Revenue Source Overview

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Budget Preparation Timeline

January

- ☑ First Quarter Review

February

- ☑ Financial Audit

March

- ☑ Presentation of Annual Progress Report and Citizen Survey Results
- ☑ Revise 10 Year Infrastructure Plan

April

- ☑ Presentation of the Year to Date Budget
- ☑ Second Quarter Review
- ☑ FY 2016 Budget Input Begins for Departments

May

- ☑ Annual Update of the Strategic Action Plan
- ☑ Fund Accounting Presentation
- ☐ Revenue Source Presentation

June

- ☐ Long Term Financial Planning Presentation
- ☐ Property Tax Presentation

Budget Preparation Timeline

July

- ❑ General Fund Budget Workshop
- ❑ Adopt Maximum Millage Rate
- ❑ Proprietary Funds Budget Workshop
- ❑ Third Quarter Review

August

- ❑ Special Revenue & Capital Fund Budget Workshop
- ❑ Final Proposed Budget Presentation

September

- ❑ Public Hearing to Tentatively Adopt Millage Rate & Budget
- ❑ Public Hearing to Adopt Final Millage Rate & Budget

October – November

- ❑ FY 2015 Year End Close-out

November – December

- ❑ End of Year Review
- ❑ Citizen's Survey

Presentation Overview

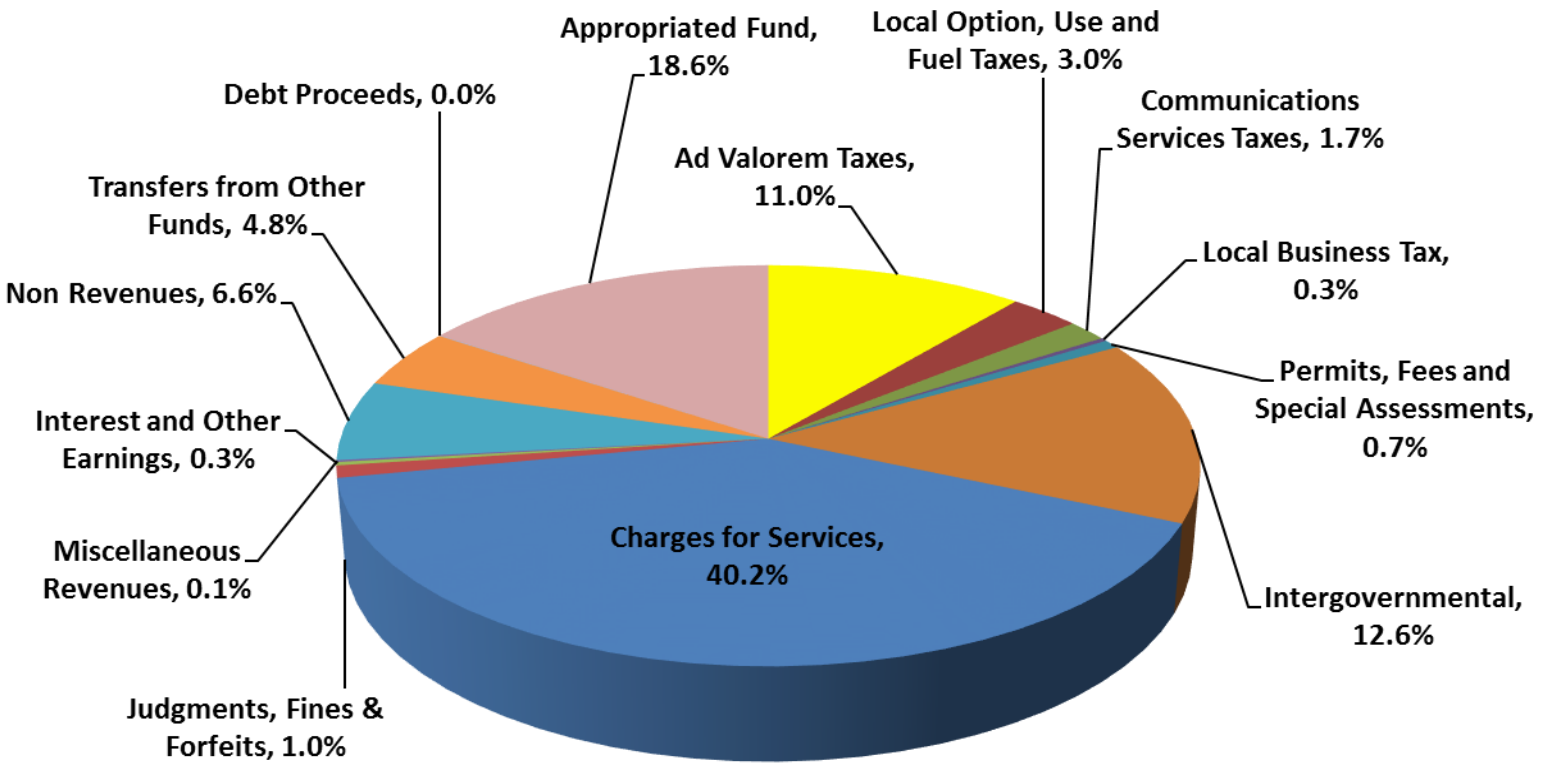
- ✓ Revenue Classifications
  - Total City Revenues
- ✓ Current Tax Revenues
- ✓ Revenue Diversification
- ✓ Tentative Budget Calendar

Revenue Classifications

- Taxes
- Permits, Fees and Special Assessments
- Intergovernmental Revenue
- Charges for Services
- Judgments, Fines and Forfeits
- Miscellaneous Revenues
- Other Sources

Total City Revenues

FY 2015



Taxes

- Ad Valorem (Property) Tax
- Local Option Fuel Tax
  - Currently $.07 per gallon
- Discretionary Sales Surtaxes
  - Small County Surtax
  - Local Government Infrastructure Surtax

    (expired 12/2012)
- Communications Services Tax
  - 5.22% (sales tax)
- Local Business Tax
- Public Service Taxes

  (Not in use)
  - Electricity
  - Water
  - Natural Gas
  - Propane

Permits, Fees, Special Assessments

- Franchise Fees
  - Solid Waste
  - Natural Gas
  - Utility (not in use)
- Engineering Permits
- Special Assessments
  - Old Kings Road
  - Code Nuisance

Intergovernmental Revenue

- Grants
- State Revenue Sharing
- Local Government Half-Cent Sales Tax Program
- County Business Tax Receipts
- Alcoholic Beverage License tax
- Insurance Premium Tax
  - Volunteer Firefighters' Pension

Charges for Service

- Utility Fees
  - Water and Sewer
  - Solid Waste
  - Stormwater
- Annual Fire Inspections
- Building Permits & Inspections Fees
- State Road Maintenance
- Recreation Fees

- Planning Fees
- Impact Fees
  - Water and Wastewater
  - Transportation
  - Parks
  - Fire
  - School (remitted to Flagler County Schools)

Judgements, Fines and Forfeitures

- Traffic Citations
- Red Light Camera Violations
- Local Ordinance Violations
  - Parking Tickets
  - Code Fines
  - Animal Control

Other Revenue Source

- Inter-fund Transfers
  - Payment-In-Lieu-of-Taxes (PILOT)
  - Tax Increment for the CRA
- Debt Proceeds
- Miscellaneous

Strategic Action Planning

Goal 3
Financial

To leverage our financial strengths while ensuring the City remains committed to fiscal responsibility in delivering value-added services to residents and businesses

Objective 3.1: Diversify our revenue sources

Strategy 3.1.1: Evaluate and target diversification of funding sources

Current Tax Revenues
(non-property tax)

- Small County Surtax
  - Replaced Infrastructure Surtax in 2013
- Local Option Fuel Tax
  - 7 cents currently in use, 5 cents still available
- State Revenue Sharing
  - (a) 75.14%
  - (b) 24.86%
- ½ Cent Sales Tax
- Communications Services Tax

Small County Surtax

Description: Levied at a rate of .5 percent of the 7% sales tax pursuant to an ordinance enacted by Flagler County.

Control: Flagler County

Distribution Formula: State default formula

Restrictions: Flagler County Ordinance # 2012-08

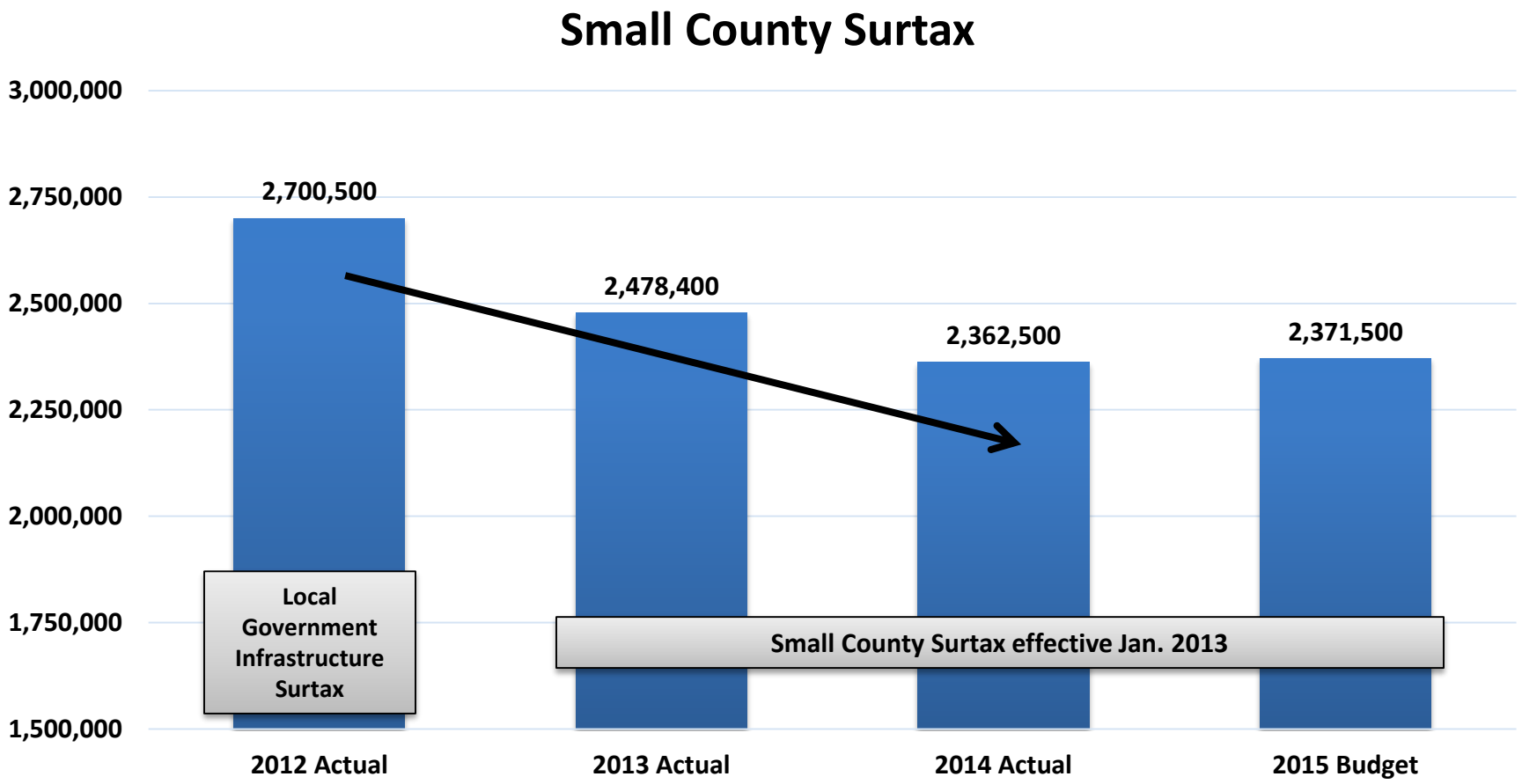
Current Use: Currently being allocated to the Capital Projects Fund

Projects include:

- Long Creek Nature Preserve
- Holland Park Improvements/Renovations
- Community Center Renovations

Small County Surtax

Replaced the Local Government Infrastructure Surtax Dec. 2012



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Local Option Fuel Tax

Description: County governments are authorized to levy a tax of 1 to 6 cents upon every net gallon of motor fuel sold within a county. Flagler County currently levies 6 cents.

Control: Flagler County

Distribution Formula: Inter-local agreement based on road miles

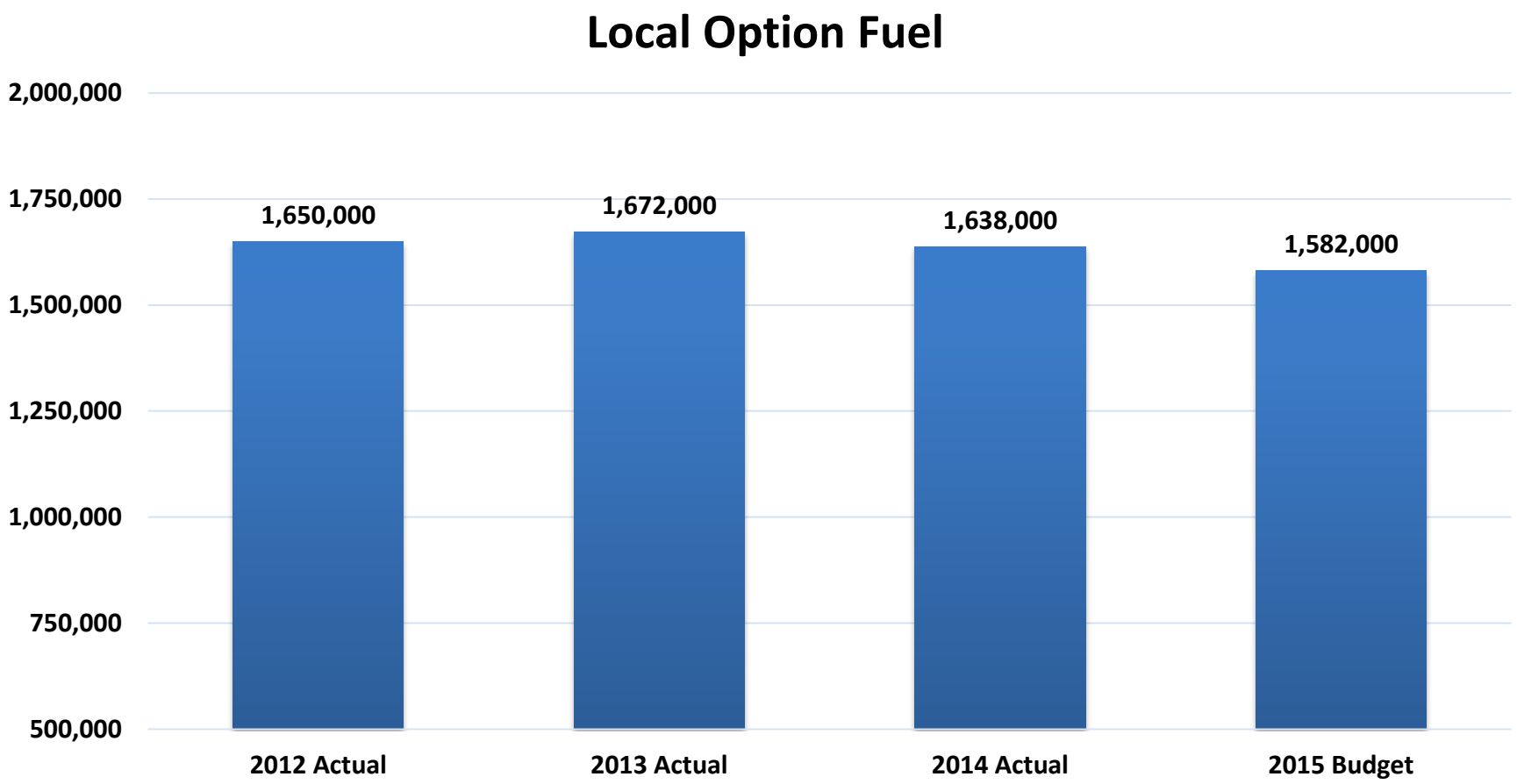
Restrictions: Must be used for transportation expenditures

Current Use: Currently being allocated to the Streets Improvement Fund

Projects include:

- Bridge Rehab
- Parkway Beautification
- Street Resurfacing

Local Option Fuel Tax



State Revenue Sharing

Description: This state fund receives:

- 1.3517 % of State sales and use tax collections
- Net collections from the one-cent municipal fuel tax

Control: State of Florida

Distribution Formula: State default formula

Restrictions:

(a) 75.14% - Municipal wide programs or for property tax relief

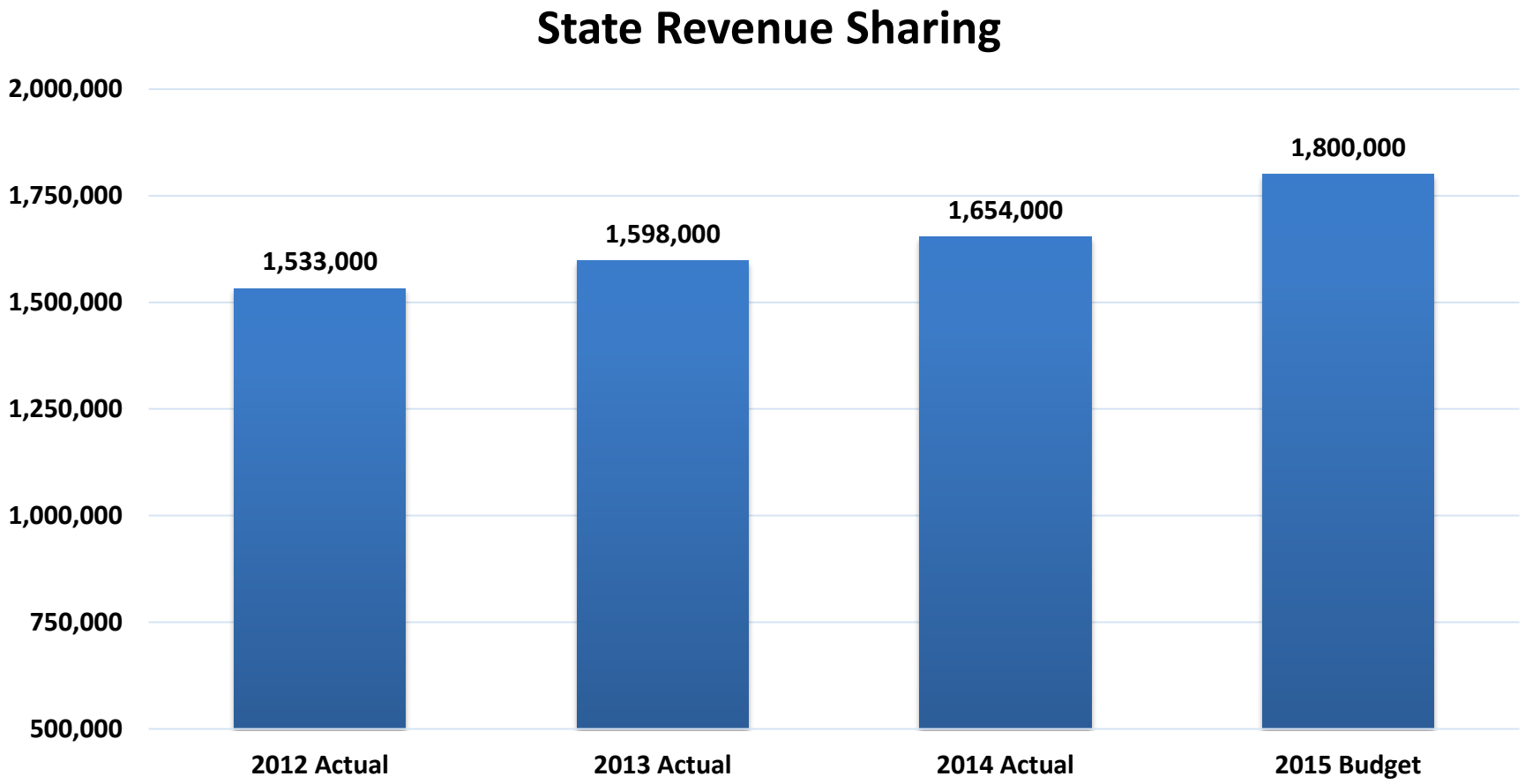
(b) 24.86% - Transportation

Current Use:

(a) General Fund – Help mitigate the need for property taxes

(b) Streets Improvement Fund

State Revenue Sharing



½ Cent Sales tax

Description: This program distributes a portion of the state 6% sales tax

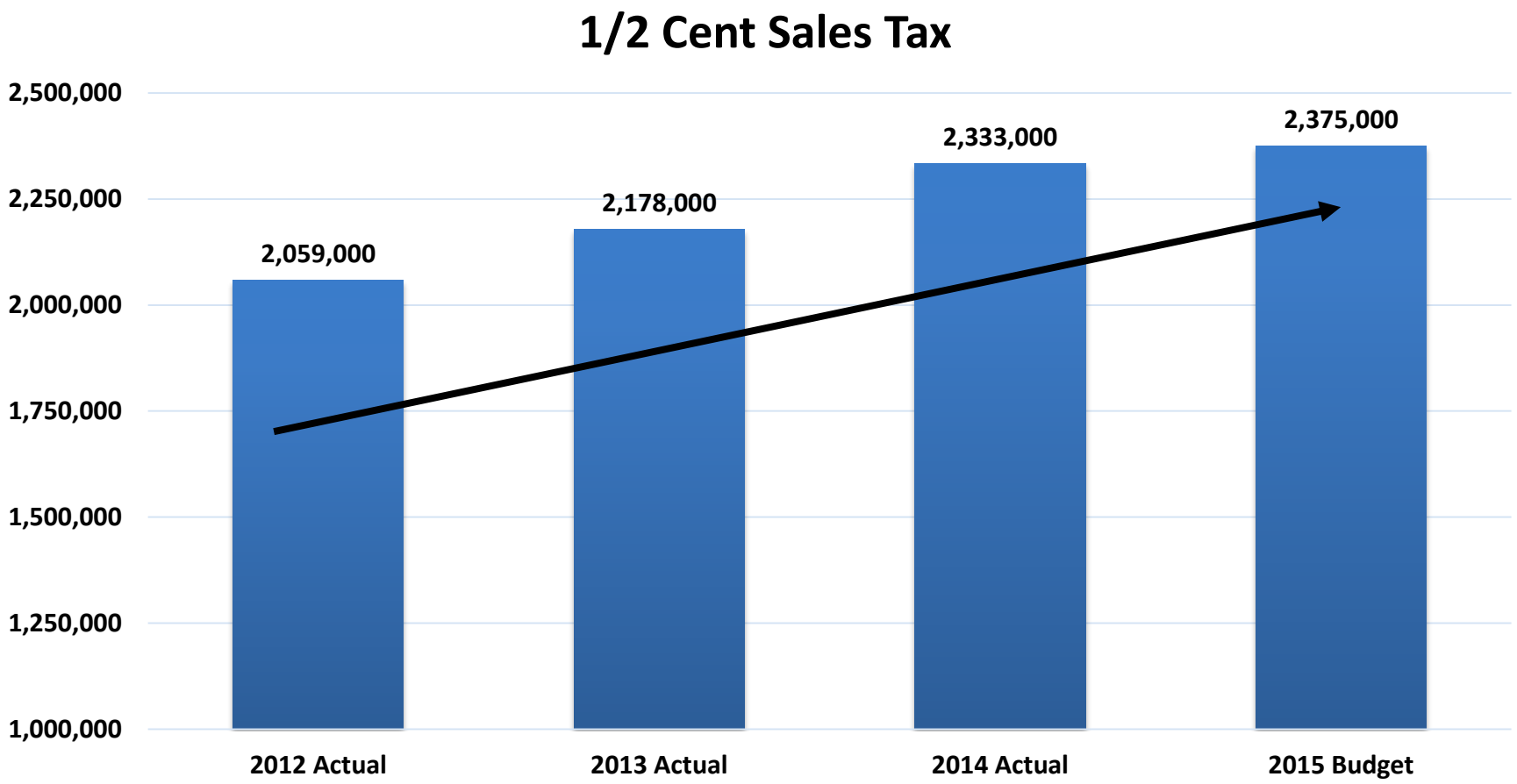
Control: State of Florida

Distribution Formula: State default formula

Restrictions: Can be used for municipal wide programs or for property tax relief

Current Use: Currently used in the General Fund to help mitigate property taxes

½ Cent Sales


1/2 Cent Sales Tax
2,500,000
2,250,000
2,000,000
1,750,000
1,500,000
1,250,000
1,000,000
2,059,000
2,178,000
2,333,000
2,375,000
2012 Actual
2013 Actual
2014 Actual
2015 Budget

Communications Services Tax

Description: The communications services tax applies to telecommunications, video, direct-to-home satellite and related services at a rate of 5.22%.

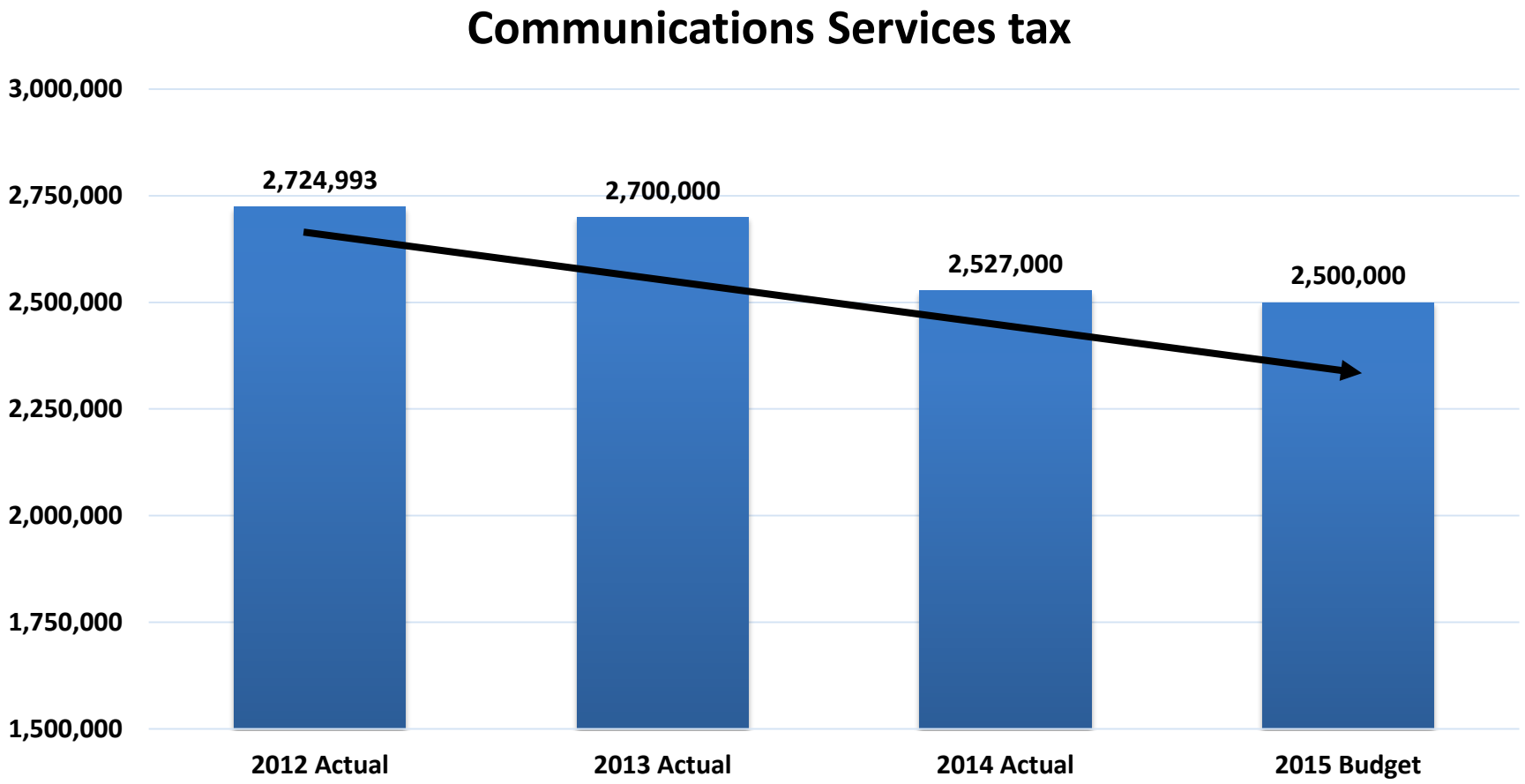
Control: State of Florida & City Council

Distribution Formula: Based on service address

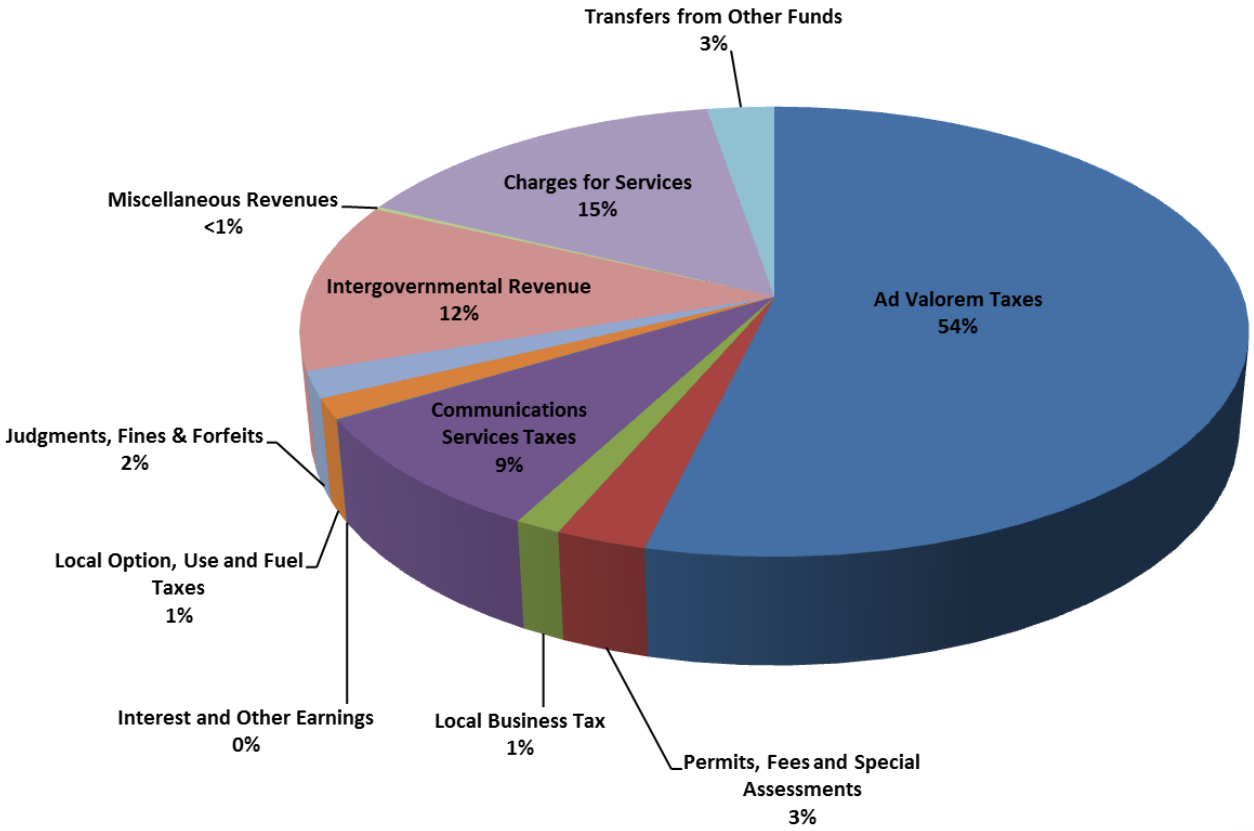
Restrictions: May be used for any public purpose

Current Use: Currently used in the General Fund to help mitigate property taxes

Communications Services Tax



General Fund Revenue Budget
FY 2015



Revenue Diversification Options

- Franchise Fees
- Special Assessments
- Public Service (Utility) Tax

Revenue Diversification Options

Franchise Fees

Current fees in use:

- Natural Gas
- Solid Waste

Available for future use:

- Electric
- Water

Electric:

- Added to FPL Bill
- Amount charged and use of revenue is at the sole discretion of City Council
- 6% Electric Franchise Fee (industry standard) = $3.8 million annually
- Burden:

Property Taxes:	Residential 83%	Commercial 17%
Franchise Fee:	Residential 74%	Commercial 26%

Revenue Diversification Options

Special Assessments

- Fire Assessment:
  - Used to offset costs of Fire Department related to fire protection
  - Potential fee determined by rate study
  - Assessment must be shown to benefit the property not an individual
  - Assessment amount is determined by City Council
  - Assessment appears as a separate line on property tax bill

Revenue Diversification Options

Public Service (Utility) Tax

- Types of Public Service Taxes include electric, natural/propane gas & water
- State allows up to 10%
- City Council sets the rate
- Use is determined by City Council
- Tax is added to utility bills

Based on FPL Revenue estimates:

10% Public Service Tax = approximately $4 million/annually

Revenue Diversification Options

Public Service (Utility) Tax

- Approximately 81% of Florida Municipalities have at least 1 Public Service Tax
- Neighboring Cities with a Water and/or Electric Public Service Tax:
  - Ormond Beach
    - Electric 10%
  - Daytona Beach
    - Electric 10%
  - Deland
    - Electric 10%
    - Water 10%
  - St. Augustine
    - Electric 8%
  - Flagler Beach
    - Electric 10%
    - Water 10%
  - Bunnell
    - Electric 10%
    - Water 10%

This information was provided by the Florida Department of Revenue.

Revenue Diversification Summary

Revenue diversification provides:

- Higher level of control of revenue sources by City Council
- Decrease in reliance on property taxes
  - 10 mill State cap
- More equitable distribution of tax burden
  - Commercial vs. Residential
  - Visitors vs. Residents
- Higher level of equity for services provided versus services paid for

What's Next?

June

9th - Long Term Financial Planning Presentation

30th - Property Tax Primer Presentation

July

14th - Budget Workshop - General Fund

21st - Budget Workshop - Adopt Maximum Millage Rate

28th - Budget Workshop - Proprietary Funds

August

11th - Budget Workshop – Special Revenue Funds & Capital Funds

25th - Final Proposed Budget Presentation

September

Public Hearing to tentatively adopt millage rate and budget

Final Public Hearing to adopt final millage and budget