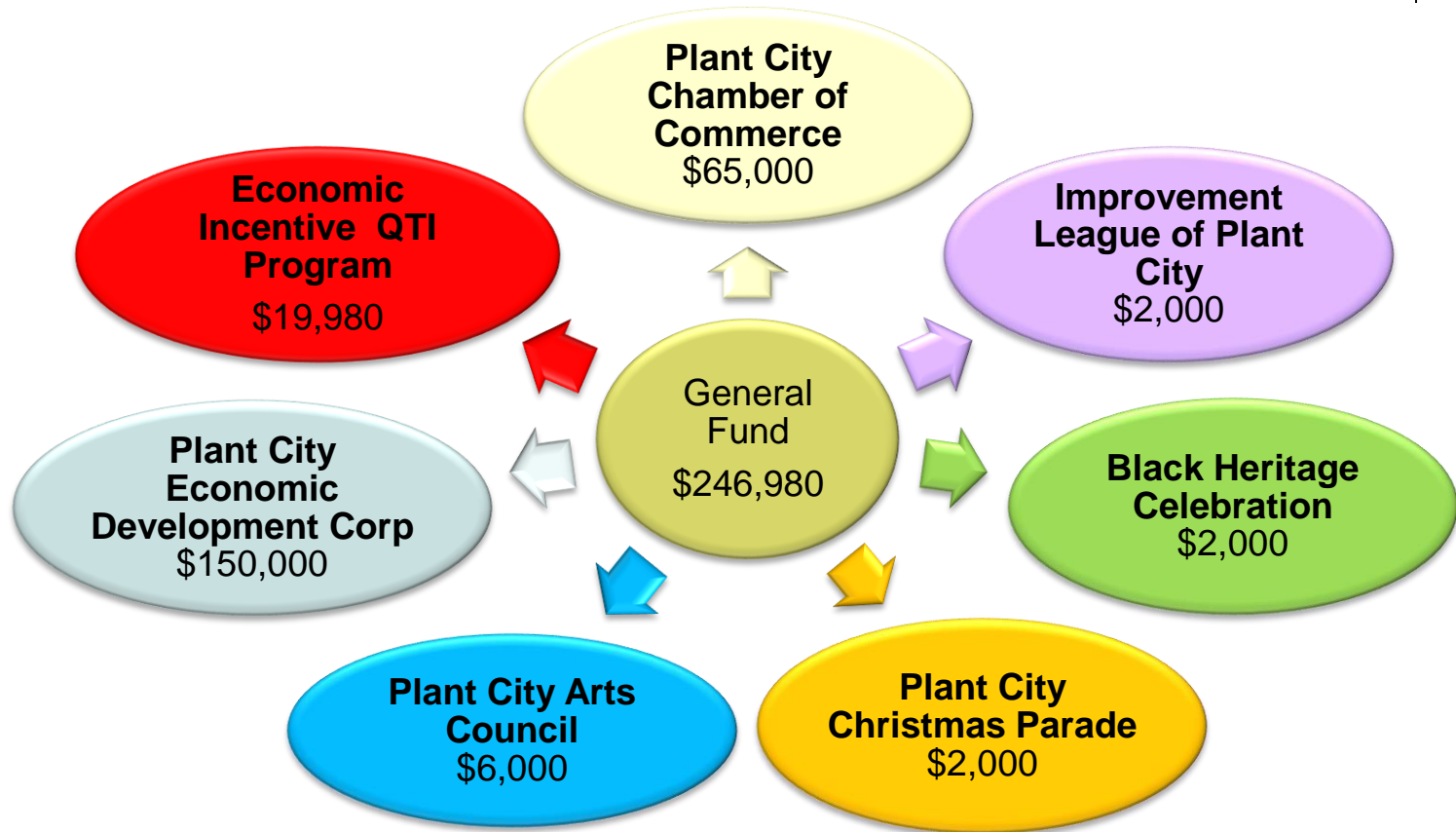


**Customer
Service
Training**

\$15,000



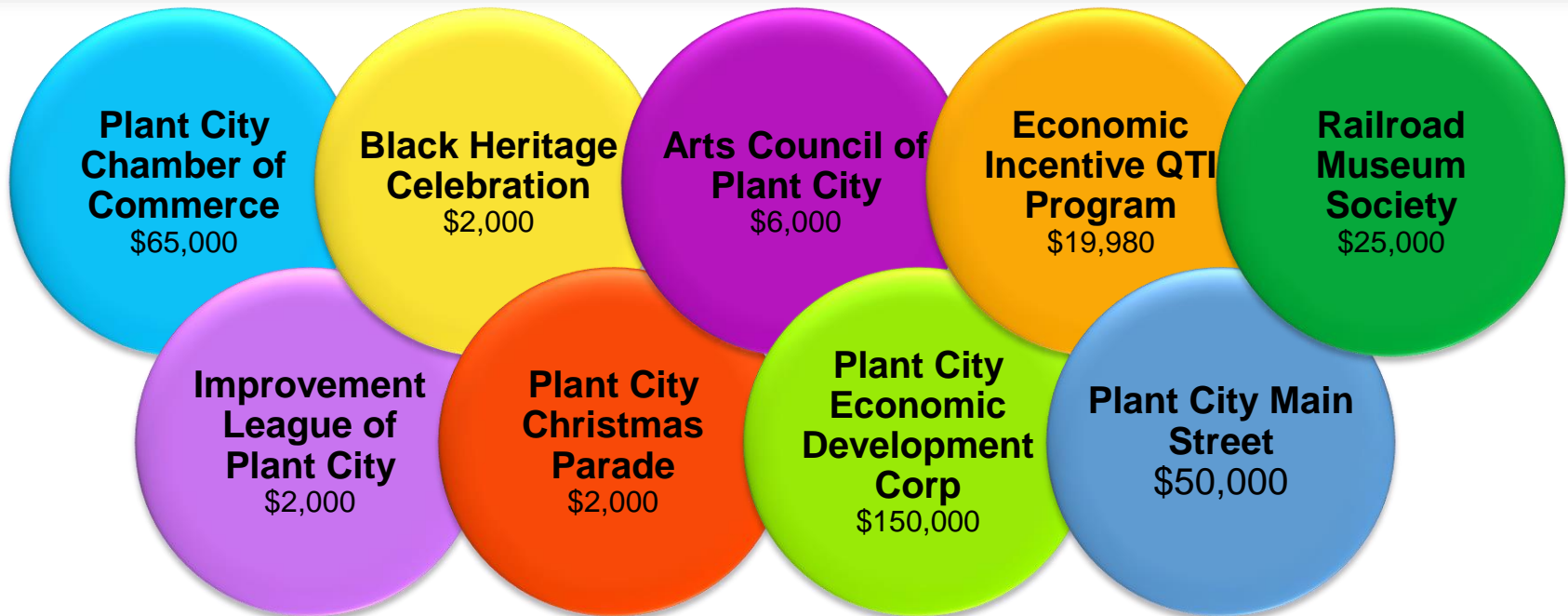
Aid To Outside Agencies





Aid To Outside Agencies

General Fund

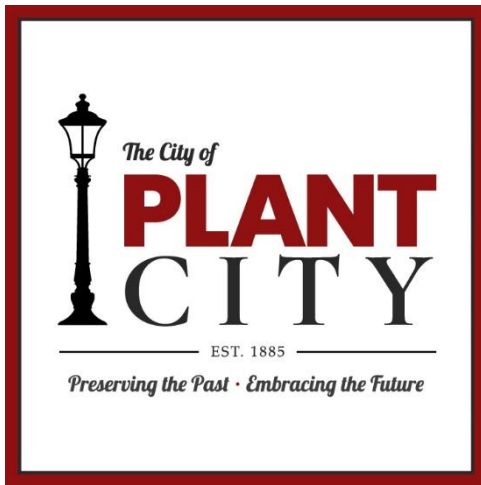




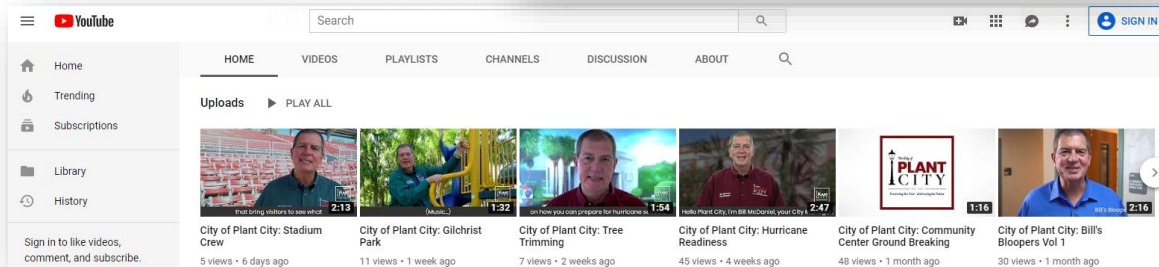
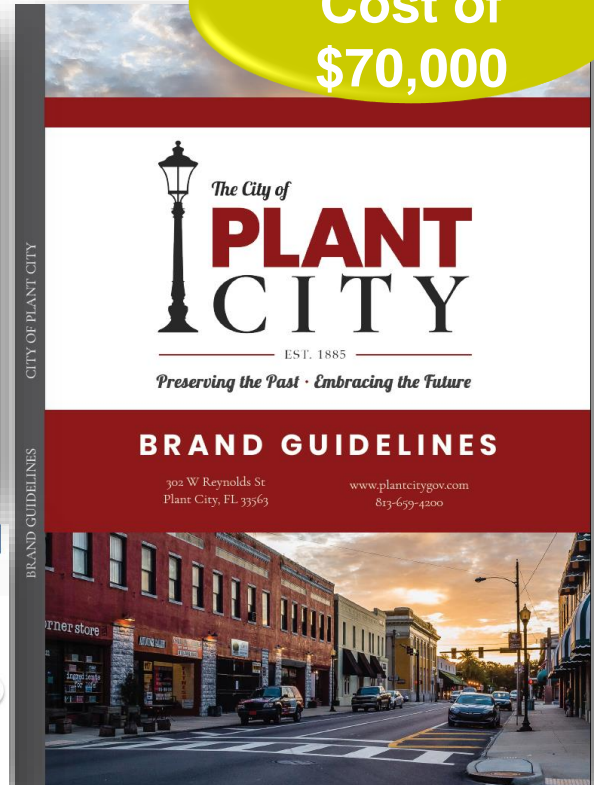
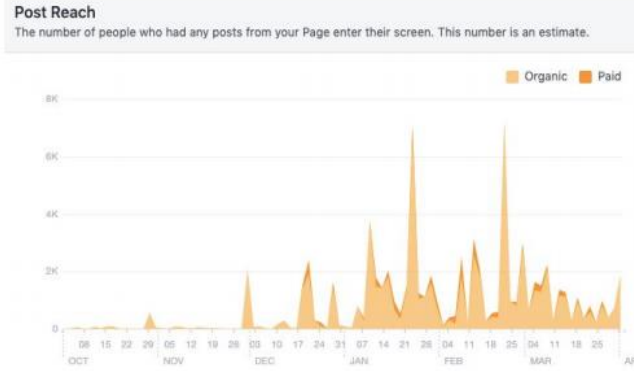
Social Media and Branding

And we're growing with you in mind...

Annual
Cost of
\$70,000



October 1, 2018 - April 1, 2019 People Reached: 67,306
The number of people who saw a post by the City of Plant City Government Facebook page in the last 6 months.





Social Media and Branding - \$70,000

And we're growing with you in mind...



Branding Guidelines



City Logo



**441,488
People Reached**



**18,700
Impressions**

**2,196
Newsletter
Subscribers**



**52,714
Impressions**



**143
Followers**





General Fund

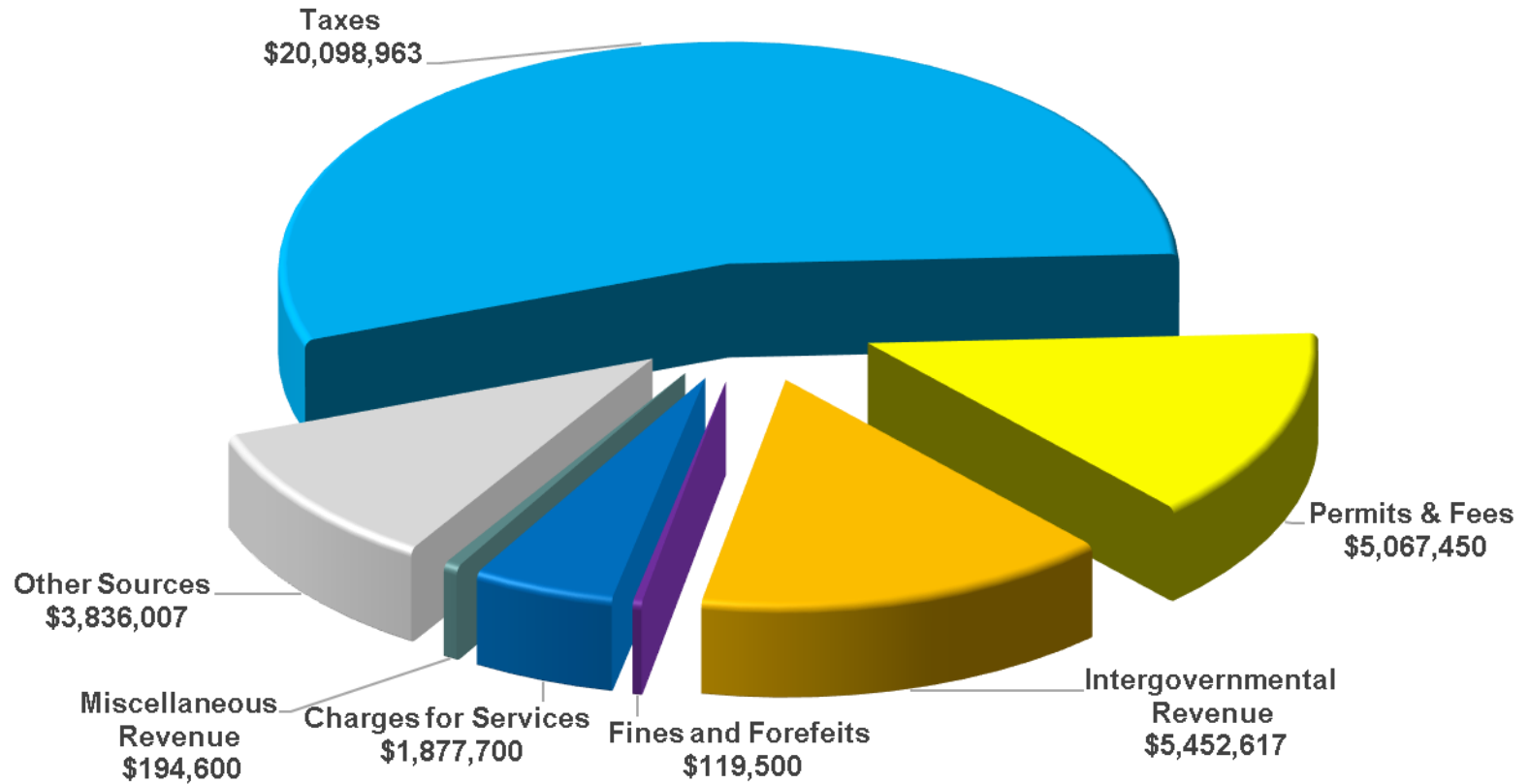
The General Fund revenue is \$3,251,731 higher than last year.

| | FY 2018-19 Budget | FY 2019-20 Budget |
|------------------------|----------------------|----------------------|
| Beginning Fund Balance | \$ 12,694,508 | \$ 13,976,526 |
| Revenues | 33,395,106 | 36,646,837 |
| Expenditures | 34,179,480 | 36,546,837 |
| Re-appropriated | \$ (784,374) | \$ 100,000 |
| Expected Excess | 1,282,018 | - |
| Ending Fund Balance | \$ 13,976,526 | \$ 14,076,526 |



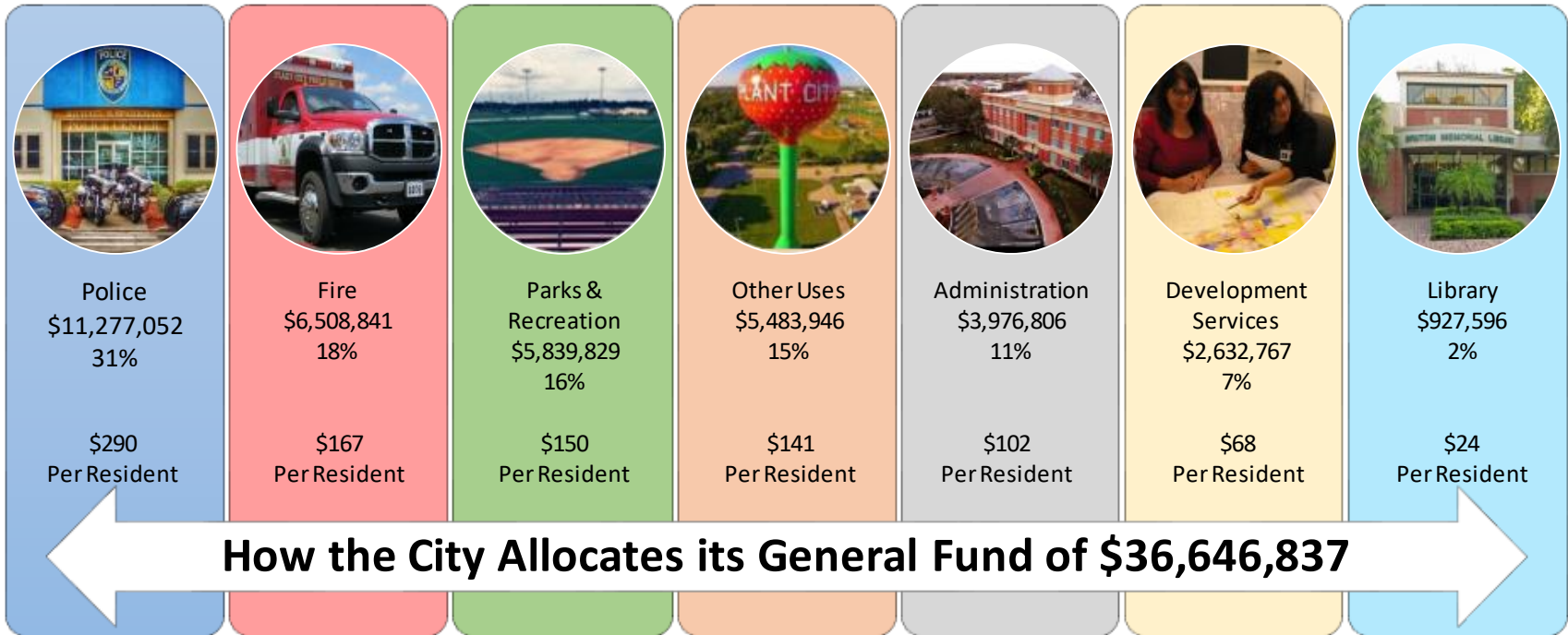


General Fund - \$36,646,837



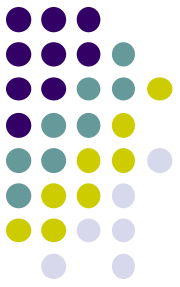


General Fund Allocations





Question 6



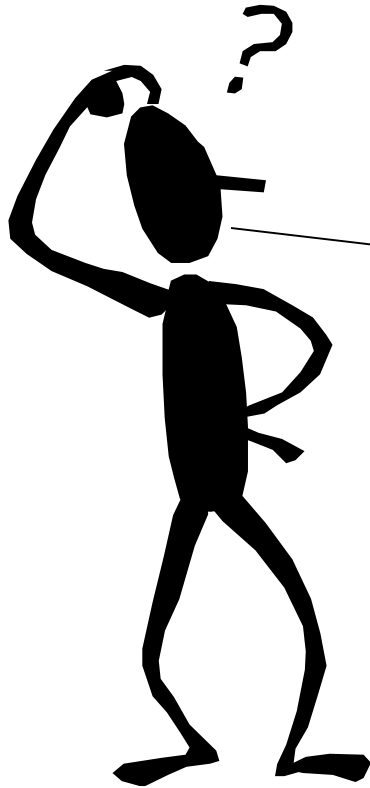
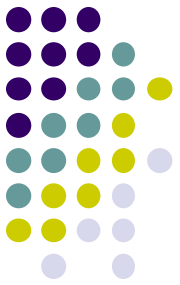
Name some things you can do to improve budget presentation to the Elected Officials.

1. Add color
2. Provide details
3. Show important projects with pictures
4. Be clear and concise

ALL are correct



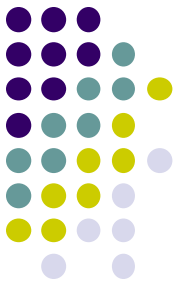
Questions?



Where is the budget troll?



Contact Information



Diane Reichard, CPA, CGMA, CGFO, CPFO

Chief Financial Officer

City of Plant City

813.659.4215

dreichard@plantcitygov.com