



# Madeira Beach

...two miles long and a SMILE wide!

September 12, 2007

Honorable Mayor and Board of Commissioners  
City of Madeira Beach  
Madeira Beach, Florida

Dear Commissioners:

As in years past, development of the proposed Fiscal Year (FY) 2008 Budget has been complicated by numerous considerations and challenges. The Florida Legislature's recent decisions relating to mandatory property tax reform have impacted the preparation of the FY 2008 Budget and stand to dramatically affect the FY 2009 Budget. Even so, staff has preserved the strategic direction and decisions you have made within the recommended Budget as both a strategic and financial plan for the coming year. We have developed a Budget that supports our continued mission to preserve and improve the community's quality of life.

The City of Madeira Beach is fortunate to have managed its finances in a responsible manner and remains in stable condition for the coming fiscal year. Yet, there are a number of issues, both immediate and within the short-term financial planning horizon, which pose future challenges for the City. Property tax reform is the most significant of these issues. Reform is to be implemented in two phases, the latter of which will dramatically impact the General Fund beginning in FY 2008-09. That issue is exacerbated by our continued concern for stability of revenues over time and the ability to maintain our enterprise funds for long-term operating and capital needs. Over the last year we have undertaken a number of actions to better analyze and address these potential issues.

In FY 2006, the Board of Commissioners committed to rate adjustments that were found necessary among the enterprise funds to achieve appropriate funding levels for operations and reserves. Over the last two years we have undertaken various analyses of the enterprise operations resulting in long-term strategies that have reduced costs to the rate payers and provided the City with needed revenue. Beginning with the former Sewer Fund, the City negotiated sale of the system to Pinellas County, which resulted in cash proceeds to the General Fund and guaranteed system rehabilitation within five years. A Cost of Service & Business Plan for Sanitation Services was completed in 2006 and provides a basis for continuing City services with incremental rate adjustments and new revenue sources. A Business Plan for the Municipal Marina was also written and approved in 2006 to provide an analysis of rates and guide revenue enhancement. The City continues to rely upon the Stormwater Master Plan adopted in 2000 to identify priorities for drainage improvements to be scheduled as funding permits.

Beginning in FY 2004-05, administration has sought ways to reduce personnel costs. Over the last two years, staffing levels have been cut by two positions, including one full-time employee as a result of the sale of the sewer system. An attrition plan for FY 2008 will provide for reduction of two additional full-time positions in City Hall. The FY 2008 Budget reduces the City's current employee level to 57 full-time positions upon retirement of the Administrative Assistant for Community Development as of December 1, 2007 and the Accountant as of February 1, 2008.

Consistent with the City's collective bargaining agreements, the Budget continues to cover 100% of employee benefits. Two years ago, the Human Resources Manager began to directly seek proposals for health insurance benefits and is continuing that practice for FY 2008. Preliminary responses indicate a 25% increase for health insurance, while premiums for the Employee Assistance Program, life insurance and long-term disability will not increase. Workers Compensation rates are budgeted with a 5% increase, primarily impacting the departments with field employees, i.e. fire, parking enforcement, public works, sanitation and parks.

The recommended Budget provides cost of living and pay plan adjustments consistent with the City's negotiated collective bargaining agreements with the Communication Workers of America (CWA) and the International Association of Firefighters. The negotiated adjustments are budgeted for year two of the three-year agreements. As approved in the Pre-Budget Workshop, the City's pay plan for non-union employees provides a pay adjustment at the same rate provided to CWA employees. Following are the approved pay adjustments reflected within the Budget:

	COLA / Pay Plan Adj.	Merit / Step Increase
IAFF	2.5%	3.0%
CWA	4.0%	0.0%
Non-Union	4.0%	0.0%

Following is a brief summary by fund of the total proposed Budget:

	Balance <u>10/1/2007</u>	<u>Rev.</u>	<u>Exp.</u>	Balance <u>9/30/2008</u>
General Fund	\$7,401,594	\$6,009,165	\$6,009,165	\$7,401,594
Special Projects Fund	395,719	471,240	500,000	366,959
Sanitation Fund	665,378	1,298,000	1,391,050	572,328
Stormwater Fund	273,241	376,000	186,840	462,401
Marina Fund	416,745	778,240	778,240	416,745
John's Pass Village Fund	<u>139,219</u>	<u>591,600</u>	<u>501,910</u>	<u>228,909</u>
	\$9,291,896	\$9,524,245	\$9,367,205	\$9,448,936

A. General Fund:

1. Revenues: Clearly, the "big story" in the General Fund is property tax reform and its impact upon general fund revenues. In a special session in June, the Florida Legislature approved a two phase reform package affecting property taxes for local governments and special taxing districts throughout Florida. Even though the City of Madeira Beach has acted to reduce the millage rate over the last two fiscal years, our increased valuation has been such that the legislative reform formula stipulates a 9% reduction in taxes from a rollback to the FY 2006-07 base year.

Consistent with the reform rollback and reduction formula, we have set a tentative millage rate of 1.7954 for FY 2008. A cap on future property tax revenue will then be imposed to ensure that local government cannot grow faster than personal income. Due to the reduction in taxable property values, the City's mandatory reduction of \$224,321 has been mitigated somewhat in the short term. The net reduction in tax revenue to the General Fund for FY 2008 is \$135,435. Phase two of the reform package hinges upon a statewide constitutional amendment that will replace the existing "Save our Homes" cap and homestead exemptions with a new "super exemption" for homesteaded properties.

Aside from property taxes, the City controls relatively few General Fund revenue sources. Franchise fees are established within long-term agreements. Utility service and communications taxes are limited by state statute and already levied at the maximum rates permitted. State-shared revenues are dependent upon population-based, per capita funding formulas. Fines and Forfeitures are determined as a percentage of the same. Local Business Taxes (formerly Occupational Licenses) have already been increased by the maximum 5% allowed for the coming Budget.

Except for the reduction in property taxes, General Fund revenues are expected to remain relatively constant over the current year. As we discussed at the pre-Budget Workshop in May, there are areas of adjustment that impact upon General Fund Revenue. The most significant of these are modifications to recreation program fees. For two years, we have been working to achieve greater cost recovery through user fees for youth programs, summer camp and after-school programs. A recommended rate schedule for recreational programs has been approved in advance of the Budget. The purpose of advance consideration is to have new after-school program and league fees in place at the start of the school year. We also have more time to notice the changes and the elimination of our before-school program. We project recovery of approximately 76% of the cost of our recreation programs and services via user fees in the coming fiscal year.

We also prepared recommendations for improving cost recovery for variance applications, development review and site plan review. These fees were last adjusted in FY 2005 and FY 2006, respectively, but do not provide for full cost recovery, particularly when the application is made to the Special Magistrate. These fees are variable and not a significant source of revenue that can offset the property tax revenue reduction. Still, as staff has previously discussed with the BC, cost recovery is appropriate in these situations. Because site plan and variances inure to the benefit of one or few property owners, staff does not believe it appropriate for the entire community to absorb their cost. The rate recommendations made for this category have also been approved in advance of the Budget.

2. Expenditures: Reductions in the recommended Budget not only comply with the stipulated rollback and tax reduction, but exceed the mandated cuts. The reductions being made are attributable in part to the types of cost reductions and reorganizational efforts that we have been employing for several years. The City Hall attrition and reassignment plan announced at the May pre-Budget Workshop reduces staffing by two positions and creates a savings of \$78,000 in the first year. Annual savings in future years will exceed \$119,000. The capital expenditure for the Madeira Way Streetscape Project has not been reappropriated, which creates another \$225,000 in cost reduction over current year expenditures. Reductions in future years will have to come from within the operational line items, which may include the layoff plan that we have managed to defer for the coming year.

In addition to the cost cuts described above, operational expenditures within the recommended FY 2008 General Fund departmental budgets have decreased over the current year. Overall, the General Fund expenditures are 12% **less** than the current year. We have reduced discretionary items, including things like flags and flowering annuals. Consistent with the cut priorities identified at the Pre-Budget Workshop in May, the Budget is largely absent capital expenditures. Increases that have been budgeted are in nondiscretionary areas, such as group insurance, workers compensation and fuel. Increases are reflected in utility line items now that General Fund departments pay for sewer service much like the cost assignment started in the current year for garbage service. Previously, the Sewer and Sanitation Funds absorbed these services for General Fund departments.

Staff continues to review outside services and contracts to identify cost reductions, such as in telephone services. The appropriation for Law Enforcement Services from Pinellas County Sheriff's Office reflects a 9.59% increase for the coming year. Negotiations are currently in progress between the Sheriff's Office and the law enforcement union. Any increase to the estimated contract amount would have to be deducted from the General Fund Contingency later in the budget process or in the coming fiscal year, as negotiations are completed.

Consistent with the support expressed at the May pre-Budget Workshop, provisions are made within the proposed FY 2008 General Fund Budget for the continuation of replacement programs for computers and vehicles (only one vehicle in the Fire Department) as well as renewal and replacement programs, outlined as follows:

- Street Resurfacing Program – \$ 100,000 (Streets Department)
- Curb and Gutter Replacement Program – \$25,000 (Streets Department)
- Replacement of 3 air handlers at City Hall - \$8,635 (Non-Departmental)

In addition to these on-going capital outlay items, the proposed budget sets aside \$25,000 for consultant fees for Phase II of the preparation of the Comprehensive Plan Amendments as required by the Growth Management Act – an unfunded statutory mandate. While we have provided for continuation of replacement programs, we expect phase two of the property tax reform requirements to necessitate shifting renewal and replacement programs, such as resurfacing, to the Special Projects Fund beginning next year.

Proceeds from the sale of the sewer system to Pinellas County have been set aside in the General Fund and will not be used to balance the Budget for FY 2008.

B. Special Revenue Fund:

1. Revenues: The Special Revenue Fund is primarily funded by the Local Option Sales Tax (Penny for Pinellas). Fiscal Year 2008 will be the eighth year of the current ten-year levy expiring in 2010. In March 2007, voters approved the Penny for Pinellas Sales Tax initiative for 10 additional years – through 2020. These special purpose revenues must be used for nonrecurring, capital improvements. The ability to fund projects through this source has and will continue to offer relief to the General Fund, which would otherwise have been the only available funding source.

2. Expenditures: In FY 2006, we appropriated funds that had been accruing for several years to undertake seawall repairs and a landscape/entrance median improvement at the northern entrance to the City. The seawall repairs were completed in FY 2006. The engineering design and permitting effort for the entrance median is underway and funds were reappropriated and supplemented within the Special Revenue Fund in FY 2007 for eventual construction of the project. Funds are set aside again to accrue for seawall repairs and beautification over the next several years. With the advent of property tax reform and its impact upon the General Fund, the FY 2008 Budget also establishes an accrual reserve for future street resurfacing and curb and gutter projects.

The majority of new Penny for Pinellas revenue within the Special Revenue Fund was designated in FY 2007 for the engineering and design commitment projected for the Gulf Boulevard Improvements Program – Streetscape & Beautification Project. The future of that project has largely been placed in question as a result of property tax reform and a greater dependency on penny revenue to fund capital needs previously funded by general revenues. Staff has not provided for reappropriation of funding for the Gulf Boulevard Improvements Program – Streetscape & Beautification Project in the Budget.

C. Enterprise Funds:

1. Sanitation: The current FY 2007 Sanitation Fund Budget was maintained only through a 12% increase in rates in FY 2006 and by discontinuing curbside recycling in the residential areas. Those actions were necessary to cover the fund's operational and capital commitments as well as maintain an appropriate reserve. The recently completed Cost of Service & Business Plan (Plan) confirms those actions and provides guidance for the future. In particular, the Plan confirmed our existing rate schedule as cost effective in light of the services we extend, and recommended that we consider an inflationary annual adjustment to the rate schedule.

In lieu of an inflationary adjustment to our current rate schedule in FY 2007, staff developed and incorporated within the General Fund and John's Pass Fund payment for services provided to other City departments and community facilities, such as the beaches and the various parks. That cost assignment provided new revenue to the Sanitation Fund in the amount of \$92,000. That revenue would have otherwise been required through a rate increase to cover the increased administrative services allocation (resulting from elimination of the Sewer Fund) and to maintain the fund equity at an acceptable level.

Other Plan recommendations that have been initiated include the implementation of a franchise/license program for roll-off or compactor services provided by private haulers

within the City. That ordinance is pending review by the Board of Commissioners for implementation in the coming fiscal year. We also followed through on the potential for extending our service areas to include Redington Beach or unincorporated areas adjacent to the City limits, such as off Duhme Road. Redington Beach, whose current contract with Waste Services, Inc. does not expire until September 2008, has indicated they are satisfied with their privatized service and the rates enjoyed by the same. While we can exceed private companies' service levels, we are not in a position to offer reduced rates separate from our own rate payers to secure contracts in the unincorporated areas.

The steps we have taken over the last two years have stabilized Sanitation fund equity and ensure capital equipment funding in the future. These steps are borne out by the ability to have current year revenues in FY 2008 fund a portion of the vehicle replacement. The Budget provides for purchase of a replacement rear-loading packer. As with all our vehicle replacements, the cost of the packer replacement has been accruing over the last several years and is reserved specifically for this purpose. However, we will only require \$93,050 of the total \$150,000 replacement cost to be allocated from fund equity for the new vehicle.

A survey of sanitation rates throughout Pinellas County indicates that we remain competitive with our current fees. As discussed above, the Plan recommended an inflationary annual adjustment to the rate schedule. However, the steps we have taken to reduce costs and supplement revenues through cost allocation and franchises allows us to recommend the existing rate schedule be maintained for another year.

2. Stormwater: The Stormwater Fund continues to represent a challenge in terms of generating sufficient revenues for operations and implementation of the Citywide Stormwater Master Plan. Two years ago, the Stormwater Utility Fee was increased from \$2 per Equivalent Dwelling Unit (EDU) to \$5 per EDU per month. That increase generated \$225,000 in additional revenue and has allowed us to recover from a previous fund deficit. The FY 2008 Budget proposes to add to the reserve for future capital projects as established within the Citywide Stormwater Master Plan. Revenues are projected to exceed expenses in the fund by \$189,160 resulting in a projected fund equity total of \$462,401 on September 30, 2008. Staff is also preparing a proposal to review the existing EDU data base for non-single-family properties to reevaluate changed land uses since the Stormwater Fee was originally established in 1990. The methodology for EDU calculations has not been reviewed since the fee's inception. Once the reevaluation has been completed, staff can better gauge the impact upon Stormwater Utility Fee revenue.

Due to a previous lack of fund equity, a transfer of \$300,000 was required from the Special Projects Fund two years ago for the 141<sup>st</sup> Avenue Stormwater Pump Station Replacement Project. That project is currently under construction with a dollar-for-dollar match provided by the Southwest Florida Water Management District (SWFWMD). Even with the one-time grant revenues and incremental fee increase, the Stormwater Fund will require several years to build sufficient reserves to fund additional capital improvements.

In revisiting the next capital priority, South Boca Ciega Avenue Stormwater Treatment Retrofit Project, staff has determined the project is best discontinued. Given the uncertainty of future year's tax revenue and the shift of capital programs to the Special Project Fund, money from the latter will no longer be available to supplement the South Boca Ciega Stormwater Treatment Retrofit Project. In addition to the \$2,650,000 price tag, the multi-

year aspects of this project affect our ability to complete the work over time. It is more financially feasible and responsible from our perspective to undertake manageable, single or two-year projects that can be fully funded with revenues accrued within the Stormwater Fund and provide a favorable stormwater management impact. To that end, staff is seeking to terminate the SWFWMD grant for the South Boca Ciega Avenue Stormwater Treatment Retrofit Project.

4. Marina: In FY 2006, the Budget was adopted with increases to the Marina Fee Schedule for dry storage, wet slip and transient rental rates for the first time since the City resumed Marina operations in December 2002. Following development of the Marina Business Plan and a forensic audit of our future revenue-generating capabilities, the fee schedule was again adjusted for FY 2007. Consistent with our efforts to improve cost recovery, as well as a recent rate comparison survey, fee increases for monthly wet slip and dry storage rates have been approved for FY 2008. Staff has also continued to adjust the "mark-up" for fuel and merchandise to ensure a "profit margin" consistent with the approved Marina Business Plan. Although the Building Maintenance Worker position is not funded in FY 2008, creating a cost savings of \$32,500, it will remain on the list of authorized positions for future years. Since the position is currently vacant, this did not result in a layoff situation. The FY 2008 Budget does not require appropriation of fund equity, which is projected to be \$416,745 on September 30, 2008.

While the FY 2008 Budget revenues provide for our operational costs, the City is still faced with funding the actual redevelopment of the Marina and Public Works (PW) facilities over the next several years. In the current year, \$300,000 was appropriated from the General Fund for the Marina and Public Works Redevelopment Project. The funds are earmarked for the engineering and design services of the redevelopment project. The City has completed the competitive negotiation process to retain a new engineering firm, ATM, Inc., for the redevelopment project. A contract with ATM for design development and construction plans is expected before the end of the current year.

Our principal focus for FY 2008 will be to complete the design, engineering and permitting services associated with a redevelopment plan for reconstruction, retrofit and upgrade of the current Marina and Public Works facilities. The previous conceptual plan approved by the Board of Commissioners in 2006 provided for construction of a new ship's store, a high and dry boat storage facility, renovation and expansion of wet slips and a new boat ramp as well as the upland improvements, parking, etc. Concerns for site circulation and expansion impacts have afforded us an opportunity to revisit the 2006 conceptual plan, and hire a new engineering firm. A new redevelopment plan will also have the benefit of forthcoming recommendations from the recently-appointed Marina Ad Hoc Committee. In addition, the redevelopment plan efforts must provide for design and permitting for the new boat ramp, for which the City received a \$84,580 Florida Boating Improvement Program Grant awarded in the current year. To avoid losing the grant, ramp construction must proceed parallel with the overall redevelopment plan and be completed by June 2008.

5. John's Pass Village: Revenue is generated from the rental of the former Board of Realtors (Fantasy Planet) building and parking meters located in the Village. The rental income from the Fantasy Planet is budgeted consistent with the existing lease agreement. Parking meter rates were recently increased to \$1.00 per hour with the

additional revenue generated over the current year's projection of \$225,000 dedicated to repayment of the Boardwalk Project loan.

The recommended FY 2008 Budget for the John's Pass Village Fund is primarily impacted by repayment of the 2006 General Fund Loan and the 2007 non ad valorem assessment for the Boardwalk Project. The City will complete two smaller, one-time projects in coordination with the John's Pass Merchants' Association in the current year. The first is the joint purchase of a bell for the bell tower at the entrance to the Boardwalk. The City's portion of the project is funded through the accrued balance of proceeds from the sale of memorial bricks. The second is the installation of wayfinding, directional signage. There are no new capital projects proposed for the FY 2008 Budget.

In the past the John's Pass Village Fund has transferred money back to the General Fund to pay for the average cost of one Parks Department employee performing grounds maintenance functions in the Village, as well as \$60,000 which is intended to make the General Fund whole after parking meter revenues were moved to the John's Pass Village Fund in 2002. In light of the additional costs which will be incurred due to more frequent collections necessitated by increasing the parking meter rate, it is appropriate to begin allocating a portion of the cost of the Parking Enforcement function to the John's Pass Village Fund. For FY 2008, this amount is estimated to be \$89,000.

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The recommended Budget continues our trend of reducing staffing levels and discretionary expenses without sacrificing service levels. We have ensured responsible maintenance and repair of existing facilities, streets and equipment replacements. Although the effect of property tax reform on the Budget for FY 2008 has been minimal, it will eventually impact service levels that residents will realize. In the short-term, only those participating directly in programs or seeking approvals will experience the impact of property tax reform. In the future, service and cost reductions for quality of life items such as holiday decorations, fireworks and flags, will be experienced by all residents. The cumulative effect of the property tax reform legislation will be increasingly difficult to meet without sacrificing such discretionary expenses and laying off employees.

Recognizing these eventualities has impacted preparation of the recommended Budget to the extent that we have exceeded the mandatory reduction and initiated plans to address future funding requirements. Fortunately, our responsible actions over the last several years have allowed us to stabilize our enterprise funds and reestablish adequate reserves. Our residents will not only benefit from reduced property taxes, but also by virtue of holding the stormwater utility and sanitation rates constant for the coming year.

I thank all the department heads and staff for their efforts in making voluntary cost reductions and suggesting alternatives for addressing our service delivery needs and expectations. We appreciate the guidance and input of the Board of Commissioners in the budget process and your support for adoption of the recommended FY 2008 Budget.

Respectfully Submitted,

*Jill Silverboard*

Jill Silverboard  
City Manager

## Budget Guide

The Budget is a financial plan for the City. It includes estimates of available resources and appropriations, which are the authority to spend money for specific purposes. The Budget also consolidates and presents City of Madeira Beach information detailing specific policies and operational standards and requirements. This guide is intended to provide the reader with a brief summary of the kind of information contained in each section of this Budget.

The Budget document is divided into ten main sections: Budget Message; Budget Guide; General Fund; Special Projects Fund; Sanitation Fund; Stormwater Fund; Marina Fund; John's Pass Village Fund; Capital Improvement Program; and References. The contents of each section are summarized below.

### I. Budget Message

This section contains the City Manager's transmittal letter, which highlights specific items in the proposed budget in layman's terms.

### II. Budget Guide:

This section contains information relating to the City of Madeira Beach and the budget process of this organization. The guide is divided into the following sections:

- A. Introduction
- B. The City-In-Brief
- C. Vision & Goals
- D. Budget Process
- E. Financial Information

### III. General Fund:

This section sets forth the total General Fund projected revenues and expenditures for the general operations and services of the City. The presentation of the General Fund Budget is segregated into customary summary sections for:

- A. Revenues
- B. Expenditures by Department

Each department may reflect expenditures for multiple programs and/or services. Each departmental expenditure detail is prefaced by a summary and outline of the departmental mission, programs and services. The expenditure detail is supplied in line item format, with additional detail for capital outlay items.

- IV. Special Projects Fund
- V. Sanitation Fund
- VI. Stormwater Fund
- VII. Marina Fund
- VIII. John's Pass Village Fund

Each fund section is prefaced by a summary and outline of the fund's mission and purpose. The summary is followed by customary sections for revenues and expenditures. Like the General Fund, the expenditure detail is supplied in line item format, with additional detail for capital outlay items.

IX. Capital Improvements Plan (CIP):

Section 9 presents the City of Madeira Beach 5-Year Capital Improvements Plan (CIP) with specific presentation of the FY 2008 Capital Improvements Program. The CIP is presented by fund, by project. The various FY 2008 projects are fully described by expenditure component, funding sources and operational impacts. The CIP is generally comprised of one-time, nonrecurring expenditures valued at \$25,000 or more. This section contains its own introduction, policy and procedure explanation, which provides specific details on the classification of CIP projects, priorities and execution. The contents of this section are:

- A. Introduction
- B. General Fund Summary & Details
- C. Special Projects Fund Summary & Details
- D. Marina Fund Summary & Details

X. References:

Section 10 presents a Glossary of Terms and additional reference material to aid in the explanation and review of the budget.

**Budget Guide – Introduction**

Article X, Sections 10.2 and 10.3 of the Madeira Beach City Charter require the City Manager to submit an annual Budget to the City Commission. In accordance with Florida Statutes, Chapter 166, Section 166.241, the Budget prepared and recommended by the City Manager must be balanced in terms of revenues and expenditures. Additionally, the Budget serves as a:

- ✓ Financial Plan – As a financial plan, the Budget reflects the financial condition of the City both in terms of revenues and expenditures and includes financial projections.
- ✓ Policy Document – As a policy document, the Budget reflects the City's budgetary and fiscal policies and philosophies. These policies are established or achieved within the Budget by virtue of expenditure and revenue priorities, renewal and replacement schedules, capital needs, operational needs and various other funding and program mechanisms.
- ✓ Operations Guide – As an operations guide, the Budget provides general direction to the City's departments in terms of providing the financial resources to accomplish the various missions and functions within their respective programs. The guide is also realized by identifying performance goals and objectives for the City Commission and

staff to measure the effectiveness of the City's overall service delivery, operations and programs.

- ✓ Communications Device – The Budget also serves as a communications device among the City Commission, staff and the citizens. To this end, the Budget is written and presented in an easily understood, summary format.

## **Budget Guide – City in Brief**

### **Form of Government:**

The Town of Madeira Beach incorporated in May 1947 and initially contained only the area bounded by 140<sup>th</sup> Avenue and 155<sup>th</sup> Avenue. In August 1951, the Town of Madeira Beach and South Madeira merged to form the City of Madeira Beach, encompassing all the area between 155<sup>th</sup> Avenue and John's Pass. Later that year, the City Manager form of government was approved for implementation. At present, the City Charter states that the form of government shall be the commission-manager plan and that the Board of Commissioners shall consist of five members.

The five member Board of Commissioners consists of one Mayor-Commissioner and four District Commissioners who reside in the district from which they are elected. The term of office for the Mayor-Commissioner is three years and the District Commissioners are elected for two year terms. The Board of Commissioners is the legislative body of the City. They consider and adopt ordinances and enact regulations for the maintenance of good government, the preservation of peace, welfare, health and safety and convenience of the citizens. The Commission also reviews and adopts the City Budget, makes appropriations, levies taxes, holds public hearings for citizen input, appoints committees and establishes municipal policies.

Pursuant to City Charter, the City Manager is appointed by a majority vote of the Board of Commissioners. The City Manager is the chief administrative officer of the City and serves directly at the pleasure of the Board of Commissioners. The City Manager implements policies, directs and supervises the administration of all departments, programs, offices and agencies of the City.

### **Statement of Our Philosophy:**

The City of Madeira Beach is working at all levels to improve the quality of life within our community. Since the Budget is a policy document and serves as a statement of City policy in fiscal terms, it should be viewed as a reflection of the Board of Commissioners' service delivery priorities.

The priority philosophic positions upon which the Budget has been developed include:

- ✓ Quality of life is enhanced by improvements in services, facilities and infrastructure;
- ✓ Adequate staffing levels are necessary to ensure basic services are provided in a responsive and professional manner;

- ✓ Revenues are estimated realistically and conservatively to ensure adequate funding of basic services over time; and
- ✓ Expenditure priority will be given to the appropriate care of the City's existing facilities and infrastructure before considering new or additional facilities and services.

The major goals of the City administration are to:

- ✓ Maintain and enhance the quality of life;
- ✓ Respond to community needs expressed by the Board of Commissioners and the citizens;
- ✓ Seek excellence in service delivery and program improvements;
- ✓ Develop new and balanced revenues to adequately fund City services; and
- ✓ Recognize that our employees are the City's most valuable asset and strive to maintain their salaries and benefits at competitive, yet cost-effective levels.

The employees' overall mission is to provide the highest quality of service possible to all City residents and to all who interact with the City. In all activities, especially the Budget, City employees strive to achieve total customer understanding and satisfaction, maintain the highest standards of honesty, integrity and trust and thereby strive to earn the confidence and trust of the community. City employees share the fundamental belief that the quality of our performance as an organization is directly related to how well we inspire and support each other as colleagues and team members.

### **Budget Guide – Vision & Goals**

At the center of the Budget process is the essential requirement for sound fiscal management and operational decision-making in accordance with the goals and objectives established by the Board of Commissioners, the staff and the community. The establishment of the goals and objectives is dependent in large part upon strategic definition of the City's "Vision" and consistency over time in making decisions that continually support that vision. In 2001 the City of Madeira Beach initiated a Visioning Exercise that allowed the community to participate in a strategic process of identifying Madeira Beach's Strengths, Weaknesses, Opportunities and Threats (SWOT). From that process, the community reached a consensus on the most important issues facing the City of Madeira Beach. Building from the SWOT analysis, the City moved into a preparation of a Master Plan for Madeira Beach.

The City of Madeira Beach Master Plan is predicated upon the citizens' stated desire that:

*The City maintain, as much as possible, the much-heralded small town character of the current community, while at the same time, making positive proposals for moving forward into the 21<sup>st</sup> Century."*

The Master Plan serves as a document to guide the City's legislative, policy and budgetary decisions and priorities. In keeping with that purpose, the City Commission adopted in October 2004 *A Recommended Work Program for the Master Plan* that better delineates the Master Plan priorities and the schedule by which the City will implement the various initiatives. As established therein, following is a list of the geographic and topical priority categories:

- ✓ Gulf Boulevard
- ✓ John's Pass Village
- ✓ Tom Stuart Causeway/150<sup>th</sup> Avenue
- ✓ Madeira Way
- ✓ Civic Initiatives
- ✓ Legislative & Policy Initiatives

### **Budget Guide – Budget Process**

Under the provisions Article X, Section 10.4 of the City of Madeira Beach Charter, the Board of Commissioners "shall by ordinance adopt a Budget setting forth the amounts necessary to be raised for the various department of the City and fixing the amount of millage to raise such sum." Pursuant to Article X, Section 10.2 of the City of Madeira Beach Charter, 90 days before the beginning of the fiscal year (October 1<sup>st</sup>), the City Manager shall present a report covering the operation of the City with an estimate of the expenditures and revenues of the City for the next fiscal year. To accomplish this, the City Manager issues Budget instructions, conducts Budget preparation sessions, and communicates regularly with department staff.

This guidance provides the overall "rules of the game" within which the more detailed Budget instructions and coordinating efforts are developed. The following are key procedural steps in the City's Budget development process. Note that the process below is indicative of our standard Budget calendar, which began in March of this year, but may be adjusted for future processes.

#### Calendar:

The Finance Director and City Manager maintain a calendar that provides a schedule for Budget preparation and adoption. In general, the calendar is primarily provided for the administrative purpose of establishing deadlines and guiding the Budget preparation process. A copy of the FY 2008 Budget Preparation Schedule is provided below:

#### **City of Madeira Beach Tentative 2007/08 Budget Calendar**

<b>March 28, 2007</b>	Pre-budget meeting with Department Directors Finance to review Budget Manual and budget submission forms
<b>N/A</b>	<i>Staffing Request Forms</i> due to Finance
<b>April 13, 2007</b>	<i>Revenue Forecast Forms</i> for NEW revenues due to Finance
<b>April 27, 2007</b>	C.I.P. and Departmental operating and capital budget requests due to Finance (must use proper <i>justification forms</i> )
<b>May 14, 2007 (MON)</b>	Special Meeting with Commission (Pre-budget workshop items)
<b>May 23, 2007</b>	Estimate of Taxable Values provided by Property Appraiser
<b>May 31, 2007</b>	Budget due from Finance to City Manager

June 12-14, 2007	City Manager to review budget requests with Department Directors
June 20, 2007	Property Appraiser delivers Certification of Taxable Values (DR-420)
June 22, 2007	Finance to complete changes in budget City Manager to complete Budget Message
June 26, 2007	Commission to propose a millage rate
June 29, 2007	Finance to deliver Proposed Budget and C.I.P. to Commission (Due July 1 per Charter, Sections 10.2 & 10.3)
July 17-19, 2007	Individual commissioners to review Proposed Budget with City Manager and Finance Director
July 24, 2007	Finance to advise Property Appraiser's Office of proposed millage rate and date/time/place of 1 <sup>st</sup> public hearing (DR-420)
August 7, 2007	Commission to workshop budget
August 21, 2007	Commission to workshop budget (if needed)
Sept. 2 & 9, 2007	City Clerk to publish budget ordinance by title (per Charter, Section 10.4)
Sept. 12, 2007 (WED)	First Public Hearing on Budget (Adopt tentative budget and millage rate)
Sept. 23, 2007	City Clerk to advertise intent to adopt a final budget and millage rate (within 15 days after 1 <sup>st</sup> PH and 2-5 days before 2 <sup>nd</sup> PH)
Sept. 25, 2007 (TUES)	Final Public Hearing on Budget (Adopt final budget & millage rate)
September 28, 2007	Finance to forward ordinance adopting final millage rate to Property Appraiser and Tax Collector (within 3 days of adoption)
October 12, 2007	Finance to send final millage rate to Property Appraiser (DR-422)
October 26, 2007	Finance to certify compliance with TRIM to Dept. of Revenue (must be postmarked not later than 30 days after adoption of final budget and millage rate)

### Budget Adjustment & Amendment:

In accordance with Section 10.5 of the City Charter and the City's operating procedures, the Board of Commissioners may by Resolution adjust or amend the Budget through supplemental appropriations, reduction of appropriations, and intra-fund transfer of appropriations. Adjustment of the Budget involves a reallocation of existing appropriations within each fund and does not change the Budget "bottom line." Amendment of the Budget involves an addition to or reduction of existing appropriations.

#### A. Adjustment

Under the first method, departmental expenditures and requirements are monitored throughout the year. Certain departments may develop the need for additional expenditure authority to cover unanticipated costs that cannot be absorbed within the Budget, while other departments will not require their full Budget authorizations. The Finance Department reviews and analyzes all departmental Budgets to determine what

adjustments are necessary and whether the adjustments can be made within existing appropriation limits. These changes are then reviewed with the affected department. When an adjustment is needed, Finance will look first to savings or cost reductions within the department, followed by overall Budget reductions and finally transfers between departments, which require Board of Commissioners approval.

## B. Amendment

Amending the City Budget occurs whenever the requested changes will cause the existing appropriation level for the program to change. This situation generally occurs when the Board of Commissioners authorizes additional appropriations. This is done by ordinance to amend the original Budget and states the sources of funding for the incremental appropriations.

## **Budget Guide - Financial Information**

### A. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. The term measurement in this definition relates to the accounting of revenues and expenditures and how they are grouped for reporting in the City's financial statements.

The City of Madeira Beach financial reports are maintained on a modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

All governmental funds are accounted for using a current financial resources measurement focus. Only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

Encumbrances represent expenditure commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

## B. Basis of Budgeting

The basis of budgeting refers to the conversions for recognition of costs and revenue in budget development and in establishing and reporting appropriations that are the legal authority to spend or collect revenues. The City uses a modified accrual basis for budgeting governmental funds. All operating and capital expenditures and revenue are identified in the budgeting process because of the need for appropriation authority.

The budget is fully reconciled to the accounting system at the beginning of the fiscal year, and in preparing the CAFR at the end of the fiscal year. A number of GAAP adjustments are made to reflect balance sheet requirements and their effect on the budget. These include changes in designations and recognition, via studies and analysis, of accrued liabilities. Amounts needed for such long-term liabilities as future payoff of accumulated employee vacation is budgeted as they budgeted as projections and once recognized are adjusted for actual amounts.

## C. Internal Control Structure

The internal control structure is designed to provide reasonable, but not absolute, assurance that the government is protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the annual financial statements in conformity with generally accepted accounting principles.

The internal control structure is the responsibility of the Finance Director and the City Manager to establish and maintain. This concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of cost and benefits require estimates and judgment by management.

## D. Level of Budgetary Control

Legal budgetary control is maintained at the department level. Expenditures may not exceed Budget appropriations. Per the City's Charter, the City Manager is authorized to transfer budgeted amounts within departments of a fund; however, any revision that alters the total expenditures of any department or fund must be approved by the City Commission. The City of Madeira Beach adopts Budget amendments by ordinance in accordance with the City Charter.

**THE CITY OF  
MADEIRA BEACH,  
FLORIDA**

**ELECTED OFFICIALS**

Charles H. Parker, Mayor

DISTRICT 1 – Arnold Alloway

DISTRICT 2 – John Wolbert, Vice Mayor

DISTRICT 3 – Nancy Oakley

DISTRICT 4 – Steve Kochick

**CITY MANAGER**

Jill Silverboard

**CITY CLERK**

Denise Schlegel

**CITY ATTORNEY**

Michael Connolly

**STAFF**

COMMUNITY DEVELOPMENT DIRECTOR

Paula Cohen

COMMUNITY SERVICES DIRECTOR

Michael Maxemow

FINANCE DIRECTOR

Monica Mitchell

FIRE CHIEF

Derryl O'Neal