



Introduction to Government Finance

FINANCE DEPARTMENT

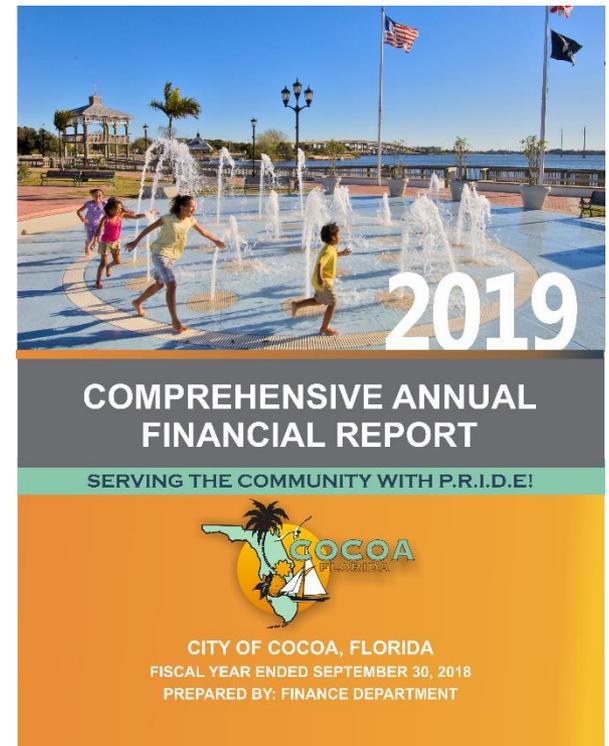
December 3, 2020

EXHIBIT B: Introduction to
Government Finance
Presentation

Finance Department Responsibilities



- Comprehensive Annual Financial Report (CAFR)
- Annual Audit
- Internal Controls
- Grant Compliance
- Budget Development
- Budgetary Analysis
- Purchasing
- Utility Payments
- Utility Meter Services
- Utility Billing
- Audits



Fund Types



- **Governmental Funds (current resources)**
 - General Fund – available for general purposes
 - CRA
 - Capital Projects
 - Other Special Revenue Funds
- **Proprietary Funds (business-like)**
 - Water/Sewer Fund
 - Stormwater Fund
- **Internal Service Fund (cost recovery/break-even)**
 - Health Insurance Fund
 - Workers' Compensation Fund

General Fund Fund Balance Reserve Policy

Fund Balance Reserve Policy - to ensure there will be adequate liquid resources to serve as a financial cushion for the General Fund.

- A minimum reserve requirement of 33% of total operating expenditures + \$500,000 capital replacement reserve.
- Only used for Capital and One-Time expenses and cannot sustain recurring expenses
- Utilize available Fund Balance to fund projects
 - Emergency Response- Pandemic, Natural Disaster... (\$4,091,410 – recent hurricanes; apx \$1M – COVID-19);
 - Catalytic Capital/Economic Projects to enhance overall City growth and quality of life

FY21 Fund Balance Reserves = \$11,995,106 (min. Reserve + Capital Reserve)



Stormwater Minimum Reserve Policy

Maintain a minimum unrestricted cash reserve = to 4 months operating & maintenance expenses

FY21 Reserve = \$335,446



Water/Sewer Utility Fund Working Capital Reserve Policy

Maintain a minimum unrestricted cash reserve = to 6 months operating & maintenance expenses

Per bond covenants – maintain Renewal & Replacement reserve of \$2,750,000 every year

Debt Service Reserve per bond covenants = \$1,891,950

FY21 Reserve = \$7,109,544 (Cash Reserve Only)



Budget Adoption



Budget Development



- ☞ Fiscal year is 10/1 to 9/30
 - ☞ Budget must be balanced per Florida Statutes
 - ☞ Must be adopted by Oct. 1 of each year
 - ☞ Must adopt during the budget process:
 - Proposed Millage Rate
 - Proposed Budget
 - Tentative Millage Rate and Budget
 - Final Millage Rate and Budget
- Must be completed by dates established in TRIM

Truth in Millage (TRIM) Timeline



July

Brevard County Property Appraisers Office, sends Property Valuation Estimates and City Council Sets the Proposed Millage Rate. This Proposed Millage Rate is then Certified.

August

Brevard County Property Appraisers Office sends out “Notice of Proposed Property Tax”, which advertises the date time and place of the first Public Hearing.

September

- First Public Hearing held to Adopt a Tentative Budget and Millage Rate.
- Final Public Hearing to Adopt a Final Budget and Millage Rate.

Cocoa Budget Calendar



February

Capitol Improvement Projects (CIP) 5 Year Planning/Update

March

Budget Priorities Workshop / Department Entry

April

Finalize the CIP

May

Budget Module closes for entry / Departmental Meetings

June

Financial Sustainability and Budget Workshop

July

TRIM City Council sets the Proposed Millage Rate

August

Hold Public Hearings for Utility Rates, Fire Assessment & Stormwater Assessment

September

Hold Two Public Hearings for Budget and Millage Rates

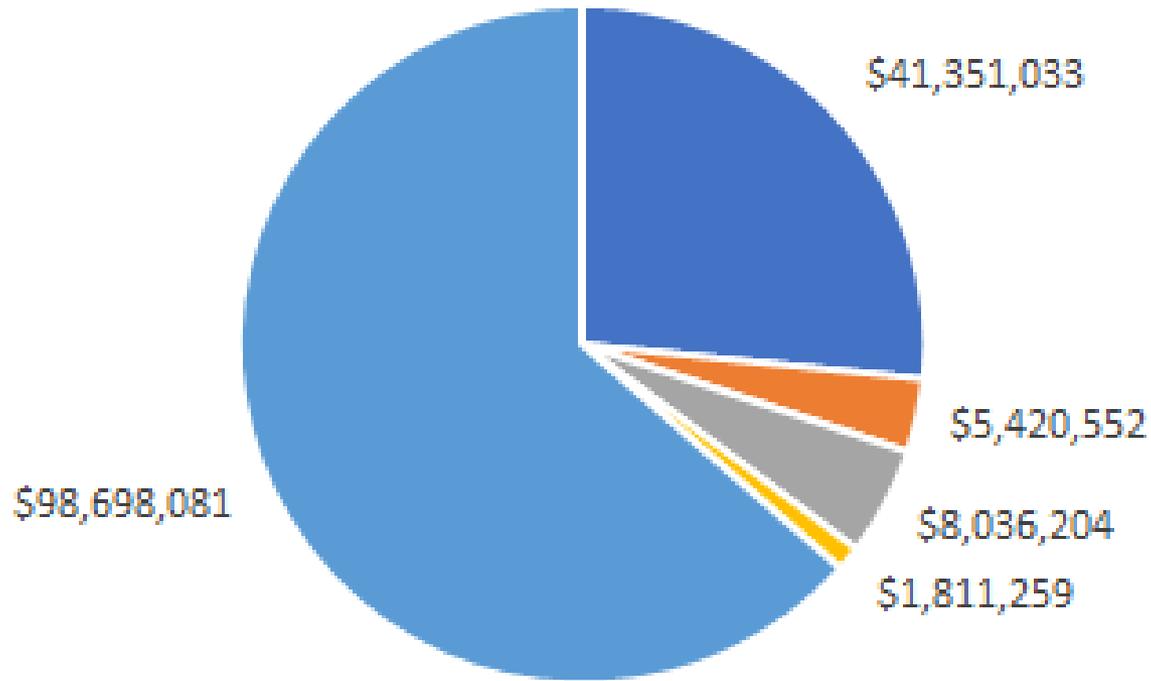
CITIZEN
INPUT

FY 21 Adopted Budget



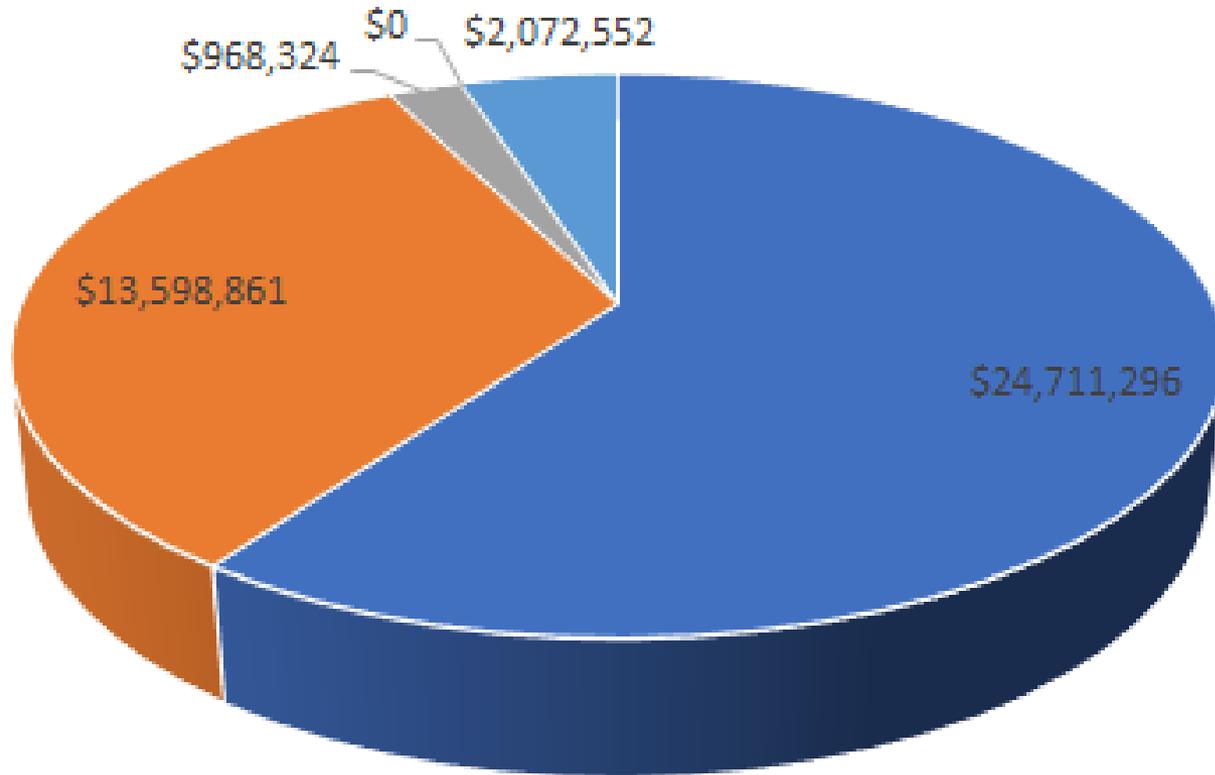
FUND	FY 2021 FINAL	% of FY2021 BUDGET
Capital Project Funds	\$91,628	0.1%
General Fund	\$41,351,033	26.6%
Building Permit Fund	\$536,646	0.3%
G.F. Debt Service Fund	\$1,745,706	1.1%
Special Revenue Funds	\$3,046,572	2.0%
Self Insurance Funds	\$6,827,260	4.4%
Workers Compensation Fund	\$1,208,944	0.8%
Stormwater	\$1,811,269	1.2%
Water/Sewer Fund	\$75,186,987	48.4%
Water/Impact Fees	\$2,233,605	1.4%
Renewal & Replacement	\$11,484,879	7.4%
WS Capital Project 2018 Bond Fund	-	-
WS Debt Service Fund	<u>\$9,792,610</u>	<u>6.3%</u>
TOTAL	\$155,317,139	100%

FY 2021 Adopted Budget by Fund



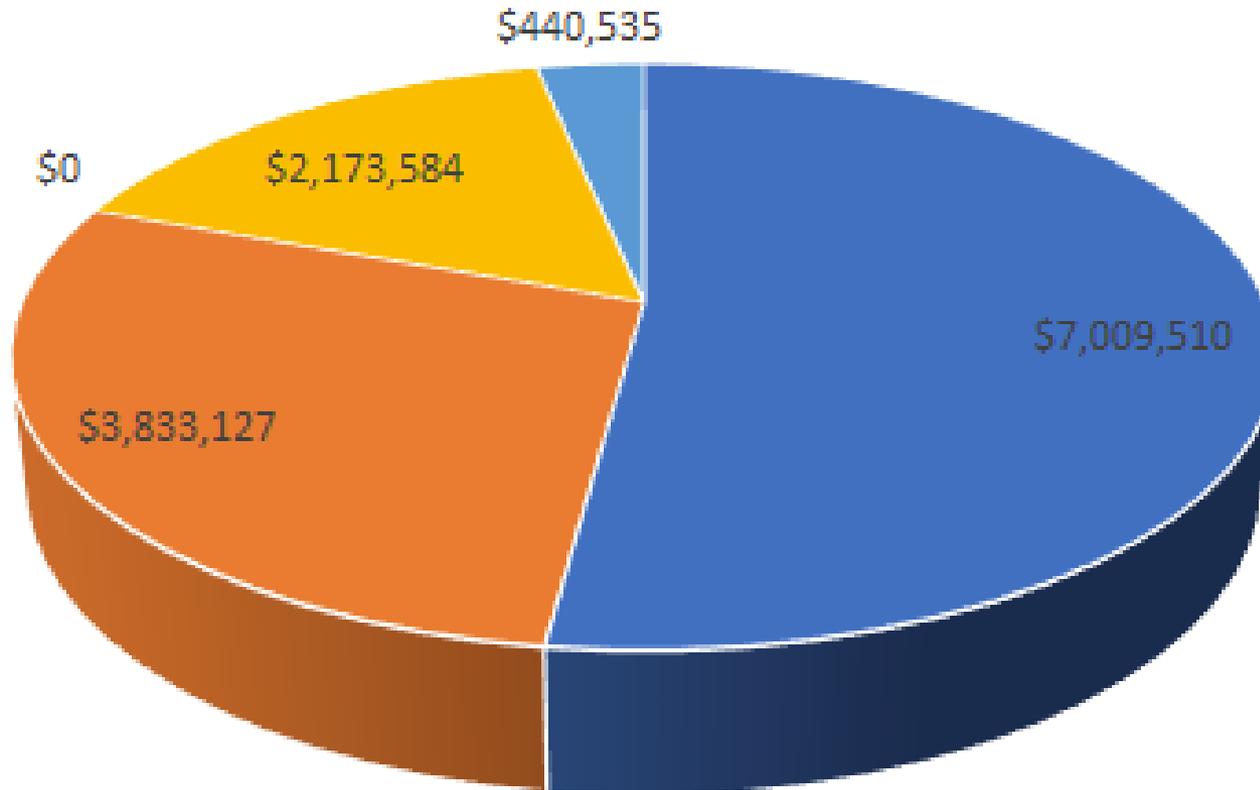
- General Fund
- Other Funds
- Internal Service Funds
- Sormwater Fund
- W/S Utility Fund

FY21 General Fund Budget



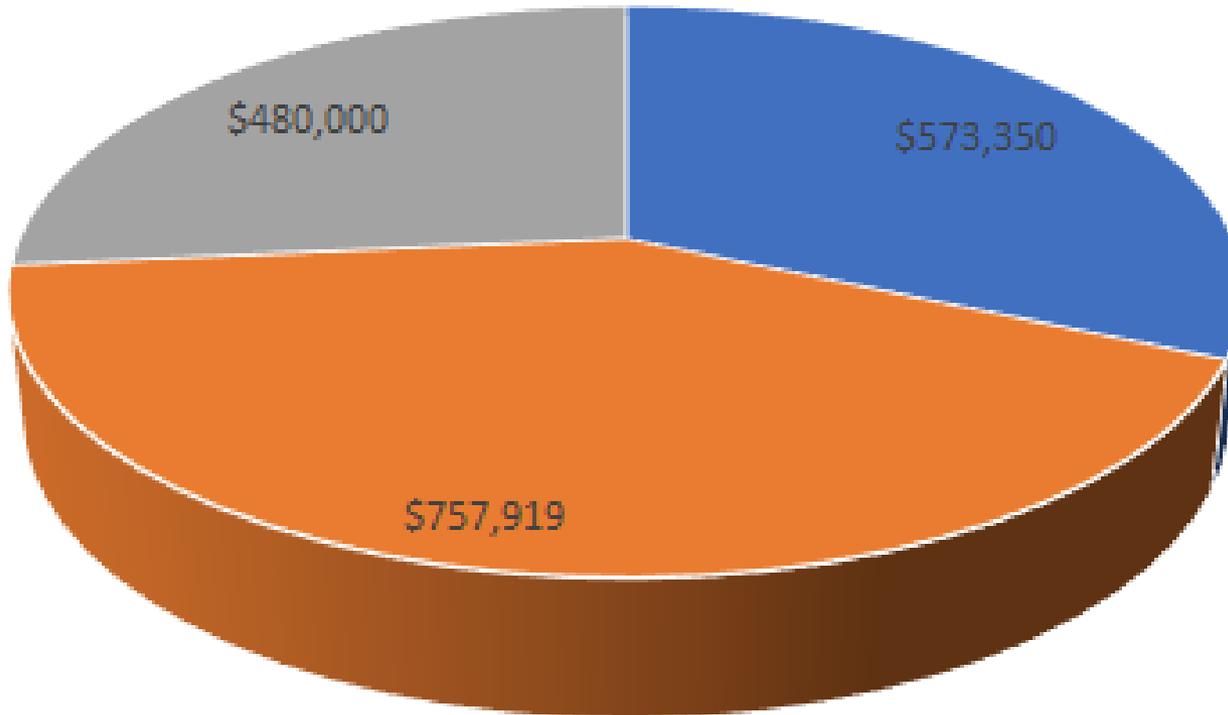
- Personal Services
- Operating
- Capital
- Debt
- Transfers

All Other Governmental Funds



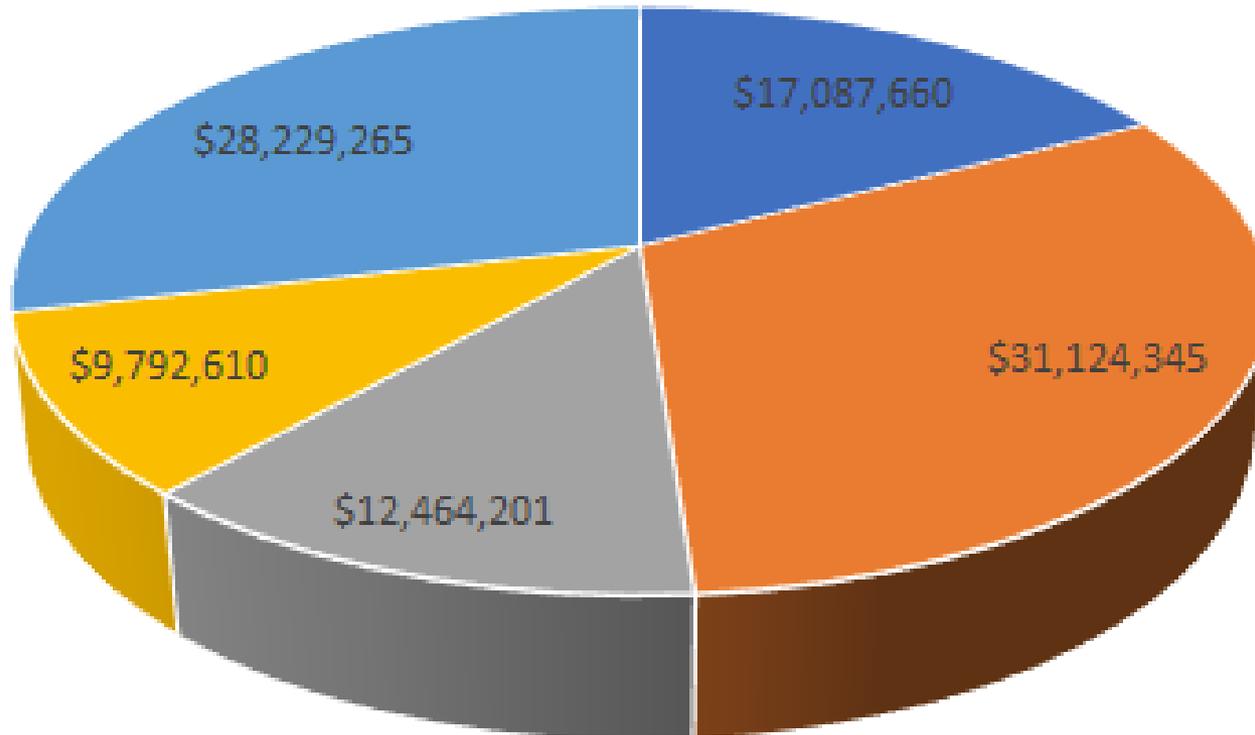
■ Personal Services ■ Operating ■ Capital ■ Debt ■ Transfers

FY21 Stormwater Budget



■ Personal Services ■ Operating ■ Capital

FY21 Water/Sewer Utility Fund Budget



■ Personal Services ■ Operating ■ Capital ■ Debt ■ Transfers

General Fund Budget Adoption

1. Review increases in property values
2. Review/forecast/plan other revenues
3. Review personal services – personnel needs and benefits
4. Review operational needs – provision of basic services and mandated operational components
5. Review capital needs and requests from departments
6. FAMS analysis/sustainability analysis with Stantec/verification the budget will be sustainable for utility
7. Determine what can be taken out of budget or deferred if costs exceed revenues
8. Balance budget



Historical Review

Ad Valorem Tax Base



Fiscal Year	Valuation	% of Change
FY2009	\$1,168,009,451	(0.9%)
FY2010	\$1,025,224,075	(12.2%)
FY2011	\$906,460,404	(11.6%)
FY2012	\$797,859,898	(12.0%)
FY2013	\$771,155,034	(3.3%)
FY2014	\$773,867,625	0.4%
FY2015	\$780,867,625	0.9%
FY2016	\$817,760,975	4.7%
FY2017	\$858,558,414	5.0%
FY2018	\$890,566,389	3.5%
FY2019	\$971,766,039	8.8%
FY2020	\$1,099,762,247	13.2%
FY2021	\$1,166,698,204	6.0%

FY2020 Millage Rates



Ranking	City	Current	Rolled-back	Adopted
1	Satellite Beach	8.8212	8.3428	8.7000
2	Palm Bay	8.4500	7.8995	8.4500
3	Titusville	7.9517	7.4951	7.7210
4	Melbourne	7.1878	6.8023	7.1878
5	Rockledge	6.2000	5.9223	6.1000
6	Cocoa	5.9790	5.7844	5.9790
7	Indialantic	6.2853	5.7743	5.9484
8	Cocoa Beach	5.7298	5.4480	5.8294
9	Cape Canaveral	3.8288	3.7495	3.7359
10	West Melbourne	2.6017	2.4936	2.6017

Note: The City of Cocoa Adopted Millage Rate has been the same since FY2015

FY2021 Gross Taxable Values



Ranking	City	Gross Taxable Value (in thousands)	Population	Millage Rate
1	Melbourne	\$5,735,844	83,349	6.8650
2	Palm Bay	\$4,814,134	115,322	7.8378
3	Titusville	2,238,078	46,497	7.9359
4	Cocoa Beach	\$2,196,822	11,328	5.8294
5	West Melbourne	\$1,909,861	23,607	2.5087
6	Rockledge	\$1,707,607	27,292	6.0500
7	Cape Canaveral	\$1,407,449	10,241	3.6396
8	Cocoa	\$1,166,698	19,328	5.9790
9	Satellite Beach	\$1,070,005	11,088	8.6312
10	Indialantic	\$448,309	2,913	6.0923

Note: The City of Cocoa Adopted Millage Rate has been the same since FY2015

FY2021 Property Taxes Collectible



Ranking	City	Property Taxes	Population	Millage Rate
1	Melbourne	37,407,741	83,349	6.8650
2	Palm Bay	35,845,607	115,322	7.8378
3	Titusville	16,873,101	7,9359	7.9359
4	Cocoa Beach	12,165,849	11,328	5.8294
5	Rockledge	9,814,472	27,292	6.0500
6	Satellite Beach	8,773,654	11,088	8.6312
7	Cocoa	6,626,904	19,328	5.9790
8	Cape Canaveral	4,866,424	10,241	3.6396
9	West Melbourne	4,551,704	23,607	2.5087
10	Indialantic	2,594,669	2,913	6.0923

Note: The City of Cocoa Adopted Millage Rate has been the same since FY2015

FY2021 Ad Valorem per Capita



Ranking	City	Gross Ad Valorem Taxes	Amount Paid per Capita	Population	Ad Valorem as % of Total Revenue
1	Cocoa Beach	12,165,849	1,073.96	11,328	39%
2	Indialantic	2,594,669	890.72	2,913	63%
3	Satellite Beach	8,773,654	791.27	11,088	54%
4	Cape Canaveral	4,866,424	475.19	10,241	39%
5	Melbourne	37,407,741	448.81	83,349	36%
6	Titusville	16,873,101	362.89	46,497	32%
7	Rockledge	9,814,472	356.91	27,292	41%
8	Cocoa	6,626,904	342.87	19,328	18%
9	Palm Bay	35,845,607	310.83	115,322	38%
10	West Melbourne	4,551,704	192.81	23,607	22%

Property Increases Due to New Construction



Fiscal Year	New Construction	% of Increase
FY21	\$15,283,427	22.83%
FY20	\$50,168,675	39.20%
FY19	\$25,192,917	31.03%
FY18	\$7,322,322	22.88%
FY17	\$15,059,110	36.91%

Setting the Millage Rate



Options:

- **Rollback Rate** – millage rate to collect same amount of taxes as PY excluding new construction
- **Keep the Same** – results in tax increase
- **Majority Vote** – rolled back rate + % change in per capita FL personal income
- **2/3 Vote** – up to 110% of the majority vote max millage rate
- **Unanimous or Referendum** – any millage up to 10 mills

Your Tax Dollar

School Board
\$0.35



City of Cocoa
General Fund
\$0.33



Brevard County
General Fund
\$0.22



Brevard
County
Other
\$0.08



Other
\$0.02



General Fund FAMS Model

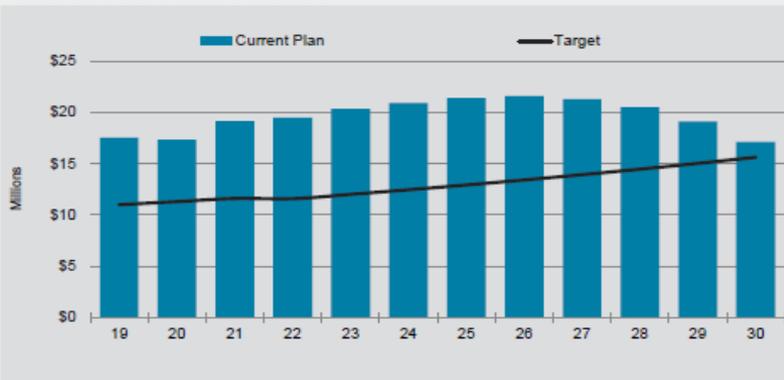


City of Cocoa, FL

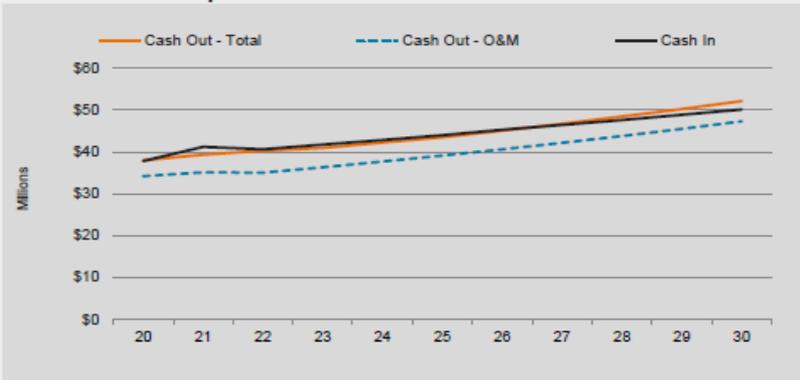


	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Millage Rate	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790	5.9790
Existing Property Value Adj	12.6%	6.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
New Construction	N/A	N/A	1.0%	3.1%	1.0%	2.1%	3.2%	1.0%	1.0%	1.0%	1.0%
Cash Flow Surplus/(Deficit) \$M	\$ (0.19)	\$ 1.85	\$ 0.34	\$ 0.83	\$ 0.58	\$ 0.48	\$ 0.20	\$ (0.28)	\$ (0.81)	\$ (1.39)	\$ (2.01)
End of Year Fund Balance \$M	\$ 17.31	\$ 19.16	\$ 19.50	\$ 20.33	\$ 20.90	\$ 21.38	\$ 21.58	\$ 21.30	\$ 20.49	\$ 19.11	\$ 17.10
Target Fund Balance \$M	\$ 11.29	\$ 11.59	\$ 11.57	\$ 12.00	\$ 12.45	\$ 12.91	\$ 13.40	\$ 13.92	\$ 14.46	\$ 15.02	\$ 15.62
Balance % of Expenses	50.60%	54.54%	55.61%	55.90%	55.43%	54.65%	53.14%	50.51%	46.78%	41.98%	36.13%

End of Year Fund Balance



Revenues vs. Expenses



Balancing the General Fund Budget

Ad Valorem Revenue FY21	\$ 6,626,904
Police Budget	\$10,485,570
Fire Budget	<u>\$ 6,628,150</u>
Net	(\$10,486,816)
Fire Assessment Collections	<u>2,614,500</u>
Difference (shortage)	(\$7,872,316)

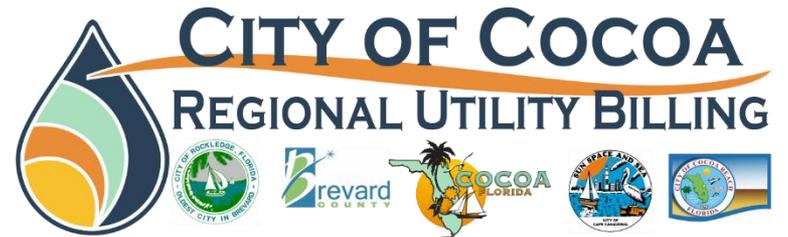
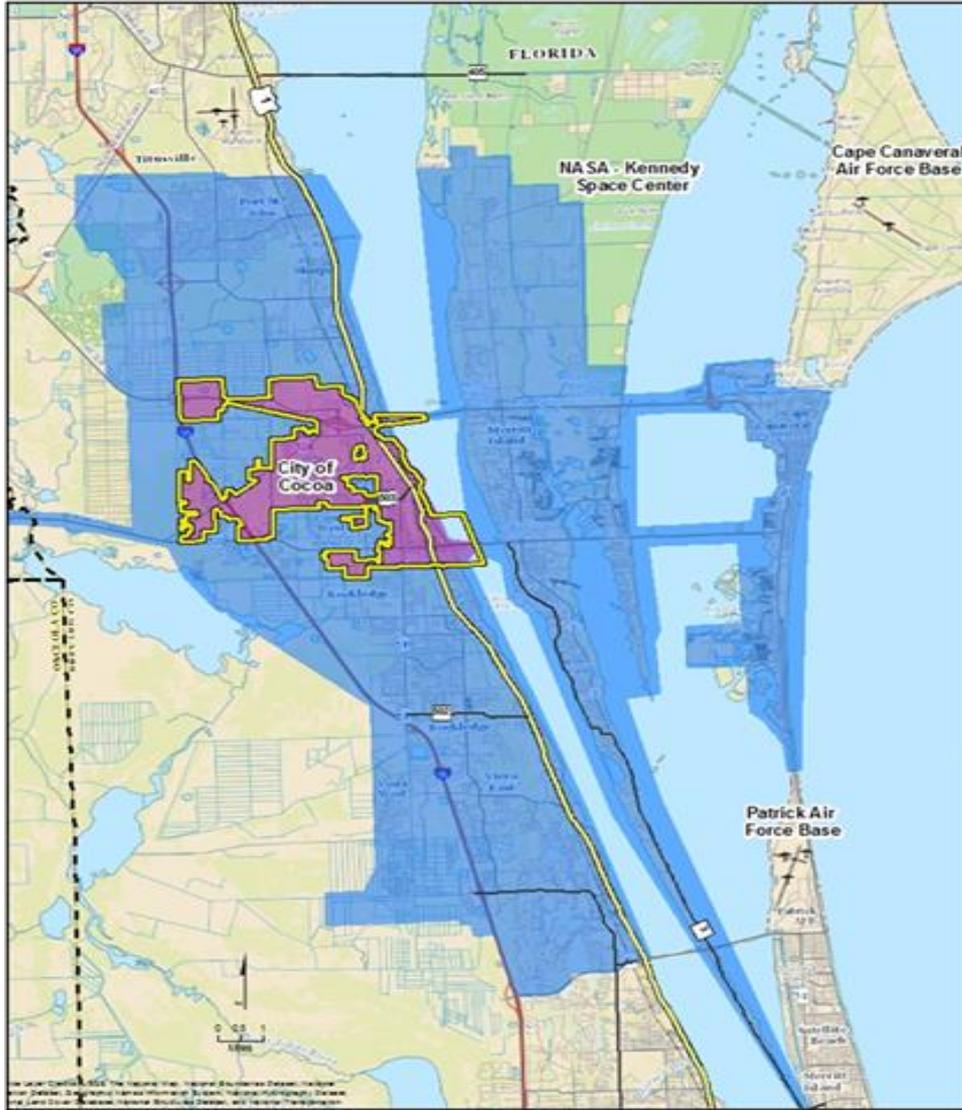


Balancing the General Fund Budget

Total General Fund Revenue	\$ 41,351,033.00
Utility Related Fees:	
W/S Admin Fees	6,585,764
Return on Investment (ROI)	7,810,388
Payment in Lieu of Franchise Fees	1,374,993
UT Billing Service Charges	<u>2,600,546</u>
Total Utility Fund Support	\$ 18,371,691.00
General Fund Revenue without Utility Support	\$ 22,979,342.00
Less:	
Police	10,485,570
Fire	6,628,150
General Fund Payment to CRAs	<u>978,560</u>
Amount Available to Fund all Other GF Services	\$ 4,887,062



Cocoa Regional Utility



Water & Sewer Fund Budget Adoption

1. Review changes in costs
2. Review adopted 5-year planned revenues
3. Review personal services – personnel needs and benefits
4. Review operational needs – provision of basic services and mandated operational components
5. Review capital needs
6. Review net position and compliance with bond covenants
7. FAMS analysis/sustainability analysis with Stantec/verification the budget will be sustainable for utility
8. Adjust utility rates or determine what can be taken out of budget or deferred if costs exceed revenues
9. Balance budget



Water/Sewer FAMS Model



FAMS-XL

City of Cocoa, FL

Water & Sewer Fund



Calc Save Ctl List Ovr

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2023	FY 2028
Water Rate Plan	0.00%	5% Annual Rate Adjustments		0%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	27.0%	26.97%
Sewer Rate Plan	0.00%			0%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	27.8%	27.81%
Reuse Rate Plan	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%		
Senior-Lien DSC	2.74	3.03	3.03	3.26	2.94	3.05	2.78	2.83	3.45	3.43	3.59		
Subordinate DSC	5.39	5.90	6.35	7.84	8.84	10.56	14.10	23.32	27.25	28.94	31.31		
Avg WS Bill (5 Kgal)	\$82.94	\$87.08	\$91.44	\$96.03	\$100.87	\$105.74	\$109.96	\$114.34	\$118.94	\$123.71	\$127.89		

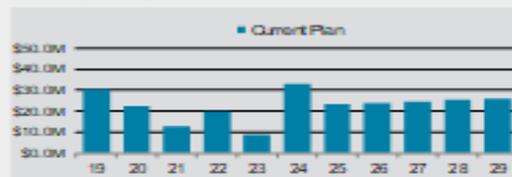
Scenario Manager
2019 Rev Calculated

Strong debt service coverage

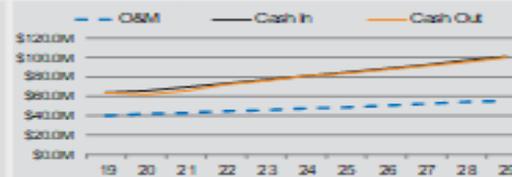
Operating Fund



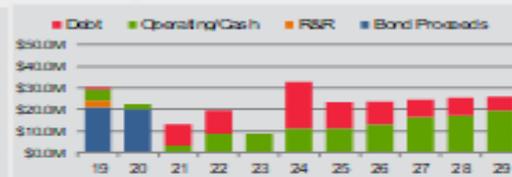
CIP Spending



Revenues vs. Expenses



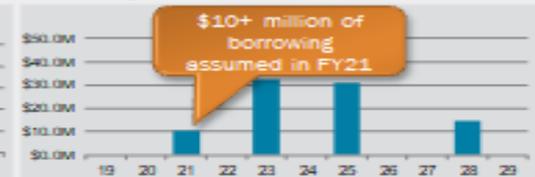
CIP Funding



Expenses by Type



Borrowing



Stormwater Fund Budget Adoption

1. Review changes in costs
2. Review adopted 5-year planned revenues and CIP
3. Review personal services – personnel needs and benefits
4. Review operational needs – provision of basic services and mandated operational components
5. Review net position
6. FAMS analysis/sustainability analysis with Stantec/verification the budget will be sustainable for utility
7. Adjust stormwater rates or determine what can be taken out of budget or deferred if costs exceed revenues
8. Balance budget



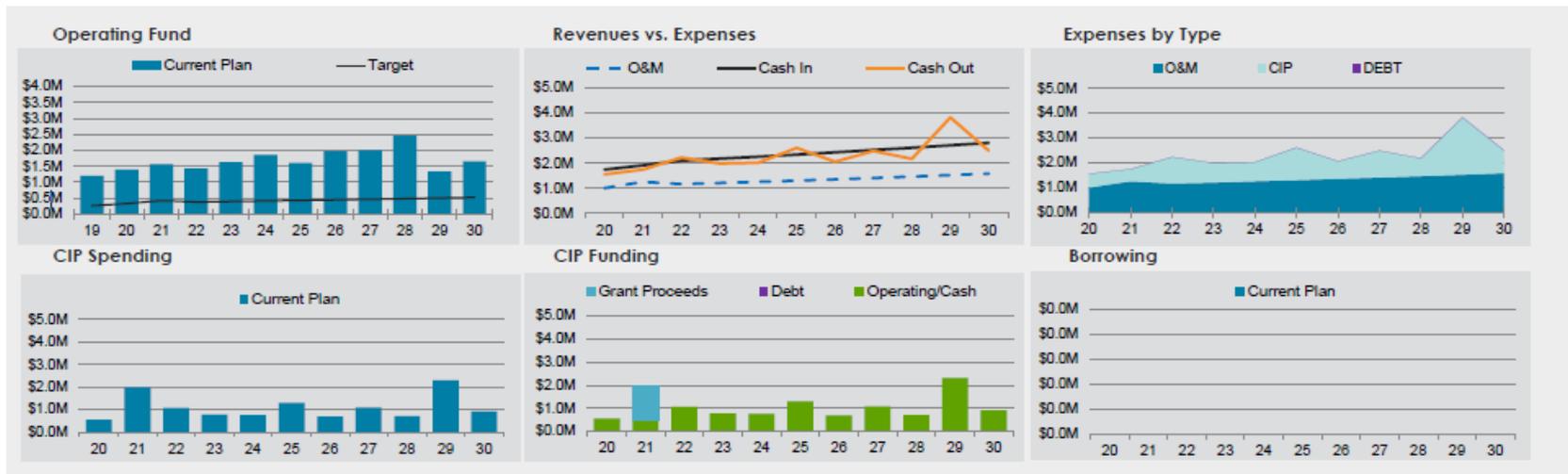
Stormwater FAMS Model



CITY OF COCOA, FL



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025	FY 2030
Revenue Adjustment Plan	0.00%	9.00%	9.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	29.83%	50.50%
Tier 1 SFR Assessment	\$71.96	\$78.43	\$85.49	\$88.05	\$90.69	\$93.42	\$96.22	\$99.10	\$102.08	\$105.14	\$108.29		
Tier 2 SFR Assessment	\$110.71	\$120.67	\$131.53	\$135.48	\$139.55	\$143.73	\$148.04	\$152.48	\$157.06	\$161.77	\$166.62		
Tier 3 SFR Assessment	\$192.64	\$209.97	\$228.87	\$235.73	\$242.81	\$250.09	\$257.59	\$265.32	\$273.28	\$281.48	\$289.92		
Annual \$ Change (Tier 2)		\$9.96	\$10.86	\$3.95	\$4.06	\$4.19	\$4.31	\$4.44	\$4.57	\$4.71	\$4.85		



Other Budget Considerations



- Upcoming labor union negotiations
- Future State mandates
- Computer Systems requirements
- Major construction projects
- Solid Waste contract expiration
- Competitive Salaries
- COVID-19 Impact