

FINANCE & BUDGET REVIEW BUDGET COMMITTEE
WORKSHOP #5 MINUTES
August 20, 2025 – 2:30 P.M.

PRESENT: John Samorajczyk, Chair
Col. Mike Greiger, Vice Chair
Kathy English, Member
Tim Polanowski, Member
Stacy Allen, Member

STAFF PRESENT: Devon Schmidt, Finance Director; Frances Robustelli, City Manager;
Ginny Bodkin, Deputy City Clerk

Chair Samorajczyk called the meeting to order at 2:30 PM.

Member Polanowski requested to add a discussion on equitable distribution of taxpayer funds to the districts.

1. Items for Discussion –

a. Tentative Budget Book & Summary of Changes From Previous Version

Finance Director Devon Schmidt reviewed the agenda for the meeting and announced that for the first time ever, the city will be applying for the Government Finance Officers Association (GFOA) Distinguished Budget Award. It is not necessarily about the award, but the benefit for the city of receiving continuous feedback from a national level to ensure that best practices are followed for budgetary documents. The city will receive a full listing of comments from participants (about 2,000 governments) in the GFOA Advisory Council.

Ms. Schmidt began her presentation reviewing GFOA best practice alignment, which includes the City Manager's message, addressing challenges and opportunities, a community profile, a strategic road map, financial policies to be considered annually, a budget calendar and approval process, and looking at our largest revenue sources' trends and history. The presentation is part of the meeting record.

Ms. Schmidt continued her review with Fund Balance changes since the previous workshop. The city completed its Annual Comprehensive Financial Report (ACFR) and audit on July 31. Prior workshops looked at the unaudited financials on the balance sheet information. In a typical year, the ACFR would be complete by March 31; delays were encountered due to hurricanes, staff turnover, and other challenges, but assurances were for a timely process moving forward. The ACFR resulted in the discovery of a Coastal Resiliency reserve of \$5.8 million not previously included in the Fund Balance for the General Fund; it was created by resolution in 2022 for hurricanes, supplementing wastewater, or new capital projects. The recommendation for this budget is to transfer the \$5.8 million to the Resiliency Fund. In addition, anything above 35% of Operating Expense was transferred to Capital Projects to continue the commitment to recovery and the infrastructure needs for the City.

Member Polanowski explained that a balance sheet should be tied to the income statement. The balance sheet being used was old, and income statement was new, which was how this was tied together. He recommended that this needs to be done on a regular basis. This was a reserve discovered in a fund balance. Ms. Schmidt explained that they will be doing a monthly reconciliation; the turnover in the finance department and hurricanes took a toll with a great deal of historical knowledge walking out the door. Income statements will be going to the City Commission as a consent agenda item on a quarterly basis. The City Manager added that there

were no financial policies aside from the City Charter prior to today. The GFOA fiscal policy challenge will ensure alignment.

Ms. Schmidt briefly reviewed a summary of changes from the last workshop as the city continues to refine and sharpen the budget. Highlighted items were:

- Implementation of Performance Evaluation for Employees to reward and recognize high performance and Step Plan. Includes 1.5% for the January implementation of the step plan.
- The previously mentioned \$5.8 Million to Resiliency Projects and Alignment of moving projects to the Resiliency Fund.
- Budget Vacancy for larger departments that have natural attrition.
- Reappropriation projects from 2025 that will straddle two fiscal years (Fire Station 22 demo and construction, Gulf Blvd. utility undergrounding and others)
- Removal of three replacement vehicles for Code Enforcement.

A spreadsheet showed the changes from Workshop #4 to #5. Ms. Schmidt pointed out that the audit cost will be brought back under the Finance Department for FY26 and that regarding FEMA funding, the city will have a higher single audit due to reaching the \$1M threshold for expenses incurred in 2025; it was previously \$750,000. Transfers were indicated on the sheet; the transfer to stormwater was removed since the Don Cesar adaption resiliency project was moved to the Resiliency Fund.

The City Manager's Budget Message was shown as well as the organizational chart, community overview, and financial policies. The financial policies section of the budget begins with purpose and oversight and then definitions of each of the governmental and proprietary funds managed by the city. Budget policies and procedures followed in the review. Ms. Schmidt read from the presentation about the city's compliance with federal, state and local requirements, a structured budget preparation and formulation process, structured expenditures, the priority for essential services, the identification of low priority services, the consideration of the establishment of user fees, fiscal responsibility, adequate maintenance and repair of capital and equipment, technological and capital investment programs, the preparation of quarterly reports of budget vs. actual revenues and expenditures, public auction of surplus and obsolete property, budgeted FTEs, coordination of the CIP and operating budgets, and annually seeking the Distinguished Budget Presentation Award. Member Polanowski suggested the quarterly reports include the balance sheet, income statement, and fund balances; the committee concurred.

The review of the financial policies section of the budget continued. The proposed budget will be submitted to the City Commission prior to September 1st. Annual budgets are adopted by funds and departments for the General, Multimodal, Building, Resiliency, Fleet, Capital Improvement, Wastewater, Reclaimed Water and Stormwater Funds. At any time during the year, the city manager may transfer all or any part of an unexpended appropriation balance from one account to another or to several accounts within the same fund, following specific guidelines. The City Commission may also amend the adopted budget to provide supplemental appropriations to revise budgetary estimate. The Governmental vs. Proprietary Funds are defined in the financial policies. Ms. Schmidt reviewed the fund balance and reserve policies. The minimum fund balance target is 25% in the general fund for liquidity for emergencies or storm events. On top of that 10% is being added with the expectation of replenishing within three years using either surplus FEMA reimbursements or insurance proceeds to backfill that funding on an annual basis.

The revenue, debt, cash management, and investment policies were reviewed in the presentation. The City will deposit all cash receipts within 72 hours, collect revenues aggressively, and present a quarterly report on investments to the Finance and Budget Committee.

Vice Chair Greiger suggested the investigation of grants from non-profit/NGO sources for environmental projects (natural shoreline, for example) in addition to state and federal grants. City Manager Robustelli noted that grant writers have been added to staff. Member Polanowski inquired about revenue recognition policies – for real estate taxes, fines, memberships, rent, and when that is booked.

Ms. Schmidt moved on to accounting, auditing, and financial reporting. The city will evaluate the annual audit management letter, recommendations and implement resolutions. The city will produce financial reports in accordance with GAAP and maintain the highest level of accounting practices declared by GASB. Capital Improvement Plan policies were reviewed, noting that the city will adopt the first year of a multi-year plan for capital improvements for capital projects and equipment exceeding \$20,000.

The next section of the budget was an overview of financial summaries and revenue tables. There was a brief review of a Strategic Roadmap which will continue to be developed. Ms. Schmidt walked through a review of Governmental Funds. The General Fund showed the transfers to the Resiliency and Capital Improvement Funds, showing a fund balance reserve of 35%. Member Polanowski suggested showing the month of the FY25 Actuals on reports. The Resiliency Fund ending balance for FY26 is \$3.2 million, with the intent to utilize for future adaption projects and grant matches. The Capital Fund review noted the capital outlay for the Fire Station. A Proprietary Funds review followed. Weaker balances in wastewater and reclaimed water will be brought back up with the fee study results. Funded position by department remained the same with a total of 159.60 positions. Highlighted changes in the Capital Improvement Plan included the Resiliency Fund increase and the reappropriation projects (dune walkovers, Egan Park improvements, facility roof replacements), Fire Station 22 increase, right of way improvements, and VA shuffleboard building demolition.

Following her presentation, Ms. Schmidt asked the committee for their recommendations on the tentative budget and/or the financial policies. The November 5th meeting will be for after action to understand opportunities for improvement. The first hearing of the budget is set for 9/08 and adoption on 9/22/25.

Chair Samorajczyk appreciated the improved policies and procedures; Member Polanowski expressed increased confidence in the quality of the financial reports since he joined the committee. He mentioned the city's financial relationship with the county; we have earned more than we are receiving. Ms. Robustelli commented that she is working closely with our County Manager and Commissioners this year and going forward. Vice Chair Greiger suggested creating a statement, as a City, regarding increased tourism and the tax burden on the residents, and potentially involve the Big C.

As his added discussion item, Member Polanowski questioned the distribution of taxes funds by district; he indicated that he has heard residents express frustration with more seeming to go to

Pass-A-Grille. Discussion followed. Chair Samorajczyk suggested that CIP projects are city-wide – seawalls, utilities, etc., but there would need to be an analysis. Post-hurricane recovery needs in Pass-A-Grille were massive. Member Polanowski spoke about revenues (i.e., parking) and distribution philosophies such as mall and urban. He suggested putting together a spreadsheet of where the investments are going, what the weight of the investments (i.e., 25% of library or community center for each of the districts) to determine where the money is really going, and whether these complaints are valid. Vice Chair Greiger thought the capital improvement prioritization was extensively examined by necessity, not district specific; each Commissioner should communicate that to their districts. Ms. Robustelli suggested adding such a spreadsheet to a future agenda after the budget is adopted, in early 2026. There are needs in every district.

Vice Chair Greiger suggested creating a map of the city showing where the capital improvements are going, where the maintenance and other needs are located for each district, and a hyperlink to the expenditures with a timeline.

Consensus of the committee was that the budget was well presented with no changes to dollar amounts; any changes since the last workshop were well explained. Ms. Schmidt summarized the comments/directions received from the committee during the review: defining the quarterly reports to the Commission, opportunities for non-profit grants, understanding revenue recognitions, noting when user fees are booked, and mapping projects and revenue sources by district.

Finally, Ms. Schmidt thanked the city's leadership team and Budget Management Analyst Vanessa Sanchez for the work that they did toward the creation of the budget and today's presentation.

5. Adjournment

There being no further business, Chair Samorajczyk adjourned the meeting at 3:38 PM.

These minutes were approved at the November 5, 2025 Finance and Budget Review Committee meeting.