

## RESOLUTION 16-23

### A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FORT MYERS BEACH, FLORIDA, ADOPTING BUDGET POLICIES FOR THE TOWN OF FORT MYERS BEACH, LEE COUNTY, FLORIDA; AND PROVIDING AN EFFECTIVE DATE

**WHEREAS**, Florida Statutes provide that municipalities have the governmental, corporate, and proprietary powers to enable them to conduct municipal government, perform municipal functions, and render municipal services, and exercise any power for municipal purposes, except when expressly prohibited by law; and

**WHEREAS**, Article X of the Town Charter of the Town of Fort Myers Beach empowers the Town to adopt, amend, or repeal such ordinances and resolutions as may be required for the proper governing of the Town; and

**WHEREAS**, the Town finds it is appropriate and in the best interest of the public welfare to adopt the policies set forth in this Resolution.

**IT IS HEREBY RESOLVED BY THE TOWN OF FORT MYERS BEACH AS FOLLOWS:**

#### **Section 1. Incorporation of Whereas Clauses.**

The above "Whereas" clauses are hereby incorporated by reference as though fully set forth herein.

#### **Section 2. Purpose.**

Town management recognizes its ethical and fiduciary responsibility to its citizens to carefully account for public funds.

The adopted Budget document reflects the Town's commitment to sound budget and fiscal policies and processes. It is the intent of budget document to ensure that the Town is in a position to maintain a satisfactory level of service delivery for the community throughout the fiscal year. The budget document strives to make the best choices for resource allocations, meet current operational needs, and address future fiscal capacity.

#### **Section 3. Guidelines.**

a. The Town will comply with all applicable Florida Laws in the adoption and implementation of the Town's budget. This includes all applicable Florida Statutes at large, Chapter 166, as amended, and the Town' Charter Article XI regarding Financial Procedures, as amended. Accordingly, the Town Council will:

- (1) Focus efforts on sound long-range financial planning, and implementing cost and process efficiencies.
- (2) Adopt a balanced budget (budget year revenues plus fund balance are sufficient to support budget year expenditures) in order to “live within its means”.
- (3) Avoid paying for ongoing expenditures with one-time revenues.
- (4). Establish and maintain adequate General Fund, Gas Tax, Water Utility and Stormwater reserves, to ensure funds are available to maintain essential facilities and equipment.
- (5) Strive to achieve a strong financial condition with the ability to:
  - (a) Withstand local and regional economic impacts;
  - (b) Adjust efficiently to the community's changing service requirements;
  - (c) Effectively maintain and improve the Town's infrastructure;
  - (d) Prudently plan, coordinate, review, and implement responsible development and growth.
  - (e) Endure natural disasters
- (6). Town Staff will:
  - (a) Provide accurate and timely financial information, including the Town's current and anticipated fiscal condition.
  - (b) Provide prudent and sound fiscal proposals to help guide decision making.
  - (c) Follow the requirements of the General Accounting Standards Board.

**Section 4. Budget Process.**

- a. Council will hold meetings to obtain public input into the development of Town's budget and direction to the Town Manager during the month of April.
- b. Council will provide policy direction to the Town Manager on programmatic and fiscal objectives for the upcoming budget year's preparation during the month of May.
- c. On or before July 15<sup>th</sup> each year, the Town Manager will submit a proposed budget to the Town Council that will outline the financial policies of the Town for the budget year; describe the important features of the budget; indicate any major changes from the current year in financial policy, including any changes in accounting methods from the current year expenditures and revenues together with the reasons for

such changes; summarize the Town's debt position; and, include such other material as the Town Manager deems necessary. (Reference: Town Charter section 11.02).

d. All programs and departments of the Town will submit documents in support of the Town Manager's budget that will contain justifications of the entire program/resource budget for that program/department. It should begin with the current year budget, the revenue sources for every budget item, and all changes proposed to each. New programs should be identified. Each program/department budget should include projections for current year-end revenues/expenditures, and with separate projections for staffing, other services, and capital projects.

e. The Council will review the proposed budget, make any necessary revisions and adopt the budget, by resolution, on or before September 30 each year in accordance with Florida Statutes requirements. (Reference: Town Charter section 11.03 (a)).

f. The budget year is for the fiscal year period beginning October 1 and ending September 30 of the following year. (Reference: Town Charter section 11.01).

g. The proposed budget must be posted on the Town's website at least 2 days before each budget hearing and the final adopted budget must be posted on the Town's website within 30 days after adoption.

#### **Section 5. Budget Amendments.**

a. The Council may amend the budget at any time, or within 60 days following the end of the fiscal year, pursuant to Florida Statutes section 166.241 (4) as follows.

- (1) Appropriations for expenditures within a fund may be decreased or increased by an affirmative action of Town Council recorded in the meeting minutes, if the total appropriation of the fund is not changed.
- (2) If an amendment is for a purpose not included in the adopted budget, the budget amendment must be adopted in the same manner, by resolution, as the original budget. (Reference: Town Charter section 11.03 (a)).
- (3) All amendments must be posted on the Town's website within 5 days after adoption.

b. If, during the fiscal year, the Town Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the Council may by resolution, make supplemental appropriations for the year up to the amount of such excess, so long as the reserve is maintained. (Reference: Town Charter section 11.05 (a)).

c. To meet a public emergency affecting life, health, property, or the public peace, the Council, by resolution, may make emergency appropriations. To the extent that there are no unappropriated revenues or reserves to meet such appropriations, the Council may by such emergency resolution authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals in any fiscal year must be paid not later than the last day of the fiscal year succeeding that in which the emergency appropriations were made. (Reference: Town Charter section 11.05 (b)).

d. If, during the fiscal year, it appears probable to the Town Manager that the revenues available will be insufficient to meet the amount appropriated, the Town Manager will report to the Council without delay, indicating the estimated amount of the deficit, any remedial action taken, and recommendations as to any steps to be taken. The Council will then take such action as it deems necessary to prevent or minimize any deficit and for that purpose, by resolution, reduce one or more appropriations. (Reference: Town Charter section 11.05 (c)).

#### **Section 6. Transfers and Temporary Loans.**

a. During the fiscal year the Town Manager has the discretion to transfer any budgeted unencumbered appropriation among programs within a department or a program provided by inter-local agreement.

b. The Town Manager may request the Town Council to transfer between funds any unencumbered appropriations from one department or a program to another. (Reference: Town Charter Section 11.05 (d)).

c. The Council will be given for approval, by resolution, all transfers of cash between funds. The Town Manager must show justification for any transfer and the transfer must meet applicable State Financial Accounting Standards and be in accordance with Generally Accepted Accounting Principles (GAAP), as outlined by the Governmental Accounting Standards Board (GASB).

d. The Council may, by resolution, authorize a temporary loan from one fund to another. All loans must be repaid in the fiscal year they were approved, unless the Council declares an emergency, and if so they must be repaid the following fiscal year.

#### **Section 7. Assigned /Committed and Other Designated Funds.**

a. Assigned/committed funds must be used only for their restricted purpose. The Emergency Preparedness Reserve Fund, located within the General Fund, can only be appropriated for expenditures related to a Town Council declaration of an emergency as stated in Resolution 08-31 and Resolution 09-29, or as those resolutions may be amended.

b. Upon a request from the Town Manager, the Council, by resolution, may commit funds for a specific purpose, such as a special project; or, may assign funds for a fund balance reserve for subsequent appropriation. Any funds committed or assigned by the Council must remain committed or assigned until Council takes action by resolution to change their status.

### **Section 8. Five-Year Capital Improvement Plan.**

a. The Town Manager will establish a five-year capital improvement plan and update it annually. The plan must include all assets of cost greater than \$25,000 with a useful life of three years or more. It must list each year's capital projects, the starting and ending dates, estimated cost, revenues available for funding and any anticipated borrowing amount. A five-year cash flow projection showing expenditures, revenues, loan proceeds, financing costs, and fund balances must be included in the plan.

b. The capital improvement plan will be reviewed each year by the Town's Local Planning Agency to ensure that all items are consistent with the Town's comprehensive plan.

### **Section 9. Financial Reporting.**

The Town Manager will provide a mid-year report of the Town's financial status. The report will be published on the Town website after it is made available to Council. This report will include budget to actual revenue and expenditure comparisons and fund balances for each fund. It will also include any anticipated financial issue that could have a material impact on fund balances or delays in anticipated projects. Monthly budget to actual comparisons and financial reports will be placed on the Town's website.

### **Section 10. Reserve Fund Balance Policies.**

a. Minimum fund balances should be attained and maintained through expenditure management, revenue management, and/or contributions from the General Fund.

b. Adequate fund balance and reserve levels are a necessary component of the Town's financial strategy, and a key factor in external agencies' measurement of the Town's financial strength.

c. Maintenance of adequate fund balances in the various funds increases the likelihood of adequate resources for cash flow, and mitigates short term effects of unexpected revenue shortfalls. Reserve funds are necessary in order to deal with unforeseen emergencies or changes in economic conditions.

d. Prudent use of reserve funds enables the Town to defray future costs and take advantage of matching funds and beneficial opportunities. Reserve funds provide

the Town with the ability to exercise flexible financial planning in developing future capital projects.

e. The Town Council should establish, by resolution, minimum fund balance targets based on cash flow requirements, for the General Fund, Gas Tax, Water Utility, and Stormwater reserves. The fund balance targets should be sufficient to provide maintenance and replacement funds to maintain essential facilities and equipment. This total reserve should be a least 20% of non-capital expenses unless the Council declares an emergency. Funds with annual debt service payments must have debt service coverage of at least 120%.

f. All expenditures drawn from reserve accounts will require Council approval, via resolution, unless previously appropriated by the Town Council in the Town's budget.

g. The Town should include all fund balances in its annual budget resolution and incorporate the reporting in its budget document. The Town Manager will report on fund balance targets as part of the budget presentation to Council.

#### **Section 11. Revenue Policies.**

a. Revenue estimates are to be conservatively forecasted based upon prior year analysis and economic conditions which will be reasonable and justified.

b. The budget amendment process should be used to appropriate unanticipated revenues when they become certain and measurable; as well as adjusting for revenue shortfalls.

c. Revenue policies that prevent undue or unbalanced reliance on any one revenue source should be regularly employed.

d. Revenues and expenditures will distribute the cost of municipal services accurately and fairly.

e. Revenues will provide reliable and adequate funding sources to operate approved programs.

f. Revenues and expenditures will utilize annual cost allocation methods to monitor current fees for Town services and ensure best business practices for cost recovery.

#### **Section 12. Expenditures, Cost Containment, and Budgetary Control Policies.**

a. Although the Budget is designed to include sufficient resources to finance Town services, it is imperative that an adequate and effective cost analysis and containment program be maintained.

b. The Town Manager and department heads will regularly examine programs and services for more efficient and less costly ways to deliver services.

c. The Town Manager and department heads will perform fiscal and operational reviews to assess changing economic conditions and identify possible programmatic modification needs.

d. The Town is to provide, maintain, and track capital assets and facilities at a level adequate to protect the investment, and minimize future maintenance, replacement, and liability costs.

**Section 13. Fee Schedule.**

a. Fees for service will be reviewed by staff and recommendations will be forwarded to the Town Manager for consideration and discussion in the annual budget presentation.

b. The fee schedule will be incorporated into the annual budget.

c. The fee schedule may be amended during the fiscal year in accordance with section 5 above.

**Section 14. Glossary. (Exhibit A)**

Attached Exhibit A setting for the Glossary of Terms is incorporated herein by reference.

**Section 15. Effective Date.**

This resolution takes effect immediately upon its adoption by the Town Council of the Town of Fort Myers Beach.

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**THE FOREGOING RESOLUTION** was adopted by the Town Council upon a motion by Council Member Cereceda and seconded by Council Member Hosafros, and upon being put to a vote, the result was as follows:

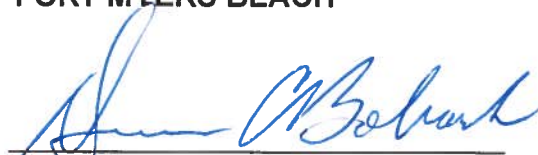
Dennis C. Boback, Mayor	aye
Summer Stockton, Vice-Mayor	aye
Tracey Gore	aye
Rexann Hosafros	aye
Anita Cereceda	aye

**DULY PASSED AND ADOPTED** on this 22nd day of September, 2016

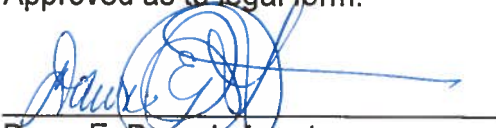
**ATTEST:**

**TOWN COUNCIL OF THE TOWN  
OF FORT MYERS BEACH**

By:   
Michelle D. Mayher, Town Clerk

By:   
Dennis C. Boback, Mayor

Approved as to legal form:

  
Dawn E. Perry-Lehnert  
Town Attorney



## BUDGET POLICY EXHIBIT A

### GLOSSARY OF TERMS

**Ad valorem taxes** - A tax levied on the assessed value of real estate or personal property. This tax is also called property tax. Ad valorem taxes are the major source of revenue for county, school boards, municipalities, and special independent districts.

**Annual Budget** - A budget is applicable for a single fiscal year.

**Appropriation** - A legal authorization granted by a legislative body (e.g. the Council) to incur obligations and make expenditures for specific purposes.

**Assessed Valuation** - The valuation of real and personal property established by the Property Appraiser as the basis for levying taxes.

**Balanced Budget** - Total expenditures and other financing (uses) are equal to the total revenues and other financing (sources), resulting in no change to fund balance.

**Beginning Fund Balance** - The Ending Fund Balance of the previous period. (See Ending Fund Balance.)

**Budget** - A itemized summary of estimated expenditures and revenues together with specific authorizations and restrictions as appropriate for a budget fiscal year that is for the 12 months beginning October 1 and ending September 30. The budget is a guide for operations, and changes over time in response to changes in conditions. The budget embodies public policy and provides insight into how the policy will be implemented. Florida Statutes require the Town Council to approve its final budget at the second of two public hearings.

**Budget Year** - beginning October 1 and ending September 30.

**Capital Expenditure** - Expenditures for capital items such as equipment, machinery or vehicles greater than \$1,000 or more and a useful life in excess of one year.

**Capital Improvement Program (CIP)** - A CIP is a systematic plan for providing infrastructure improvements within a prioritized framework over a fixed period of time. Fort Myers Beach's CIP is based on a five year period of time.

**Charges for Services** - This refers to a revenue source for a program which is attributable to a particular service provided. An example would be revenue for the water utility based upon the use of water by a customer.

**Contingency** - An appropriation of funds to cover unforeseen expenses that occur during the budget year.

**Debt Service** - The amount of interest and principal that the Town must pay each year on long-term and short term debt.

**Department** - A major administrative unit of the Town with overall management responsibility for a service or an operation or for a group of related operations.

**Encumbrance** – The commitment of budgeted funds for the purchase of an item or service. All encumbrances lapse at fiscal year-end.

**Ending Fund Balance** – Funds carried over at the end of a fiscal year. Within a fund, the revenue on hand at the beginning of a fiscal year, plus revenues and other sources of funds received during the year, less expenses and other uses of funds equals ending fund balance. These funds may be committed or assigned for a particular purpose.

**Enterprise Fund** – A fund in which the services provided are financed and operated like those of a private business. These funds pay for all or most of their cost of operation from user fees. (This is the Water Utility and Stormwater Utility)

**Expense** - A decrease in net total assets. Expenses represent the total cost of operations during a fiscal period. The cost of goods delivered or services rendered, debt service and capital outlay.

**Fee Schedule** – A comprehensive compilation of Town fees, including user fees, rates and charges adopted by Town Council as part of the town budget.

**Fiscal Year** - The annual period applicable to the annual operating budget. The Town's fiscal year runs from October 1 through September 30.

**Functions** – Expenditure classifications according to the principal purposes for which expenditures are made. Functional expense categories are mandated by state law.

**Fund** - A fiscal and accounting entity which is comprised of a self-balancing set of accounts which reflect all assets, liabilities, equity, revenue and expenses necessary to disclose financial position and the results of operations. Generally, the number of individual funds should be kept at the lowest number which allows effective and efficient management, with activities which are similar in nature and purpose accounted for in the same fund.

**Generally Accepted Accounting Principles (GAAP)** – Generally Accepted Accounting Principles (GAAP) consist of the rules, procedures, and conventions that define accepted practices at a given time and which organizations use to compile their financial statements. They include broad guidelines as well as detailed procedures.

**General Fund** - The fund used to account for both general government activities and those activities not required to be accounted for in another fund.

**General Obligation Bonds** – Voter approved bonds used to finance a project through a millage increase in ad valorem taxes for a specified period of time.

**Governmental Accounting Standards Board (GASB)** – The source of generally accepted accounting principles (GAAP) used by State and Local governments in the United States. It is a private, non-government organization appointed by and subject to

oversight by the Financial Accounting Foundation, which operates to ensure objectivity and integrity in financial reporting standards.

**Impact Fees** – Charges imposed by governments against new development as a total or partial reimbursement for the cost of supporting specific new capacity demands on infrastructure.

**Intergovernmental Revenues** - Revenues from other governments in the form of grants, entitlements, shared revenues and payments in lieu of taxes.

**Mill** – A tax rate of one dollar (\$1) per one thousand dollars (\$1,000) of taxable property value.

**Millage Rate** - The ad valorem tax rate expressed in terms of the levy per thousand dollars of taxable assessed value. Example: For a property having a taxable assessed value of \$500,000, a millage rate of 2.5000 generates \$1,250.00 in tax to be paid.

**Non-Ad Valorem Assessment** – A fee levied on certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit those properties. It is sometimes called a special assessment.

**Other Revenues** - Includes miscellaneous revenue items and revenues that are insignificant when compared to the total.

**Personal Services/Costs** - All costs related to compensating employees including salaries and benefits

**Program** - A program consists of clearly defined resources applied towards achieving a specific public goal.

**Proprietary Fund** – A fund in which the services provided are financed and operated similar to those of a private business. Funds pay for operating costs primarily through user fees, receiving little or no tax support. (See Enterprise Funds).

**Reserve** – An amount set aside for a specific purpose or for emergencies or un-foreseen expenditures not otherwise budgeted. Authorization to expend reserves is made by the Town Council.

**Revenue** - Funds that the government receives as income.

**Rolled-back millage rate** – The millage rate necessary to produce the same amount of property tax dollars as received during the previous budget year. New construction is excluded from the roll-back calculation.

**Special Assessment** – A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties. This is another name for a non-ad valorem assessment.

**Special Revenue Fund** - A fund used to account for the proceeds of specific revenue sources (other than special assessments or expendable trusts) which are legally restricted to expense for specified purposes. (This is Gas and Road Tax Fund)

**Taxable Value** – The assessed value of property minus any authorized exemptions. This value is used to determine the amount of ad valorem tax to be levied. The taxable value is calculated by the County Property Appraiser in compliance with state law. The most common exemption is the homestead exemption.

**Transfers** - Budget amounts or cash transferred from one fund, one program, one unit, or one line item to another to assist in financing the service of the recipient fund, program, unit or line item.

**Truth in Millage Law (TRIM)** - A 1980 Florida law which changed the budget process for local taxing governments. It was designed to keep the public informed about the taxing intentions of the various taxing authorities.

**TRIM Notice** - TRIM (Truth in Millage) establishes the statutory requirements that all taxing authorities levying a millage must follow, including all notices and budget hearing requirements. The Notice of Proposed Property Taxes (TRIM notice) enables the taxpayer to compare the prior year assessed value and taxes with the present year assessed value and proposed taxes. It also lets taxpayers compare the amount of taxes if there is no budget change for the upcoming year. The notice lists the date, time, and location of the first budget hearing at which the taxing authorities will hear from the public.

**User Fees** – Charges for specific services rendered only to those using such services, e.g. sewer service charge, building permits, recreation memberships and program fees.

**GASB 54:**

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**Committed /restricted fund balance or reserves** category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation, and includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

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Amounts in the **assigned fund balance** classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

**Unassigned fund balance** is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

In other funds, the **unassigned classification** should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.