



**PRELIMINARY BUDGET UPDATE  
FISCAL YEAR 2014-15**

**JUNE 16, 2014**



## PRELIMINARY BUDGET SCHEDULE FISCAL YEAR 2014-15 (FY 15)

- Budget Workshops
  - ~~May 22, 2014 – 11am~~
  - June 16, 2014 – 10am
  - June 30, 2014 – 10am
- Budget Meetings
  - July 7, 2014 Regular Meeting - Set Maximum Millage
  - September 8, 2014 Regular Meeting – 1<sup>st</sup> Reading
  - September 22, 2014 Special Meeting – 2<sup>nd</sup> Reading and Adoption



## FY 14 General Fund Balance

<b>FY14 Beginning Balance (Budgetary)</b>		<b><u>\$3,082,181</u></b>
<b>Projected FY14 Revenues</b>	15,154,278	
<b>Projected FY14 Expenditures</b>	<u>(15,011,585)</u>	
<b>Projected FY14 Increase to Fund Balance</b>	142,693	
<b>Projected FY14 Ending Balance</b>		<b><u>\$3,224,874</u></b>

- **Based on FY15 Operating Budget, the Projected Fund Balance Would Cover 79 Days**



## FY 15 General Fund Budget Update

Preliminary Budget Assumes Mill Rate remains at 2.076 with an increase in property values of 5.4%

	* Original Budget 2013-14	Preliminary Budget 2014-15	Change
Total Revenues	\$ 14,694,160	\$ 15,007,210	\$ 313,050 
Total Expenditures	\$ 14,500,819	\$ 15,074,364	\$ 573,545 
Budgeted Increase or (Decrease) to Fund Balance		\$ (67,154)	

\*For comparison purposes, the revenues and expenditures related to Tennis and Infrastructure Surtax have been eliminated.



**FY 15 General Fund Budget Update**

**HOW DID WE GET HERE?**

	<b>Expenditures Exceeded Revenues</b>	<b>Number of Operating Days</b>
<b>May 22, 2014 Budget Workshop</b>	<b>\$649,818</b>	<b>= 62 Days</b>
<b>June 1, 2014 Preliminary Budget Presentation</b>	<b>\$307,444</b>	<b>= 71 Days</b>
<b>June 16, 2014 Budget Workshop Preliminary Update</b>	<b>\$67,154</b>	<b>= 78 Days</b>



## General Fund Budget Changes Since May 22, 2014 Workshop

Expenditures Exceeding Revenues as of May 22, 2014 Workshop		<b><u>\$649,818</u></b>
Ad Valorem Revenue Increase Based on June 1 Estimates	(224,374)	
Revenue Increase for Lien Search Service	(6,000)	
Expenditure Reduction to Planning and Zoning Code Work	(100,000)	
Expenditure Reduction to Capital (Utility Cart)	<u>(12,000)</u>	
Expenditures Exceeding Revenues as of June 1, 2014 Presentation		<b><u>\$307,444</u></b>
Revenue Increases to Charges for Services and Misc.	(6,500)	
Expenditure Reductions by Category		
Personnel Services	(112,466)	
Professional Services (Consultants)	(43,000)	
Travel / Training	(22,524)	
Repair and Maintenance (Grounds, Auto, Other Equipment)	(12,000)	
Electricity, Fuel	(21,000)	
Advertising	(19,000)	
Minor Equipment, Printing and Forms	<u>(3,800)</u>	
Expenditures Exceeding Revenues as of June 16, 2014 Workshop		<b><u>\$67,154</u></b>

Revenue increases are shown in green with expenditure reductions shown in blue.

Red indicates the amount of expenditures exceeding revenues



## General Fund Expenditure Budget Increases/Decreases from FY14 to FY15

<u>Change in Budgeted Expense Items from FY14 to FY15</u>	5/22/2014	6/16/2014	
	Increase/ (Decrease)	Increase/ (Decrease)	Operating Days
<b>Uncontrollable Expenditures:</b>			
<b>Pension Contribution</b>	\$ 336,981	\$ 336,981	
<b>FRS</b>	\$ 75,341	\$ 75,341	
<b>Subtotal Pension Increases</b>	\$ 412,322	\$ 412,322	
* Health, Life, LTD	\$ 58,000	\$ (2,114)	
* Workers Comp	\$ 25,655	\$ 25,655	
Contractual wage increases	\$ 20,562	\$ 20,562	
OPEB Valuation	\$ 10,000	\$ 8,000	
* Property/Liability Insurance	\$ 20,000	\$ 20,000	
Personnel Cost Decreases through attrition	\$ (43,744)	\$ (97,704)	
<b>Increases in Uncontrollable Expenditures</b>	\$ 502,795	\$ 386,721	11
<b>Discretionary Expenditures:</b>			
Continuation of Zoning Code work	\$ 307,285	\$ 170,000	
Other Reductions in Planning Budget	\$ -	\$ (52,436)	
Capital Outlay	\$ 43,000	\$ 31,000	
Legal for Collective Bargaining - Fire	\$ 17,000	\$ 17,000	
WCIND Grant (offset by \$10k revenue)	\$ 20,000	\$ 20,000	
Public Works - Consulting Services	\$ 10,000	\$ -	
Other Operation Increases	\$ 19,255	\$ 1,260	
<b>Increases in Discretionary Expenditures</b>	\$ 416,540	\$ 186,824	5
			<b>16</b>
			<b>Total</b>
			<b>\$ 573,545</b>

\* Request to Seek bid proposals for health care.



## DISPATCH EXPENSE FY15

- Town was informed by the Manatee County Public Safety Director on June 12 that Manatee County is changing their 911 call taking and dispatch service in 2015
- New equipment will be purchased that allows texts, video, and other methods of contacting 911
- The new equipment in the center will require a change in equipment currently in remote sites (like LBK)
- Many decisions as to what the County will pay for and what local dispatch centers will pay for are yet to be made
- Rough estimates of likely expenditures are in the \$100,000 range with unknown annual costs at this point



## DISPATCH EXPENSE FY15 – TOWN MANAGER RECOMMENDATION

- Enter into the discussion of the new system
- Work to help shape the County decision of what they will pay
- Consider all options and evaluate on impacts to service, reliability, costs, risk, etc.
- If expenditures are required in FY 2015 use the Commission contingency as the source



FY 15 General Fund Preliminary Budget Update  
**Use of Fund Balance**

*Use Fund Balance leaves us with 78 Operating Days*

		*No. of Days	Target
FY14 Projected Ending General Fund Balance	\$ 3,224,874	80	
Use of Fund Balance needed to budget for FY15	<u>\$ (67,154)</u>		
Adjusted Fund Balance	<b>\$ 3,157,720</b>	<b>78</b>	90
Assigned to Pension	\$ (1,610,075)	<b>40</b>	
Nonspendable and other assignments	<u>\$ (159,043)</u>	<b>4</b>	
Unassigned Fund Balance	<b>\$ 1,388,602</b>	<b>34</b>	60

\* FY15 Operating Cost Per Day = \$40,697



FY 15 General Fund Preliminary Budget Update  
Use of Fund Balance

	Fund Balance Policy <u>Minimums</u>	FY 15 Fund <u>Balance</u>	Amount Short of Policy <u>Minimums</u>
* 90 days Total Fund Balance	\$ 3,662,720	\$ 3,157,720	\$ (505,000)
* 60 days Unassigned Fund Balance	\$ 2,441,813	\$ 1,388,602	\$ (1,053,211)
* FY15 Operating Cost Per Day	\$40,697		

"The desired unassigned general fund balance shall be not less than two months or 16% of general fund operating expenditures. The desired combined unrestricted available fund balances should not be less than three months or 25%. The three month minimum is based on the caveat that there is sufficient cash available for borrowing in other funds in case of a natural disaster."



FY 15 General Fund Budget Update  
**Options for Reducing Use of Fund Balance**

- **Reduce Expenditures**
  - Reduced by \$345,790 since May 22, 2014 Workshop
- **Share Services with Others**
  - Looking at feasibility of sharing phone system and financial software
- **Reduce Services**
  - Citizen's services have not yet been reduced
- **Increase Revenues**
  - Ad Valorem increase of \$467,816 from FY14
  - Alternative Revenues
- **Combination of Above**



FY 15 General Fund Budget Update  
**Alternative Revenue Sources**

- **Payment in Lieu of Taxes (PILOT)**
- **Public Service Tax (Electricity, Water, Gas)**
- **Charges for Services – Notary Service**



FY 15 General Fund Budget Update

## Alternative Revenue Sources – Payment in Lieu of Taxes

The purpose of the PILOT is to compensate the local government "...for the cost of services provided to an entity that is not otherwise subject to taxation." The general theory is that if a private company provided the services that are currently provided by the Enterprise Funds, then the General Fund would have received additional revenues in the form of property taxes, franchise fees, and other potential exactions. Accordingly many local governments have instituted a PILOT policy to provide for the annual transfer of Enterprise Fund revenues to the general government to provide for these compensation considerations.\*

\*Pursuant to the Government Finance Officers Association's Governmental Accounting, Auditing, and Financial Reporting publication



FY 15 General Fund Budget Update

Alternative Revenue Sources – Payment in Lieu of Taxes

Payment in Lieu of Taxes (PILOT)  
from Utility Fund (Water and Sewer)

	Revenue Projection	Number of Operating Days
Based on 3% of Operating Revenues of the Utility System	\$216,930	= 5 Days
Based on 5% of Operating Revenues of the Utility System	\$361,550	= 9 Days

Some Entities Collecting This Revenue include:

- Sarasota County (W/S/SW)
- Manatee County (W/S)
- City of Sarasota (SW)
- City of Naples (W/S/SW)
- City of Clearwater (W/S/SW)
- City of Fort Lauderdale (W/S)
- City of St. Petersburg (W/S)
- City of West Palm Beach (W/S)

W – Water Enterprise Fund; S – Sewer Enterprise Fund; SW – Solid Waste Enterprise Fund



FY 15 General Fund Budget Update  
**Alternative Revenue Sources – Public Service Tax**

**Section 166.231(1)(a), Florida Statutes, provides that a municipality may levy a tax, not to exceed 10 percent, on the purchase of electricity, metered or bottled gas (natural liquefied petroleum gas or manufactured), and water service.**

**This tax is often referred to as a “utility tax.” The tax shall be levied only upon purchases within the municipality**

**\*This tax is not IRS deductible**



FY 15 General Fund Budget Update

**Alternative Revenue Sources – Public Service Tax**

- **By Ordinance, The Town Could Impose a Public Service Tax on Electricity, Water and Gas.**
- **Including Longboat Key, only 21% of Florida Cities do NOT impose this tax.**

**Some of the surrounding cities that DO Collect this Revenue Include:**

- **City of Bradenton**
- **City of Bradenton Beach**
- **City of Sarasota**
- **City of Venice**
- **City of North Port**
- **City of Palmetto**
- **City of Fort Myers**
- **City of Naples**
- **City of Treasure Island**
- **City of Tampa**
- **City of St. Pete Beach**
- **City of Punta Gorda**



FY 15 General Fund Budget Update  
**Alternative Revenue Sources – Public Service Tax**

**What nearby communities generate in Public Service Taxes**

- **Bradenton Beach**                      **\$212,000**
- **North Port**                              **\$590,000 (Electricity Only)**
- **Treasure Island**                      **\$900,000**
- **St. Pete Beach**                      **\$1,473,000**
- **Venice**                                      **\$1,900,000 (Electricity Only)**
- **City of Sarasota**                      **\$6,043,000**



# BUDGET CHALLENGES FOR FY 15

## REDUCE SERVICES?



**FY 15 General Fund Preliminary Budget Update**

**Tax Proceeds Generated  
by the Mill Amounts  
Shown on Left**

<b>* 0.0863 mill</b>	<b>\$412,322</b>
<b>0.125 mill</b>	<b>\$597,490</b>
<b>0.25 mill</b>	<b>\$1,194,980</b>
<b>0.5 mill</b>	<b>\$2,389,960</b>
<b>0.75 mill</b>	<b>\$3,584,939</b>
<b>1 mill</b>	<b>\$4,779,919</b>
<b>1.25 mills</b>	<b>\$5,974,899</b>
<b>1.50 mills</b>	<b>\$7,169,879</b>
<b>1.75 mills</b>	<b>\$8,364,858</b>
<b>2 mills</b>	<b>\$9,559,838</b>
<b>2.076 mills</b>	<b>\$9,922,543</b>
<b>** 2.1623 mills</b>	<b>\$10,335,026</b>

\* Millage needed to fund the pension increases

\*\* Total millage amount with pension increases



FY 15 General Fund Budget Discussion

**Millage Examples**

	Current Millage	Millage Needed	Total Millage
80 days Total Fund Balance (\$67,154 gap)	2.0760	0.0140	2.0900
90 days Total Fund Balance	2.0760	0.1057	2.1817
60 days Unassigned Fund Balance	2.0760	0.2203	2.2963

Taxpayer Impact

* Assessed Value	80 days Total Fund Balance	90 days Total Fund Balance	60 Days Unassigned Fund Balance
\$ 250,000	\$3.51	\$26.41	\$55.09
\$ 500,000	\$7.02	\$52.83	\$110.17
\$ 750,000	\$10.54	\$79.24	\$165.26
\$ 1,000,000	\$14.05	\$105.65	\$220.34

\* Assessed Value does not include homestead or other exemptions



## TOWN MANAGER RECOMMENDATION

- Continue to investigate shared services with others and opportunities to reduce operating costs
- Achieve a 90 day target (\$505,000) in FY 15:
  - \$505,000 (0.1057 mills) = 2.1817 mill rate  
or
  - PILOT @ 5% \$361,550 + \$143,450 (0.0300 mills) = 2.1060 mill rate
- **As a minimum** Increase Ad Valorem to cover pension increase of \$412,322 (0.0863 mills) = 2.1623 mill rate

Ad Valorem Taxes are IRS deductible