

**CITY OF DUNNELLON
PROPOSED
FISCAL YEAR 2021-2022
BUDGET SUMMARY**

**SECOND PUBLIC HEARING
SEPTEMBER 27, 2021**



CITY OF DUNNELLO

20750 River Drive
Dunnellon, FL 34431
(352) 465-8500
FAX (352) 465-8505

Budget Message

September 2021

Honorable Mayor and City Council

Pursuant to Part 1, Section 20 of the City Charter, the proposed budget for Fiscal Year (FY) 2021-2022 is submitted for review and adoption by the City Council.

The first document is the FY 2021-2022 Proposed Budget Summary. This document provides a line item review of multiple prior fiscal years actuals, FY 2020-2021 budget, actuals as of June 30, 2021 and projected year end 2021. This document is designed to provide the reader the opportunity to make a comparison between FY 2020-2021 and the proposed budget for FY 2021-2022.

The second document, FY 2021-2022 Detail Line Item Budget, provides the individual amounts that make up the total of each line item. These two documents combined represent the City's budget plan for the upcoming fiscal year.

Fiscal Year 2020-2021 Budget Highlights

General Fund

Transfers-in are projected to come in under budget primarily due to capital projects advancing to the new fiscal year as follows:

- Repaving Ohio and Cedar Streets-\$548,000
- Construction/Rehabilitation of the Police Facility-\$365,000
- Continuation of the City's storm water asset mapping project in the amount of \$122,500 as match for a grant from South West Florida Water Management District. The City is responsible for 50% of the cost of the project for a total of \$142,500.
- Replacement of City Hall carpet and flooring-\$32,268

Revenue is projected to come in over budget primarily due to the following:

- Taxes are estimated to come in \$185,335 greater than budget primarily due to continuation of the 1% Discretionary Sales Surtax for an additional 4 years
- Building permit revenue is projected to be greater than budget \$25,662.

Expenses for FY2020-2021 are projected to be \$1,005,660 under budget. This is primarily due to:

- Projects carried forward or postponed as outlined in the transfers-in portion of this report.

The net effect to the overall General Fund budget is a projected surplus of \$271,259 that will be deposited into reserves subject to year-end audit as follows:

- 1% Discretionary Sales Surtax - \$188,859 – due to extension of voter approved tax.
- \$12,953 to be reserved for capital expenditures per the City's Fund Balance Policy.
- \$69,447 – General Fund Unrestricted reserve

This is a result of staff managing the General Fund budget six consecutive years without needing to draw from reserves to cover operating costs.

As of June 30, 2021 the General Fund cash on hand is \$5,594,528. These funds are allocated among unassigned, assigned, and committed reserves with varying restrictions as to when and how they are used either by Council or State Statute.

General Fund Accomplishments –

- Water, sewer and road resurfacing improvements in the Historic District are complete. The City received grant funding from DEO and the State Legislature that provided funding in the amount of \$950,000 for the \$1.1M project. The City contribution to the project was \$103,357 for road resurfacing.
- Construction of a 33 space parking lot – Short Tower Way-\$148,654.
- Fulfilled Goal #3 of the Economic Development Strategy “Promote Entrepreneurship” by providing the venue for the CEP Fast Track Program.
- Departmental/Staff restructure for a net savings of \$22,635
- Other capital needs or projects addressed:
 - City Beach shade shelter
 - 3 Patrol Vehicles-75% grant funded through USDA
 - Increased police presence on the Rainbow River
 - Completed 1st full year of Fund Balance Policy implementation
- As a result of the COVID-19 pandemic city staff continued the availability of multiple options for the public to participate in City meetings. The public can participate in-person or remotely through the Zoom webinar platform or view the City's YouTube Channel.

Tax Increment Financing District (CRA)

Expenses:

- Construction of a 73 space parking lot, resurfaced basketball court and construction of a pickle ball court at Ernie Mills Park - \$408,191
- Funding reserved and set aside for grants to residential and commercial property owners to assist with property renovations \$70,390. To date applications in the amount of \$2,880 have been received and processed.
- On February 11, 2019 City Council moved to authorize Marion County to commence with the Blue Run of Dunnellon Park restroom project in accordance with the Management Plan, site plan and construction drawings as presented by Marion County. Of the \$30,000 contribution \$12,000 remains in the budget towards design & permitting and has been carried forward to FY2021-2022. Marion County is overseeing the project and to date has not pulled the building permits with the City.
- 125 Anniversary Park. \$47,507 has been carried forward to FY2021-2022.

Grant funding with FDOT in the amount of \$3M for a Multi-Modal Enhancement project for redesign and inclusion of a bike path along East Pennsylvania Ave./CR 484 to include bridge construction within the project area is pending. The CRA board has committed \$350,000 over the next seven years as a local match to help fund this project. The City, through an interlocal agreement with Marion County, will set aside a minimum of \$50,000 per year. To date \$303,760 has been set aside.

Fiscal Year 2021-2022 Budget Highlights

This will be the 5th year the City has successfully held the millage rate at 6.5 mills after reducing it from 7.5 mills. The 6.5 millage rate is 3.18% greater than the rollback rate of 6.2995 mills. Property values have increased approximately 4% citywide. The City will realize an increase of \$59,231 in ad valorem proceeds by keeping the millage rate the same as FY 2020-2021. The proposed millage rate for the Certification of Taxable Value is 7.0 mills, which was approved at the July 14, 2021 council meeting. The budget is balanced without utilizing reserves to offset operational cost.

Budget workshops were held July 7th, July 21st, August 18th and September 1st. Two public hearings with regard to the millage rate and the budget will be held on September 13th and September 27th at 5:30 pm.

General Fund

The FY 2021-2022 proposed General Fund Operating Budget is \$4,152,556 and consists of the following percentages of the total budget: Personnel Expenses 34.2%, Operating Expenses 24.0%, Grants .1%, Capital Expenses 37.1% and Debt Service 4.2%. \$15,642 or .4% of budget will be retained and deposited into the restricted capital reserve at September 30, 2021 in compliance with the City's Fund Balance Policy.

Expenses have increased over FY 2020-2021 by \$41,806. This is primarily due to the other contractual obligations such as; IT Services and Marion County animal control.

Staff and City Council are both committed to continue the pursuit of additional revenue opportunities and reducing expenses in an effort to enhance the General Fund.

Tax Increment Financing District (CRA)

The proposed FY 2021-2022 Tax Increment Financing District (TIFD) budget is \$624,714, a 16% decrease over FY 2020-2021. This is primarily due to a decrease in funding from reserves for capital projects. The TIFD Fund operating budget consists of the following percentages of the total budget: Personal Expenses 7.3%, Operating Expenses 9.5%, Capital Expenses 67.2% and Grants & Aid 16.1%.

Capital projects funded in the proposed budget are:

- Marion County to construct a restroom facility at Blue Run Park. This project will be funded by Marion County and supplemental HUD grant funding. In FY 2016-2017 the City appropriated \$30,000 to this project. \$18,000 was spent in FY 2016-2017 and the balance of \$12,000 has been carried forward toward design and permitting.
- W. Pennsylvania Ave. Streetscape-PH II. This project is a continuation from FY 2018-2019 (PH 1). The Irrigation system was installed in FY 2018-19, in FY 2020-21 landscaping has been completed and park benches were purchased. Continuation of PH II entertains the concept of intersection upgrades US41/CR484, gateway infrastructure and stamped brick concrete \$50,000.
- Historic District gateway signs \$25,000.
- Ernie Mills beautification project \$10,000.
- 125th Anniversary Park - The project budget is \$47,507. Council has committed \$23,400 from CRA. The remaining project balance will be funded by donations. However, as a redesign is addressed, modifications may be necessary.
- Wayfinding Signage (Economic Development Strategy) \$25,000.
- Vacant or underutilized buildings analysis (Economic Development Strategy) \$25,000

Other Highlights

- Part-time Police Officer moving to full-time \$27,013
- New full-time Public Works Service Worker \$39,564
- Contracted 911 and call taking with Marion County \$33,523
- Contracted information technology support \$29,568
- ZOOM webinar service \$2,880
- Captioning services \$7,900
- Contracted Animal Control Service with Marion County \$4,257
- Archiving for Social Media (Facebook and YouTube) \$2,700
- Implement electronic vendor payments \$1,400
- Munis Financial System upgrade \$6,400
- Public Works vehicle replacement funded by the 1% Discretionary Sales Surtax \$170,000
- FDLE Justice Assistance Grant \$5,081 with no City match for a desktop computer and an in-car camera system
- Third year of successfully funding Council contingency. \$40,824 to meet unanticipated expenses or to be transferred to capital reserve at year end.
- Employee performance based merit program \$21,130
- 2nd year of compliance with Fund Balance Policy for capital reserve \$15,642

Staff has successfully acclimated to the operating adjustments and workload shift caused by personnel and departmental restructuring. Council's participation, guidance and overall support of staff's efforts is greatly appreciated.

This concludes staff's presentation and review of prior year accomplishments and new fiscal year goals.

Respectfully submitted,
Jan Smith, Finance Officer

**CITY OF DUNNELLON
FISCAL YEAR 2021-2022 BUDGET
PROPOSED**

GENERAL FUND								
	FY 20-21 REVISED/ AMENDED BUDGET	FY 20-21 YEAR TO DATE ACTUAL	FY 20-21 PROJECTED	FY21-22 PROPOSED BUDGET	Projected vs Budget (Under)/Over Budget)	DIFFERENCE FROM FY 20-21 BUDGET	COMMENT (PROPOSED BUDGET vs CURRENT BUDGET)	
1	REVENUES							
1	Taxes	1,739,701	1,605,407	1,926,036	2,065,156	186,335	325,455	Increase: Primarily due to budgeting for a full year of 1% Discretionary Sales Surtax. Tax was not readopted until January 1, 2020 so FY20-21 only 3 mos revenue \$227,321, Ad Valorem Tax increase of 4% \$37,326, Communication Service Tax \$28,986
	Millage Rate = 6.5 mills							
2	Licenses & Permits	152,445	147,087	178,107	186,342	25,662	33,897	Increase in anticipated building permits
	Impact Fees	-	3,780	3,780	-	-	-	
3	Special Assessment	-	1	1	-	1	-	
4	Intergovernmental	100	251	276	100	176	-	
5	Federal Grants	88,600	86,019	86,019	5,081	(2,581)	(83,519)	Decrease:: USDA Grant for patrol vehicles \$81,600
6	State Grants	35,000	-	35,000	-	-	(35,000)	Decrease: DEO TAC Grant for Historic District Enhancement
7	State Shared	224,040	170,690	224,040	251,177	-	27,137	Increase: Primarily 1/2 cent sales tax
8	Local Grants	3,000	-	2,000	2,000	(1,000)	(1,000)	
9	Charges For Services	9,284	6,054	8,225	8,426	(1,059)	(858)	
10	Public Safety	4,500	3,302	4,427	3,000	(73)	(1,500)	Decrease: Fire Safety Inspections pass-through to Marion County
11	Sanitation	244,738	124,405	244,738	258,299	-	13,561	Increase: Pass-through Residential Service Charge paid to contracted sanitation company
12	Transportation	17,555	-	17,555	18,082	-	527	
13	Culture/Recreation	10,000	4,894	10,044	8,055	44	(1,945)	Decrease: Based on 2 year average
14	Fines & Forfeitures	11,548	7,330	10,217	8,985	(1,331)	(2,563)	Decrease: Based on 3 year average
15	Miscellaneous	108,977	81,615	125,012	99,992	16,035	(8,985)	Decrease: Primarily due to interest income and maturing CD at interest rate of 1.5%. Renewing at 1%
16	Other Sources/Uses	1,311,262	8,411	350,873	1,237,861	(960,389)	(73,401)	Decrease in amount needed from reserves to fund capital projects
17							-	
18	Total GF Revenues	3,960,750	2,249,247	3,226,349	4,152,556	(734,401)	191,806	

**CITY OF DUNNELLON
FISCAL YEAR 2021-2022 BUDGET
PROPOSED**

	FY 20-21 REVISED/ AMENDED BUDGET	FY 20-21 YEAR TO DATE ACTUAL	FY 20-21 PROJECTED	FY21-22 PROPOSED BUDGET	Projected vs Budget (Under)/Over Budget)	DIFFERENCE FROM FY 20-21 BUDGET	
19 EXPENDITURES							
20 City Council	287,205	165,321	288,912	289,314	1,707	2,109	Increase: Primarily due to available funds for Council Contingency
21 Executive	144,780	113,962	125,617	-	(19,163)	(144,780)	Decrease: Due to elimination of City Administrator
22 City Clerk	242,997	195,924	277,290	333,092	34,293	90,095	Increase: Primarily due to personnel increase resulting from staff restructuring
23 Legal Counsel	63,100	66,261	82,036	63,100	18,936	-	
24 Comprehensive Planning & Development	151,426	72,265	144,186	141,183	(7,240)	(10,243)	Decrease: Primarily due to increase in staff restructuring offset by a decrease for project completion
25 Information Technology	36,786	23,949	25,048	47,424	(11,738)	10,638	Increase: Due to contracting out IT support services
26 Finance	134,140	85,393	138,656	171,714	4,516	37,574	Increase: Primarily due to personnel restructuring
27 Buildings Repair/Maintenance	82,840	25,895	48,693	96,553	(34,147)	13,713	Increase: Primarily due to new FT service worker
28 Garage	13,061	7,733	12,799	13,265	(263)	204	
29 Police	1,242,691	922,559	903,034	1,255,067	(339,657)	12,376	Increase: Primarily due to PT Officer becoming FT
30 Fire/Rescue	7,300	4,979	6,477	7,681	(823)	381	
31 Animal Control	5,026	2,400	5,026	7,406	-	2,380	Increase: Primarily due to increase in contractual expense with Marion County Animal Services
32 Building Inspector	111,920	56,139	105,159	108,009	(6,761)	(3,911)	Decrease: Primarily due to a decrease in anticipated fire inspections
33 Sanitation	179,520	113,334	179,520	183,240	-	3,720	Increases: Pass-through to WM monthly customer fee adjustment per contract from \$16.47 to \$17.15, FGUA Fee from \$1.76 to \$1.79
34 Cemetery	31,660	19,767	31,312	34,918	(348)	3,258	Increase: Primarily due to personnel restructuring
35 Roads and Streets	1,129,530	223,897	488,733	1,268,739	(640,797)	139,209	Increase: Primarily due to continuation of road resurfacing project started in FY2021
36 Mosquito Control	1,517	427	1,162	1,448	(355)	(69)	
37 Parks and Recreation	82,298	33,985	76,835	114,761	(5,463)	32,463	Increase: City Beach Shade Shelters \$30,000
38 Police Trust Expense	-	1,642	1,642	-	1,642	-	
39 Other Sources/Uses	12,953	-	12,953	15,642	-	2,689	Increase: Anticipated year end transfer to reserves
40 Total GF Expenditures	3,960,750	2,135,831	2,955,090	4,152,556	(1,005,660)	191,806	
41 Surplus/(Deficit)	-	113,415	48,601	-	48,601		

**CITY OF DUNNELLON
FISCAL YEAR 2021-2022 BUDGET
PROPOSED**

TAX INCREMENT FINANCING DISTRICT (CRA)

	FY 20-21 REVISED/ AMENDED BUDGET	FY 20-21 YEAR TO DATE ACTUAL	FY 20-21 PROJECTED	FY21-22 PROPOSED BUDGET	Projected vs Budget (Under)/Over Budget	DIFFERENCE FROM FY 20-21 BUDGET	
REVENUES							
42 Taxes	309,176	299,169	299,169	327,893	(10,007)	18,717	Increase: Overall Property Value Increase, and Marion County Proposed Millage from 4.59 to 4.65 Mills
43 Grants	-	-	-	-	-	-	
44 Miscellaneous	841	397	608	560	(233)	(281)	
45 Other Sources/ Uses	431,883	-	431,883	296,261	-	(135,622)	Decrease: Project Funding Needs
46							
47 Total TIFD Revenues	<u>741,900</u>	<u>299,566</u>	<u>731,659</u>	<u>624,714</u>	<u>(10,241)</u>	<u>(117,186)</u>	
EXPENDITURES							
48 Personnel	41,614	19,513	41,614	45,635	-	4,021	Increase: Roads & Street Personnel Allocation for maintaining CRA
49 Operations	66,639	3,682	65,437	59,182	(1,202)	(7,457)	Decrease: Primarily a reduction in sidewalk repair not needed
50 Capital	563,257	388,705	563,257	419,507	-	(143,750)	Decrease: Primarily due to completed parking lot project at Ernie Mills
51 Grants	70,390	-	70,390	100,390	-	30,000	Increase: Due to desire to obtain more interest in grant funding
52 Other Sources/Uses	-	-	-	-	-	-	
53							
54 Total TIFD Expenditures	<u>741,900</u>	<u>411,900</u>	<u>740,698</u>	<u>624,714</u>	<u>(1,202)</u>	<u>(117,186)</u>	
55 Surplus/(Deficit)			(9,039)	0	(9,039)		