**Memorandum**

**To:** Howard Tipton, Town Manager

**From**: Sue Smith, Finance Director

**Report date:** November 15, 2024

**Meeting date:** December 2, 2024

# Subject: Resolution 2024-27, Amending the FY24 Adopted Budget for Year-End Transfers in the General Fund for Hurricane Helene

## Recommended Action

Pass Resolution 2024-27

## Background

Two budget amendments are being presented to the Town Commission at the December 2, 2024 Regular Meeting in response to the impacts of costs associated with Hurricanes Helene and Milton which recently affected our community, making landfall in Florida on September 26, 2024 and October 9, 2024, respectively. Resolution 2024-27 adjusts the FY2024 Budget for overtime costs incurred prior to September 30, 2024 for Hurricane Helene. The second, Resolution 2024-25, adjusts the FY2025 Budget for debris removal and additional overtime costs for Hurricanes Helene and Milton.

These storms brought significant challenges, including damage to infrastructure, increased emergency response costs, and the need for recovery and rebuilding efforts. As we continue to assess the financial implications of these hurricanes, it is crucial to allocate the necessary resources to address immediate repairs, enhance our disaster preparedness, and support our residents during this recovery phase. This budget amendment aims to ensure that our town can effectively respond to the aftermath of these storms and maintain the safety and resilience of our community.

The Town has two sources of funding for unforeseen costs and emergency responses. The first is the Contingency Budget and the second is our Fund Balance reserves. Our Fund Balance policy was designed to include reserves for such emergency responses, which sets aside a desired minimum funding level of 8% to 16% (30 to 60 days) of operating expenditures for Emergency/Natural Disasters. The amount of the reserve, based on the FY2025 cost per day of $62,299 is $3,738,000.

Finance staff is diligently working with our insurance carrier and FEMA, providing information and documentation for each storm. FEMA has made notification that we will be eligible for Category A through G for both storms. For a period of 90 days of the state’s choosing within the first 120 days from the start of the incident period, FEMA is authorized to provide federal funding for debris removal and emergency protective measures (Categories A and B), including direct federal assistance, at 100 percent of the total eligible costs. After the initial 90 days, the federal reimbursement rate changes to 75%. Finance also anticipates that some of our overtime costs will not be reimbursed and be deemed ineligible, such as for standby hours. Those costs will need to be absorbed by the Town.

The submission to FEMA can be a very complicated and time-consuming process, with multiple projects being submitted for each storm. Category G costs, which is the loss of sand will be the most complicated, requiring our beach consultants to assist with that process. The timing in which reimbursement will be received is also hard to predict. Past history has shown that smaller projects are reimbursed within or just over a year, as we saw with Hurricane Ian. Other storms such as Hermine have taken over 8 years to recover.

**Hurricane Helene Overtime**

The payroll associated with this storm was paid on October 10, 2024. Generally Accepted Accounting Principles (“GAAP”) requires a portion of the payroll earned through September 30, 2024 to be accrued in the FY2024 budget which included overtime associated with Hurricane Helene.

The following Departments incurred overtime associated with this Hurricane Helene as follows:

|  |  |
| --- | --- |
| Department | Over Time  |
| Town Clerk  | $10,875 |
| Finance | $2,108 |
| I.T. | $114 |
| Zoning | $3,575 |
| Police | $163,637 |
| Fire | $39,932 |
| PW Admin | $3,056 |
| PW Parks | $4,347 |
| PW Streets | $11,721 |
| PW Water | $1,603 |
| PW Sewer | $16,762 |
| Building | $8,722 |
| TOTAL | **$266,453** |

This caused overages in the following departments which exceed the Town Manager’s limited authority of $25,012:

* Police $145,734
* Fire $54,367

The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed the appropriations), per Town Charter is at the department level. This means that departments may go over or under budget on individual line items, but they are not allowed to exceed the expenditures appropriated for their department budget in total.

For transfers between departments or programs, Article V, Section 9 (d), of the Town Charter, states that the Town Manager may transfer up to $25,012 ($20,000.00 adjusted for CPI US City Average measured each year on September 30) between line items within or between departments or among programs. Transfers greater than $25,012 and amendments which change the original budget in total, or amendments requiring the use of unappropriated fund balance, require Town Commission approval.

The occurrences which cause an overage in the departmental line items are communicated on a regular basis to the Town Manager by Department Heads and Finance staff. In some circumstances, the Town waits until the close of the year end to finalize the process.

Based on the criteria above, the following budget amendments are being proposed:

|  |  |  |
| --- | --- | --- |
| **Account number** | **Account Description** | **Increase (Decrease)** |
| 001-20-19-514.1402 | Police - Overtime | $145,734 |
| 001-20-20-514.1402 | Fire- Overtime | $54,367 |
| 001-10-31-599.9901 | Contingency | ($200,101) |

As of the date of this report there were no other Funds or Departments requiring amendments, however, the Finance Department continues to process invoices and make accruals for the audit. Additional amendments may be required as a result of the year-end audit adjustments.

## Staff Recommendation

Following public hearing, pass Resolution 2024-27.

## Attachments

Resolution 2024-27.

**RESOLUTION 2024-27**

**A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING THE FISCAL YEAR ADOPTED BUDGET BEGINNING OCTOBER 1, 2023, AND ENDING SEPTEMBER 30, 2024; TRANSFERRING FUNDS FROM REVENUES, OTHER FINANCING SOURCES OR OTHER EXPENDITURE LINES TO COVER OVERAGES IN OPERATING DEPARTMENT EXPENDITURES ASSOCIATED WITH HURRICANE HELENE WITHIN ADOPTED FUND BUDGETS, PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE -DATE.**

**WHEREAS,** throughout the fiscal year individual department expenditure accounts may go over budget requiring a budget transfer to be made; and

**WHEREAS,** the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the appropriations), pursuant to Town Charter is at the Department level; and,

**WHEREAS,** the Town Manager has the authority to transfer appropriations up to $25,012 between or within departments within the same fund; and,

**WHEREAS,** in Fiscal 2023-2024 year, budget transfers greater than $25,012, or amendments which change the original budget in total or amendments requiring the use of unappropriated fund balance, require Town Commission approval; and,

**WHEREAS,** Town staff incurred overtime in preparation and aftermath of Hurricane Helene; and,

**WHEREAS,** the overtime exceeded the budgets in both Police and Fire Departments over the level of Town Manager authority; and,

**WHEREAS,** a resolution is required to transfer funds from contingency to the Police and Fire overtime budgets; and,

**WHEREAS,** the Finance Director certifies that there are available and unallocated funds in the Fiscal Year (FY) 2023-2024 contingency account to make the above referenced transfers; and,

**WHEREAS,** Article V, Section 9 of the Town Charter provides for such budget amendments; and,

**NOW, THEREFORE,** be it resolved by the Town Commission of the Town of Longboat Key, Florida, that:

SECTION 1. The above Whereas clauses are true and correct and are hereby ratified, confirmed and fully incorporated by reference.

SECTION 2. The Adopted Budgets of the designated Funds referenced above of the Town of Longboat Key for the fiscal year beginning October 1, 2023, and ending September 30, 2024, as adopted pursuant to Resolution 2023-19 are hereby amended as follows:

General Fund (#001)

|  |  |  |
| --- | --- | --- |
| **Account number** | **Account Description** | **Increase (Decrease)** |
| 001-20-19-514.1402 | Police - Overtime | $145,734 |
| 001-20-20-514.1402 | Fire- Overtime | $54,367 |
| 001-10-31-599.9901 | Contingency | ($200,101) |

SECTION 3. If any section, subsection, sentence, clause, or provision of this Resolution is held invalid, the remainder of the Resolution shall not be affected.

SECTION 4. This Resolution shall become effective immediately upon adoption.

Passed at a meeting of the Town Commission of Longboat Key, Florida, following public hearing, this 2th day of December, 2024.

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Kenneth Schneier, Mayor

ATTEST:

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Trish Shinkle, Town Clerk