



## City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:		File No.:		Item Type:		1 <sup>st</sup> Reading		2 <sup>nd</sup> Reading	
<b>9/29/2025</b>		<b>25-229</b>		<input checked="" type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Other</b>		Ordinance Reading		<b>N/A</b>	<b>N/A</b>
						Public Hearing		<input type="checkbox"/>	<input type="checkbox"/>
						Advertising Required		<input type="checkbox"/>	<input type="checkbox"/>
						Quasi-Judicial:		<input type="checkbox"/>	<input type="checkbox"/>
Fiscal Impact (\$):		Account Balance (\$):				Funding Source:		Project Number:	
<b>N/A</b>		<b>N/A</b>				<b>N/A</b>		<b>N/A</b>	
Contract Required:		P.O. Required:		RFP/RFQ/Bid Number:		Sponsor Name:		Department:	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>N/A</b>		<b>Natasha Mazzie, Budget &amp; Program Monitoring Director</b>		<b>Budget &amp; Program Monitoring Department</b>	
Strategic Plan Focus Areas:									
<input checked="" type="checkbox"/> <b>Fiscal Stability</b>		<input type="checkbox"/> <b>Resident Services</b>		<input type="checkbox"/> <b>Public Safety</b>		<input type="checkbox"/> <b>Infrastructure &amp; Mobility</b>		<input type="checkbox"/> <b>Economic Development &amp; Affordable Housing</b>	
Implementation Timeline:									
Estimated Start Date: 10/1/2025						Estimated End Date: 9/30/2026			

### SHORT TITLE:

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, ADOPTING THE FY 2024 CENTRAL SERVICES FULL COST ALLOCATION PLAN (FCAP); AND PROVIDING AN EFFECTIVE DATE.**

### STAFF SUMMARY:

#### **Summary:**

An update to the City's Central Services Full Cost Allocation Plan (FCAP) has been completed. The FCAP is used to identify the costs incurred by the General Fund in providing administrative support services to other City funds. The FCAP is based on Fiscal Year 2021-2022 (FY22) audited expenditures. Staff have reviewed the FCAP's allocation methodology and are recommending its adoption effective October 1, 2025.

## **Background:**

The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association (GFOA) acknowledge the importance of measuring the cost of government services. GFOA recommends that governments calculate the full cost of the different services they provide and encourages governments to allocate their indirect costs to departments and programs receiving support services.

Indirect costs are costs incurred that are not directly accountable to a particular department, function, or project such as general administration, technology, accounting, legal services, personnel administration, and building maintenance. Direct costs are cost incurred to enable the operation of a program or service such as, police and fire protection, parks & recreation, street maintenance, and utility services.

In addition to recovering costs incurred by the General Fund, the FCAP can also be used as an internal analytical tool through which the City can apportion costs which have either broad or specific benefits to individual departments and programs within its organization. By identifying full program costs, the FCAP can be used as an analytical tool in a wide range of financial decision-making situations, including:

**Enterprise Fund Accounting** - The cost allocation plan can be used to identify the costs incurred by the General Fund in providing administrative support services to the City's enterprise operations. For example, although the City's legislative, legal, accounting, human resources, and building maintenance programs are budgeted in the General Fund, these programs also provide support services to the Utility Fund. For enterprise funds to fully recover their operating costs through the collection of utility fees, it is essential that the support costs be allocated to the enterprise funds.

**User Fees** - User fee services are those performed by a governmental agency on behalf of a private citizen or group. Examples of City's user fees include service charges, building plan reviews and permit fees, parking fees, and parks user fees. The assumption underlying most fee recommendations is that the costs of services benefiting individuals, and not the City as a whole, should be borne by the individual receiving the benefit. For user fees to fully account for the cost of service, it is essential that the support costs be allocated to the individual programs.

The last update to the City's FCAP occurred in FY22 based on FY20 audited expenditures. Because this update was completed with expenditures incurred during a very challenging period, a global pandemic, the strategy was to update the City's FCAP every other year until the City reached a point of fiscal stabilization.

As planned, a revision to the current FCAP began in FY24 utilizing audited FY22 expenditures. The update was finalized in the summer of this year. The next update will strategically begin immediately after the FY25 audit is completed, for implementation in FY27.

## **Current Situation:**

The City has completed an update to its FCAP. MAXIMUS Consulting Services, Inc., has prepared the analysis using FY22 audited expenditures. A summary comparison of the previously issued FCAP and the updated FY24 FCAP is below:

	FY22 Based on (FY 20 Data)	FY24 Based on (FY 22 Data)		
Fund	Central Services Full Cost Allocation		Variance \$	Variance %
120 3 Islands Safe Neighbor District	110,183	23,931	(86,252)	(0.78)
121 Golden Isles Safe Neighborhood	41,208	15,908	(25,300)	(0.61)
130 Community Redevelopment Agency	347,882	480,847	132,965	0.38
160 Transportation Fund	397,362	396,134	(1,228)	(0.00)
170 Permits and Inspections Fund	468,534	396,506	(72,028)	(0.15)
410 Sanitation Fund	415,337	562,858	147,521	0.36
420 Cemetery Fund	105,664	79,289	(26,375)	(0.25)
440 Stormwater Fund	244,754	237,342	(7,412)	(0.03)
490 Utility Fund	1,664,541	2,116,199	451,658	0.27
530 Fleet Services Fund	252,397	277,917	25,520	0.10
570 General Liability-Self Insurance	74,554	113,591	39,037	0.52
575 Workers' Compensation	15,529	9,877	(5,652)	(0.36)
	<b>\$4,137,945</b>	<b>\$4,710,399</b>	<b>\$572,454</b>	<b>13.83%</b>

*Please note that not all funds included in Schedule C of the FY24 FCAP (Exhibit 2-See Page C-19) are included in the summary above. The funds shown in the table above are recommended for implementation. Excluded funds are restricted from cost allocation but included in the FCAP to follow full cost principles. As such, amounts not allocated to those funds represent costs supported by the General Fund.*

General Fund costs allocated to other funds in the FY24 FCAP total \$4,710,399. This represents a \$572,454 increase from the current FCAP. Significant increases are noted in the Community Redevelopment Agency Fund, Sanitation Fund, and the Utility Fund, and are primarily due to increases in the cost of central services as well as an overall increase in expenditures. Notable decreases in Golden Isles, Three Islands, Permits & Inspection and the Cemetery Fund are due to the decreased costs in the number of transactions related to Central Services during FY22. Any fluctuations are due to their usage in service.

The Finance Department and other involved Departments have reviewed the FCAP's cost allocation methodology and the information used to calculate the allocation amounts. Staff are recommending the adoption of the FY24 FCAP, which may be used in determining interfund charges, user fees, enterprise fund accounting, and other financial decision-making situations.

### **Why Action is Necessary:**

Adopting a Cost Allocation Plan provides the City a defensible basis to allocate costs from central service departments to other funds. An adopted Cost Allocation Plan may be used in determining interfund charges and user fees, and for other financial decision-making situations.

**Cost Benefit:**

Adopting the FY24 FCAP provides the City an updated basis to allocate costs from central service departments to other funds. If implemented as proposed, the updated cost allocation plan will increase interfund charges to the General Fund by \$572,454 as compared to the FY22 FCAP.

**PROPOSED ACTION:**

Staff recommends approval of the attached Resolution.

**ATTACHMENT(S):**

Exhibit 1 – Resolution

Exhibit 2 – FY24 Full Cost Allocation Plan (FCAP)

Prepared By: Sharneke Chambers  
Sharneke Chambers  
Budget Analyst

Reviewed By: Natasha Mazzie  
Natasha Mazzie  
Budget & Program Monitoring Director

Reviewed By: Noemy Sandoval  
Noemy Sandoval  
Assistant City Manager