



MIAMI BEACH

OFFICE OF THE CITY MANAGER
NO. LTC # 065-2010

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LETTER TO COMMISSION
CITY CLERK'S OFFICE

TO: Mayor Matti H. Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: March 3, 2010

SUBJECT: ANALYSIS OF BUDGET TO PRELIMINARY ACTUAL REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009, FOR GENERAL, ENTERPRISE, AND INTERNAL SERVICE FUNDS

The Purpose of this LTC is to provide the preliminary actual revenue and expenses for the Fiscal Year ending September 30, 2009. The year-end budget to preliminary actual comparisons for General, Enterprise, and Internal Service Funds are presented in the copy of the attached Commission agenda memorandum.

The year-end budget to preliminary actual comparisons for General and Internal Service Funds are presented in the following pages. It shows that, overall, there will be an operating budget surplus of \$5,357,182 (2.3%) in the General Fund. A summary of preliminary General Fund Revenues and Expenditures as of September 30, 2009 is as follows:

	Adopted Budget FY 2008/09	3 rd Quarter Projection as of 06/30/09	Preliminary* Actual/Enc as of 1/31/10	Budget/ Actual Over/(Under)
<u>General Fund</u>				
Revenues	\$235,366,925	\$236,369,089	\$236,107,424	\$ 740,499
Expenditures	<u>235,366,925</u>	<u>231,850,522</u>	<u>230,750,242</u>	<u>(4,616,683)</u>
Surplus/(Deficit) \$	0	\$ 4,518,567	\$ 5,357,182	\$ 5,357,182

Note: * Includes encumbrances and excludes \$2.3 million in Unrealized Gains on Investments.

On the expense side, there is a savings of \$4.6 million across all departments, reflecting the impact of several pro-active initiatives by the City to reduce expenses below the adopted budget given the continued deterioration of economic conditions and the resulting impacts on the City's FY 2008/09 budget and for several years to come. These initiatives included the continuation of a modified hiring freeze, delayed hiring of other positions, re-bidding of contracts where appropriate to take advantage of the more competitive economic environment, close scrutiny of major purchases, and continuous evaluation of opportunities to reduce costs in all departments. On the revenue side, there is an estimated surplus of \$0.7 million, a difference of 0.3%. This increased revenue was primarily due to increased telephone taxes (Other Taxes), increased building permit revenues (Licenses and Permits) and increased revenues from rents and leases (Rents and Leases). These increases were partially offset by reduced ad-valorem property taxes, intergovernmental, golf course revenues, miscellaneous revenue, and fines and forfeit revenues. These revenue differences were anticipated in the FY 2008/09 third quarter projections that were included in the Proposed FY 2009/10 Work Plan and Operating Budget.

Our financial policies require ***one time revenues to be used for non-recurring expenses, and at least half of each annual year-end surplus to be allocated to the Capital Reserve Fund.*** However, the City's Capital Reserve was established when the industry was at a peak, and project bids were often coming in significantly higher than budgeted. Today is a different market and the Capital Reserve has accumulated funding. As a result, it is recommended that the Commission waive the requirement that at least half of the FY 2008/09 year-end surplus be used to fund the City's Capital Reserve. Rather, it is recommended that the General Fund budget be increased by using the \$5.3 million surplus as follows: \$3.6 million to be set aside in a reserve for one-time/non-recurring expenses in the FY 2010/11 budget; and \$1.7 million to a reserve for future Building Department needs.

In the Internal Service Funds budgets, the Central Services Fund exceeded its budget by \$49,126 and The Risk Management Fund exceeded its budget by \$3,040,274 offset by charges to departments and use of retained earnings.

"Attachment A" provides additional detail of General Fund Revenues and Expenditures by revenue category and department expenditure, For a detail of Enterprise Fund Revenues and Expenses by department, see "Attachment B". For a detail of Internal Service Funds Revenues and Expenses by department, see "Attachment C".

The Resolution to adopt the first amendment to the General, Enterprise and Internal Service Funds Budgets for FY 2008/09 will be presented at the March 10th, 2010 City Commission meeting.

JMG/KGB
Attachments A-C



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: March 10, 2010

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE FIRST AMENDMENT TO THE GENERAL AND INTERNAL SERVICE FUNDS BUDGETS FOR FISCAL YEAR (FY) 2008/09 TO APPROPRIATE PRIOR YEAR ENCUMBRANCES AND AMEND CERTAIN BUDGETS.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution amending the FY 2008/09 General Fund and Internal Service Funds Budgets, appropriating funds to cover prior year encumbrances, and amends certain department budgets.

GENERAL FUND ANALYSIS

The year-end budget to preliminary actual comparisons for General and Internal Service Funds are presented in the following pages. It shows that, overall, there will be an operating budget surplus of \$5,357,182 (2.3%) in the General Fund. A summary of preliminary General Fund Revenues and Expenditures as of September 30, 2009 is as follows:

	Adopted Budget FY 2008/09	3 rd Quarter Projection as of 06/30/09	Preliminary* Actual/Enc as of 1/31/10	Budget/ Actual Over/(Under)
General Fund Revenues	\$235,366,925	\$236,369,089	\$236,107,424	\$ 740,499
Expenditures	235,366,925	231,850,522	230,750,242	(4,616,683)
Surplus/(Deficit) \$	0	\$ 4,518,567	\$ 5,357,182	\$ 5,357,182

Note: * Includes encumbrances and excludes \$2.3 million in Unrealized Gains on Investments.

This surplus is similar to the 3rd quarter projection for FY 2008/09 that was included in the FY 2009/10 Proposed Work Plan and Operating Budget distributed last August and reflect the impact of several pro-active initiatives by the City to reduce expenses below the adopted budget given the continued deterioration of economic conditions and the resulting impacts on the City's FY 2008/09 budget and for several years to come. These initiatives included the continuation of a modified hiring freeze, delayed hiring of other positions, re-bidding of contracts where appropriate to take advantage of the more competitive economic environment, close scrutiny of major purchases, and continuous evaluation of opportunities to reduce costs in all departments. These initiatives resulted in the following savings to help offset revenue shortfalls:

- Approximately \$1.5 million in savings was generated in the Parks and Recreation Department from the delayed opening and takeover of maintenance services from the contractor for South Pointe Park, through careful management of contracted landscaping cycles, as well as salary savings and savings across multiple operating accounts in the Recreation division.
- Approximately \$1.2 million was also generated from savings in expenditures at the City golf courses as a result of several cost savings measures introduced in response to reduced demand and corresponding reduced revenues at the golf courses. In addition, savings occurred because of the three month delay in opening of the newly renovated Normandy Shores Golf Club.
- Approximately \$3.3 million in additional expenditures below budget across most departments primarily due to salary savings.

These savings were offset by expenditures in excess of budget primarily due to the City Attorney's Office for outside legal counsel due to Federal Court litigation involving the City's effort to provide public access to the Flamingo Baywalk; and in the Building Department for process improvement initiatives recommended by the Watson Rice performance and organizational review and previously approved by the Commission. In addition, Community Services (service for elderly, youth, etc.) expended in excess of its budget by \$18,707 or 4.2% primarily due to overtime which should be paid by grants; and Citywide Accounts transfers were in excess of budget by \$34,979, less than 1 percent due to the carryover of encumbrances from FY 2007/08 to FY 2008/09.

This resulted in net expenditure savings of approximately \$4.6 million in the General Fund, approximately 2 percent. With the exception of the City Attorney's Office which increased from the 3rd quarter projection, and the Building and Parks and Recreation Departments which decreased from the 3rd quarter projection, the expenditures are very similar to those projected for FY 2008/09 as part of the information provided in August in the Proposed FY 2009/10 Work Plan and Operating Budget.

On the revenue side, approximately \$3 million in additional revenues are reflected in the City's financials, of which \$2,317,283 are a result of unrealized gains on investments reflected on the City's financials which have a non-cash impact for FY 2008/09, resulting in an actual surplus of \$740,499 more than the adopted budget of \$235,366,925, a difference of 0.3% from the adopted budget. Governmental Accounting Standards Board Statement #31 (GASB 31) implemented in 1997 requires the City to report its investments at fair market value as if they were immediately liquidated on September 30 each year, and to recognize these impacts as "unrealized gains or losses on investments" on the City's financials, even though there is no cash impact until the investments are actually liquidated in the future. Typically this has not had a significant impact on the City's financials. In the last year, however, the impact was significant, primarily due to the fluctuations in interest rates.

This increased revenue was primarily due to increased telephone taxes (Other Taxes), increased building permit revenues (Licenses and Permits) and increased revenues from rents and leases (Rents and Leases). These increases were partially offset by reduced ad-valorem property taxes, intergovernmental, golf course revenues, miscellaneous revenue, and fines and forfeit revenues. These revenue differences were anticipated in the FY 2008/09 third quarter projections that were included in the Proposed FY 2009/10 Work Plan and Operating Budget, although building permit revenues increased further from the third quarter projection.

The City's financial policies adopted pursuant to Resolution 2006-26341 and Resolution 2002-24764 require ***one time revenues (such as the year-end surplus) must be used for non-recurring expenses***, and that ***at least half of each annual year-end surplus must be allocated to the City's Capital Reserve Fund***. However, the City's Capital Reserve was established in FY 2005/06 at a time when the industry was at a peak, and project bids were often coming in significantly higher than budgeted. Today is a very different market, with construction bids being received significantly under project budgets, and at the same time, the Capital Reserve has accumulated approximately \$12 million in funding.

As importantly, the City has performed an updated analysis of building permit fee revenues and building department expenses. Pursuant to Florida Statute, it is required that unexpended building fee revenues be carried forward to future years to fund allowable activities in enforcing the Florida Building Code. This analysis has shown the carry forward balance to be \$12.5 million through September 30, 2009, of which the city has set aside \$4.5 million in a reserve. This is primarily due to the ongoing review of the application of building permit fee ordinance, and the implementation of new processes which required up-front and back-end disclosure of the actual cost of remodeling and square footage of new facilities, over the last three years. The City needs to continue to increase funding in the building reserve with the \$1.7 million in Building revenues net of Building expenditures received in FY 2008/09. While it is recognized that the remaining balance of \$6.3 million owed to the Building Department from prior years should be repaid over a reasonable amount of time, given the significant challenges being faced for FY 2010/11, it is recommended that no funds be allocated at this time to reduce the \$6.3 million, and rather the repayment schedule be re-evaluated at the end of FY 2009/10.

The FY 2009/10 Adopted Budget is the third year of significant budget reductions by the City which cumulatively reflect a reduction of almost \$50 million and 245 positions, and the FY 2010/11 budget is once again anticipated to be extremely challenging as we are anticipating further property value declines and further increases in pension costs. Working with an assumption of a 15 percent decline in property values between January 1, 2009 and January 1, 2010 (because that decline is similar to the decline in existing properties in the prior year) and a projected increases in pension costs, a preliminary budget gap of \$30 million has been identified as a point of departure for FY 2010/11.

In order to address a gap of such magnitude, we are looking at all available options including potential revenue enhancements, further efficiencies, and pension reform. However, there is also the possibility of potential further service reductions which could ultimately affect employees. As a result, it is recommended that the Commission waive the requirement that at least half of the FY 2008/09 year-end surplus be used to fund the City's Capital Reserve. Rather, it is recommended that the FY 2008/09 General Fund budget be amended by using the \$5.35 million surplus as follows:

- \$1.7 million to a reserve for future Building Department needs, including offsetting of the discounted building fees adopted in FY 2009/10; and
- \$3.65 million to be set aside in a reserve for one-time/non-recurring expenses in the FY 2010/11 budget.

It should be noted that, unlike prior years, this provides no additional funding from the estimated year-end surplus for the City's FY 2008/09 accrued liability for post-employment benefits (primarily retiree health insurance) pursuant to recently enacted reporting requirements of Governmental Accounting Standards Board standards (GASB 45).

Pursuant to the GASB 45 standard established in 2004, related to reporting of liabilities for benefits paid to retirees other than pensions (OPEB), the City is now required to recognize the liability for OPEB benefits as incurred. However, it does not prescribe that these must be funded. In FY 2007/08 the City fully funded the annual liability. The total unfunded liability for OPEB is estimated at \$170,685,000 as of October 1, 2008. The annual cost for OPEB for FY 2008/09, as determined by the City's Consultant, Healthcare Analytics, a division of Gallagher Benefit Services, Inc., is \$16,008,000, of which \$7,571,000 was funded by payments to retirees, and \$1,528,877 was funded from the Enterprise Funds, the Internal Revenue Funds, and Special Revenue Funds, thereby funding approximately 60 percent of the annual cost. The balance of \$6,908,123 is recommended to not be funded at this time.

GENERAL FUND OPERATING REVENUES

Significant revenue variances are as follows:

1. **Ad Valorem Property Taxes** – Year-end collections of \$110,784,295 are 2.6% under the budget creating a net shortfall of \$2,920,546. This is primarily due to higher than anticipated property value appeals and approved by Miami-Dade County.
2. **Other Taxes** – This category includes franchise and utility taxes on services which are sensitive to local economic indicators. Based on actual collections of \$25,687,666, an excess of \$1,685,916 or 7.0%, resulted at year-end. This is primarily due to an increase in revenues from taxes on phone service.
3. **Licenses and Permits** - This category includes licenses and building and special use permits. Based on actual collections of \$19,604,125 an excess of \$4,797,083, or 32.4%, resulted at year-end. Of this amount, \$4.4 million is building permit related revenues primarily due to the ongoing review of the application of building permit fee ordinance, and the implementation of new processes which required upfront and back-end disclosure of the actual cost of remodeling and square footage of new facilities.
4. **Intergovernmental** – This category includes state-shared revenues such as cigarette, gas and sales taxes. Based on actual collections of \$9,553,992, a shortfall of \$447,428, or 4.5%, resulted at year-end. This is mainly due to a decrease in collections of taxes on sales due to the overall downturn in the economy.
5. **Charges for Services – Golf Courses** - This category includes fees collected at the Miami Beach and Normandy Shores Golf Courses. Based on actual collections of \$4,925,718, a shortfall of \$1,626,082, or 24.8%, resulted at year-end. This is primarily as a result of reduced demand due to the downturn in the economy, approximately two-thirds of which is offset by reduced expenses at the golf courses.
6. **Charges for Services – Other** - This category includes fees for copies, passports, fire rescue, and other recreational programs. Based on actual collections of \$4,455,782, an excess of \$69,601 resulted at year-end, a difference of less than 2% of budget.

7. **Fines and Forfeits** – This category includes traffic citations, and code and fire violation fees. Based on actual collections of \$1,787,686, a shortfall of \$287,314, or 13.8%, resulted at year-end. This is due to lower than anticipated revenues from traffic citations.
8. **Interest** – This category includes interest income from City investments. While the financials reflect interest revenues of \$7,948,540, \$2,317,283 are as a result of unrealized gains on investments reflected on the City's financials which are a non-cash impact in Fiscal Year 2008/09. Based on actual collections of \$5,631,257, a shortfall of \$678,743, or 10.8%, resulted at year-end. This is primarily due to lower than budgeted interest rates for long term investments.
9. **Rents and Leases** – This category includes rents and leases on City-owned facilities such as the Miami Beach Marina, Historic City Hall, and others. Projections indicate that year-end revenues will exceed budget by \$401,213 or 8.9%. This is primarily due to revenues in excess of budget from the rental of the Miami Beach Marina, and the Penrod's lease agreement.
10. **Miscellaneous** – This category includes concessions, planning fees, and other reimbursements. Projections indicate that year-end revenues will be 3.4% below budget or \$259,159, due primarily to lower than anticipated revenues as a result of savings in the CIP Department and therefore lower cost allocations to capital improvement projects.

GENERAL FUND OPERATING EXPENDITURES

Significant department savings and overexpenditures in excess of \$300,000 by General Fund department are explained in the following pages.

Significant Savings

1.	Parks & Recreation	Adopted Budget <u>FY 2008/09</u> \$23,881,553	3 rd Quarter Projection <u>as of 6/30/09</u> \$22,952,606	Preliminary Actual/Enc <u>as of 1/31/10</u> \$22,398,381	Budget/ Actual <u>Over/(Under)</u> \$(1,483,172)
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The Parks & Recreation Department spent 94% of its budget, reflecting \$1,483,172 below budgeted expenditures primarily due to the delayed opening and takeover of maintenance services from the contractor for South Pointe Park, through careful management of contracted landscaping cycles, as well as salary savings and savings across multiple operating accounts in the Recreation division.

2.	Parks & Recreation (Golf Courses)	Adopted Budget <u>FY 2008/09</u> \$7,163,910	3 rd Quarter Projection <u>as of 6/30/09</u> \$6,004,739	Preliminary Actual/Enc <u>as of 1/31/10</u> \$5,988,432	Budget/ Actual <u>Over/(Under)</u> \$(1,175,478)
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The Miami Beach and Normandy Shores Golf Courses spent less than 84% of its budget, reflecting \$1,175,478 below budgeted expenditures primarily due to reduced

expenses at the Miami Beach Golf Club which reflect the decline in visitor and group business as well as market conditions and the three month delay in opening of the newly renovated Normandy Shores Golf Club.

3. Capital Improvement Program (CIP) Office

Adopted Budget <u>FY 2008/09</u>	3 rd Quarter Projection <u>as of 6/30/09</u>	Preliminary Actual/Enc <u>as of 1/31/10</u>	Budget/ Actual <u>Over/(Under)</u>
\$3,578,721	\$3,246,028	\$3,211,822	\$ (366,899)

This department underspent its budget by \$366,899 or 10% due primarily to salary savings from vacant positions.

4. Fire

Adopted Budget <u>FY 2008/09</u>	3 rd Quarter Projection <u>as of 6/30/09</u>	Preliminary Actual/Enc <u>as of 1/31/10</u>	Budget/ Actual <u>Over/(Under)</u>
\$49,790,544	\$49,040,608	\$49,011,113	\$ (779,431)

The Fire Department expended approximately 98% of its budget and generated a year-end surplus in the amount of \$779,431. This is primarily due to salary savings from vacant positions and due to turnover as higher salaried positions retired and were replaced by lower salaried positions.

5. Citywide Accounts-Other

Adopted Budget <u>FY 2008/09</u>	3 rd Quarter Projection <u>as of 6/30/09</u>	Preliminary* Actual/Enc <u>as of 1/31/10</u>	Budget/ Actual <u>Over/(Under)</u>
\$11,463,991	\$10,865,266	\$10,678,534	\$ (785,457)

The Citywide Accounts-Other underspent its budget by \$785,457 or 6.9% due primarily to lower than anticipated Accumulated Leave Settlement payouts as well as not having to use various funds that were set aside for contingencies.

Significant Overexpenditures

6. City Attorney's Office

Adopted Budget <u>FY 2008/09</u>	3 rd Quarter Projection <u>as of 6/30/09</u>	Preliminary Actual/Enc <u>as of 1/31/10</u>	Budget/ Actual <u>Over/(Under)</u>
\$4,283,893	\$ 4,802,893	\$5,307,534	\$ 1,023,641

The City's Attorney's Office expended in excess of its budget by approximately \$1 million primarily due to outside legal counsel expenses. These outside legal expenses are primarily due to Federal Court litigation involving the City's effort to provide public access to the Flamingo Baywalk.

7. Building Department

Adopted Budget	3 rd Quarter Projection	Preliminary Actual/Enc	Budget/ Actual
<u>FY 2008/09</u>	<u>as of 6/30/09</u>	<u>as of 1/31/10</u>	<u>Over/(Under)</u>
\$8,990,621	\$9,869,641	\$9,419,643	\$ 429,022

Although approximately \$450,000 less than the prior quarterly projections (LTC# 104-2009 LTC# 150-2009) and the FY 2008/09 projection presented in the FY 2009/10 Proposed Work Plan and Budget in August 2009, the Building Department has exceeded its budget due to ongoing process improvement initiatives discussed in those projections. These initiatives were among 24 recommendations by Watson Rice as part of their performance and organizational review of the Building Department between 2008 and 2009. Building Permit revenues in excess of budget (\$4.4 million) are more than sufficient to offset these additional expenditures. Of the 24 initiatives recommended by Watson Rice, the following had an impact on the FY 2008/09 expenditures for the Building Department:

- Central Records Automation
- Space Reconfiguration*
- Additional Training
- Internal Controls (CCTV, GPS)

*The space configuration project included reconfiguration for electronic plan review including the third floor area to move building inspectors, records management, creation of three additional plan review stations for improved customer service and reconfiguration of the lobby to be more customer friendly.

GENERAL FUND BUDGET AMENDMENT

Although the total General Fund expenditure is below budget, Florida Statutes prohibit the overexpenditure of departmental budgets and funds, a budget amendment is necessary for those departments which projections indicate will overexpend their appropriation, and to allow the appropriation for the additional transfers to the Building Operations Reserve and the FY 2010/11 Reserve for One-Time/Non-Recurring Expenditures. A summary of the resulting increases and decreases to revenues and expenditures and the resulting proposed amended operating budget for FY 2008/09 is provided in the following section.

First amendment to the FY 2008/09 General Fund and Internal Service Funds Budgets
Page 8

GENERAL FUND	FY 2008/09 Adopted Budget	Changes in Rev/Exp Appropriation	Rec. Additional Appropriation	FY 2008/09 Amended Budget
REVENUES				
OPERATING REVENUES				
Property Tax (5.5472)	\$ 113,704,841	\$ (2,920,546)	\$ 0	\$ 110,784,295
Property Tax (5.5472)-So Pt Costs	10,014,389	0	0	10,014,389
Property Tax (0.1083)-Capital R & R	2,218,974	0	0	2,218,974
Property Tax - Norm Shores (0.7227)	98,981	0	0	98,981
Other Taxes	24,001,750	1,685,916	0	25,687,666
Licenses and Permits	14,807,042	4,797,083	0	19,604,125
Intergovernmental	10,001,420	(447,428)	0	9,553,992
Charges for Services incl. Golf Courses	10,937,981	(1,556,481)	0	9,381,500
Fines and Forfeits	2,075,000	(287,314)	0	1,787,686
Interest	6,310,000	(678,743)	0	5,631,257
Unrealized Gains/(Loss) - Investments	0	2,317,283	0	2,317,283
Rents and Leases	4,483,002	401,213	0	4,884,215
Miscellaneous	7,685,555	(259,159)	0	7,426,396
Other - Resort Tax	21,865,440	0	0	21,865,440
Other - Non-Operating	7,162,550	5,958	0	7,168,508
SubTotal	\$ 235,366,925	\$ 3,057,782	\$ 0	\$ 238,424,707
Total Net of Unrealized Gains/(Loss)	\$ 235,366,925	\$ 740,499	\$ 0	\$ 236,107,424
APPROPRIATIONS				
Department				
MAYOR & COMMISSION	\$ 1,461,678	(89,291)	\$ 0	\$ 1,372,387
CITY MANAGER	2,351,552	(71,222)	0	2,280,330
Communications	1,084,579	(197,694)	0	886,885
BUDGET & PERFORMANCE IMPROVE	1,991,966	(212,953)	0	1,779,013
FINANCE	4,216,476	(123,742)	0	4,092,734
Procurement	919,616	(27,671)	0	891,945
HUMAN RESOURCES	1,868,568	(213,339)	0	1,655,229
CITY CLERK	1,561,692	(86,868)	0	1,474,824
CITY ATTORNEY	4,283,893	1,023,641	0	5,307,534
ECONOMIC DEVELOPMENT	901,374	(15,640)	0	885,734
BUILDING	8,990,621	429,022	0	9,419,643
PLANNING	3,127,421	(72,921)	0	3,054,500
TOURISM & CULTURAL DEVELOPMENT	2,968,414	(48,744)	0	2,919,670
CODE COMPLIANCE	4,237,038	(68,193)	0	4,168,845
COMMUNITY SERVICES	441,561	18,707	0	460,268
HOMELESS SERVICES	718,268	(92,187)	0	626,081
PARKS & RECREATION	31,045,463	(2,658,650)	0	28,386,813
PUBLIC WORKS	6,513,259	(42,971)	0	6,470,288
CAPITAL IMPROVEMENT PROJECTS	3,578,721	(366,899)	0	3,211,822
POLICE	80,798,978	(169,159)	0	80,629,819
FIRE	49,790,544	(779,431)	0	49,011,113
Citywide Accounts-Other	11,463,991	(785,457)	0	10,678,534
Citywide Accounts-Normandy Shores	152,278	0	0	152,278
Sub Total General Fund	\$ 224,467,951	\$ (4,651,662)	\$ 0	\$ 219,816,289

First amendment to the FY 2008/09 General Fund and Internal Service Funds Budgets
Page 9

GENERAL FUND	FY 2008/09 Adopted Budget	Changes in Rev/Exp Appropriation	Rec. Additional Appropriation	FY 2008/09 Amended Budget
Transfers				
Capital Reserve Fund	\$ 2,500,000	\$ 0	\$ 0	\$ 2,500,000
Pay-As-You-Go Capital Fund	4,500,000			4,500,000
Capital Investment Upkeep Account	580,000	34,979		614,979
Info & Comm Technology Fund	1,100,000			1,100,000
Reserve Future Building Dept Needs			1,700,000	1,700,000
Reserve - Future Budget Shortfalls	0		3,657,182	3,657,182
GASB 45 Reserve-OPEB	0			0
CAPITAL RENEWAL & REPLACEMENT	2,218,974	0		2,218,974
Sub Total Transfers	\$ 10,898,974	\$ 34,979	\$ 5,357,182	\$ 16,291,135
Total General Fund	\$ 235,366,925	\$ (4,616,683)	\$ 5,357,182	\$ 236,107,424

ENTERPRISE FUNDS

The City accounts for proprietary operations in Enterprise Funds. Convention Center, Parking, Sanitation, Sewer, Stormwater, and Water are included in this grouping. No amendments are anticipated for the Enterprise Funds at this time. We do not have preliminary numbers for the Convention Center Fund at this time. This information will be provided at a later date.

INTERNAL SERVICE FUNDS

The City accounts for those goods and services provided by one department to other departments citywide on a cost reimbursement basis. Central Services, Fleet Management, Information Technology, Property Management, and Risk Management (Self Insurance) are included in this grouping.

Based upon our review, the Information Technology, Property Management and Fleet Management Funds are projected to be under budget. However, it is necessary to amend the appropriations for the Central Services and Risk Management Funds which our year-end expenditure projections indicate will exceed their budget appropriation.

The Central Services Fund exceeded its budget by \$49,126 or 5.7% primarily due to higher than anticipated postage usage and their contribution to the OPEB Trust which had not been known at the time of the development of the FY 2008/09 budget.

The Risk Management Fund exceeded its budget by \$3,040,274 or 17.2% primarily due to higher than anticipated actuarial liability for claims incurred but not reported primarily related to Workman's Compensation. However, the increased operating expenditures are partially offset by increased interdepartmental charges. The remaining \$734,761, funded by retained earnings results in increased non-cash deficit in the Risk Management fund related to these potential future claims.

INTERNAL SERVICE FUNDS

Central Services Fund

Revenue Appropriation

Interdepartmental Revenues	\$ 49,126
Total Revenue Increase	\$ 49,126

Expenditure Appropriation

Payroll and Fringes	\$ 16,312
Operating Costs	30,827
Capital	1,987
Total Expenditure Increase	\$ 49,126

Risk Management Fund

Revenue Appropriation

Interdepartmental Charges	\$ 1,631,492
Other/Interest	674,021
Retained Earnings*	734,761
Total Revenue Increase	\$ 3,040,274

*Use of Retained earnings will increase the deficit in the fund related to claims incurred but not reported

Expenditure Appropriation

Payroll and Fringes	\$ (23,937)
Operating Costs	3,064,211
Total Expenditure Increase	\$ 3,040,274

CONCLUSION

It should be noted that this actual is preliminary in nature due to the fact that the City's financial records will not be closed until after the external auditors complete their review. Historically, this occurs in April, with the City's Comprehensive Annual Financial Report (CAFR) For the Year Ended September 30, 2009, usually available in May. However, this analysis has considered all year-end closing entries to date and typically, any additional changes are minor in nature.

The attached Resolution will allow the first amendment to departmental appropriations within the General Fund and Internal Service Funds Budgets to be enacted. This action is necessary to comply with Florida Statutes which stipulate that we may not expend more than our appropriations provide.

JMG:KGB:JC

ATTACHMENT A

FY 2008/09 General Fund Operating Summary

	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim-Adptd Over/(Under)
REVENUES				
Ad Valorem Taxes	\$ 113,704,841	\$ 112,005,310	\$ 110,784,295	\$ (2,920,546)
Ad Valorem Taxes-S Pte Costs	10,014,389	10,014,389	10,014,389	0
Ad Valorem Cap.Renewal & Replace.	2,218,974	2,218,974	2,218,974	0
Ad Valorem Taxes-Norm Shores	98,981	98,981	98,981	0
Other Taxes	24,001,750	24,607,625	25,687,666	1,685,916
Licenses and Permits	14,807,042	19,835,485	19,604,125	4,797,083
Intergovernmental	10,001,420	9,297,550	9,553,992	(447,428)
Charges for Services	4,386,181	4,282,385	4,455,782	69,601
Golf Courses	6,551,800	4,923,929	4,925,718	(1,626,082)
Fines and Forfeits	2,075,000	2,155,075	1,787,686	(287,314)
Interest	6,310,000	6,060,000	5,631,257	(678,743)
Unrealized Gains/(Loss)-Investment	0	0	2,317,283	2,317,283
Rents and Leases	4,483,002	4,466,682	4,884,215	401,213
Miscellaneous	7,685,555	7,374,714	7,426,396	(259,159)
Other - Resort Tax contribution	21,865,440	21,865,440	21,865,440	0
Other - Non Operating revenues	7,162,550	7,162,550	7,168,508	5,958
Fund Balance	0	0	0	0
Sub Total	\$ 235,366,925	\$ 236,369,089	\$ 238,424,707	\$ 3,057,782
Total Net of Unrealized Gains/(Loss)	\$ 235,366,925	\$ 236,369,089	\$ 236,107,424	\$ 740,499

EXPENDITURES				
Mayor and Commission	\$ 1,461,678	\$ 1,363,678	\$ 1,372,387	\$ (89,291)
City Manager	2,351,552	2,222,248	2,280,330	(71,222)
Communications	1,084,579	933,760	886,885	(197,694)
City Clerk	1,561,692	1,556,154	1,474,824	(86,868)
Finance	4,216,476	4,137,476	4,092,734	(123,742)
Office of Budget & Perf Improve.	1,991,966	1,772,217	1,779,013	(212,953)
Human Resources/Labor Relations	1,868,568	1,652,602	1,655,229	(213,339)
Procurement	919,616	889,037	891,945	(27,671)
City Attorney	4,283,893	4,802,893	5,307,534	1,023,641
Economic Development	901,374	897,374	885,734	(15,640)
Building	8,990,621	9,869,641	9,419,643	429,022
Planning	3,127,421	2,977,478	3,054,500	(72,921)
Tourism & Cultural Development	2,968,414	2,846,414	2,919,670	(48,744)
Code Compliance	4,237,038	4,235,836	4,168,845	(68,193)
Community Services	441,561	439,461	460,268	18,707
Homeless Services	718,268	716,268	626,081	(92,187)
Parks and Recreation	23,881,553	22,952,606	22,398,381	(1,483,172)
Golf Courses	7,163,910	6,004,739	5,988,432	(1,175,478)
Public Works	6,513,259	6,486,200	6,470,288	(42,971)
Capital Improvement Program	3,578,721	3,246,028	3,211,822	(366,899)
Fire	49,790,544	49,040,608	49,011,113	(779,431)
Police	80,798,978	80,891,286	80,629,819	(169,159)
Citywide Accounts	11,463,991	10,865,266	10,678,534	(785,457)
Citywide Accounts-Normandy Shore	152,278	152,278	152,278	0
Citywide Accounts-Transfers	8,680,000	8,680,000	8,714,979	34,979
Capital Renewal & Replacement	2,218,974	2,218,974	2,218,974	0
Total	\$ 235,366,925	\$ 231,850,522	\$ 230,750,242	\$ (4,616,683)

EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	\$ 0	\$ 4,518,567	\$ 5,357,182	\$ 5,357,182
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ATTACHMENT B

FY 2008/09 Enterprise Funds Summary

PARKING	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
CHARGES FOR SERVICES				
Meters	\$ 14,669,422	\$ 16,885,890	\$ 16,806,803	\$ 2,137,381
Parking Citations	2,880,000	2,559,579	3,155,412	275,412
Attended Parking	1,160,000	690,495	707,042	(452,958)
Permits	978,000	786,005	793,889	(184,111)
Preferred Lot	2,100,000	1,548,761	1,511,373	(588,627)
Garages	6,464,696	5,613,972	5,610,441	(854,255)
Space Rental	495,000	284,812	270,745	(224,255)
Valet	410,000	745,329	745,431	335,431
Towing Fees	217,000	201,397	204,031	(12,969)
Subtotal	\$ 29,374,118	\$ 29,316,240	\$ 29,805,167	\$ 431,049
OTHER				
Interest Earnings	\$ 1,500,000	\$ 780,446	\$ 1,016,379	(\$483,621)
Retained Earnings	22,000	0	287,940	265,940
Miscellaneous	117,500	6,298	541,703	424,203
Subtotal	\$ 1,639,500	\$ 786,744	\$ 1,846,022	\$206,522
TOTAL REVENUES	\$ 31,013,618	\$ 30,102,984	\$ 31,651,189	\$ 637,571
EXPENSES				
Payroll & Fringes	\$ 9,091,336	\$ 8,722,808	\$ 9,067,083	\$ (24,253)
Operating	12,504,447	11,660,767	11,102,197	(1,402,250)
Management Fees to GF	2,433,400	2,433,400	2,433,400	0
Depreciation	1,657,379	987,757	1,231,953	(425,426)
Debt Service	2,187,106	2,185,106	2,187,106	0
Reserve Future Cap/Debt Srvc	3,117,950	4,062,983	3,117,950	0
Capital	22,000	50,163	287,940	265,940
TOTAL EXPENSES	\$ 31,013,618	\$ 30,102,984	\$ 29,427,629	\$ (1,585,989)
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$ 0	\$ 0	\$ 2,223,560	\$ 2,223,560

FY 2008/09 Enterprise Funds Summary

SANITATION	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
CHARGES FOR SERVICES				
Sanitation Fees	\$ 3,421,911	\$ 3,388,000	\$ 3,363,739	\$ (58,172)
Franchise Tax-Waste Contractors	3,198,720	3,013,337	2,962,826	(235,894)
Franchise Tax-Right of Way	365,190	350,810	334,174	(31,016)
Trash Removal	200,000	60,000	39,275	(160,725)
Roll Off	958,653	900,000	1,000,494	41,841
Impact Fee-Construction	1,115,500	900,000	876,376	(239,124)
Impact Fee-Commercial	700,000	680,000	677,422	(22,578)
City Center RDA-Reimbursement	1,958,899	1,958,899	2,317,859	358,960
Amended CDT Interlocal Agreement	2,405,168	2,405,168	2,405,168	0
Violations/Fines	150,000	60,000	36,729	(113,271)
Subtotal	\$ 14,474,041	\$ 13,716,214	\$ 14,014,062	\$ (459,979)
OTHER				
Interest Earnings/Other	\$ 182,200	\$ 353,292	\$ 410,884	\$ 228,684
Parking Fund Contribution	365,170	365,170	351,125	(14,045)
Stormwater Fund Contribution	584,000	584,000	584,000	0
Subtotal	\$ 1,131,370	\$ 1,302,462	\$ 1,346,009	\$ 214,639
TOTAL REVENUES	\$ 15,605,411	\$ 15,018,676	\$ 15,360,071	\$ (245,340)
EXPENSES				
Payroll & Fringes	\$ 8,888,736	\$ 6,941,478	\$ 7,147,943	\$ (1,740,793)
Operating	2,771,870	3,049,292	3,428,811	656,941
Garbage Contracts	2,583,956	2,580,000	2,520,209	(63,747)
Management Fees to GF	264,500	264,500	264,500	0
Depreciation	255,378	255,378	362,814	107,436
Debt Service - Equip. Loan Program	236,424	236,424	236,424	0
Capital	604,547	414,300	165,083	(439,464)
TOTAL EXPENSES	\$ 15,605,411	\$ 13,741,372	\$ 14,125,784	\$ (1,479,627)
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$ 0	\$ 1,277,304	\$ 1,234,287	\$ 1,234,287

FY 2008/09 Enterprise Funds Summary

SEWER OPERATIONS	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
CHARGES FOR SERVICES				
Sewer User Fees	\$ 28,289,421	\$ 30,724,349	\$ 30,652,365	\$ 2,362,944
Sewer Connection Fees	35,000	30,000	25,704	(9,296)
Sewer Fees-Cities	1,810,585	1,750,381	1,672,265	(138,320)
Subtotal	\$ 30,135,006	\$ 32,504,730	\$ 32,350,334	\$ 2,215,328
OTHER				
Interest Earnings	\$ 285,000	\$ 510,000	\$ 563,314	\$ 278,314
Miscellaneous	577,500	700,732	682,330	104,830
Retained Earnings-Capital	250,000	260,239	299,584	49,584
Subtotal	\$ 1,112,500	\$ 1,470,971	\$ 1,545,228	\$ 432,728
TOTAL REVENUES	\$ 31,247,506	\$ 33,975,701	\$ 33,895,562	\$ 2,648,056
EXPENSES				
Payroll & Fringes	\$ 2,611,005	\$ 2,391,202	\$ 2,453,018	\$ (157,987)
Operating	3,994,177	4,311,981	2,958,251	(1,035,926)
Sewer Treatment	12,904,119	13,070,134	13,233,259	329,140
Management Fees to GF	1,388,957	1,388,957	1,388,957	0
DERM Fee	1,967,491	1,931,444	1,931,444	(36,047)
Depreciation	1,180,000	1,500,000	2,018,786	838,786
Debt Service	5,429,262	5,429,262	5,429,262	0
Reserve Future Cap/Debt Svc	1,522,495	1,000,000	1,522,495	0
Capital	250,000	260,239	299,584	49,584
TOTAL EXPENSES	\$ 31,247,506	\$ 31,283,219	\$ 31,235,056	\$ (12,450)
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$ 0	\$ 2,692,482	\$ 2,660,506	\$ 2,660,506

FY 2008/09 Enterprise Funds Summary

STORMWATER	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
Stormwater Fees	\$ 8,946,112	\$ 9,750,989	\$ 9,672,574	\$ 726,462
Interest Earnings	250,000	322,887	330,307	80,307
Other	0	0	6,967	6,967
TOTAL REVENUES	\$ 9,196,112	\$ 10,073,876	\$ 10,009,848	\$ 813,736
EXPENSES				
Payroll & Fringes	\$ 1,741,380	\$ 1,627,772	\$ 1,744,246	\$ 2,866
Operating	1,330,269	1,474,702	1,093,466	(236,803)
Contribution to Sanitation	584,000	584,000	584,000	0
Management Fees to GF	264,500	264,500	264,500	0
Depreciation	130,000	320,000	325,497	195,497
Debt Service	3,575,000	3,575,000	3,575,000	0
Reserve Future Cap/Debt Svc	1,518,963	1,000,000	1,518,963	0
Capital	52,000	2,000	84,618	32,618
TOTAL EXPENSES	\$ 9,196,112	\$ 8,847,974	\$ 9,190,290	\$ (5,822)
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$ 0	\$ 1,225,902	\$ 819,558	\$ 819,558

FY 2008/09 Enterprise Funds Summary

WATER OPERATIONS	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
CHARGES FOR SERVICES				
Water Sales	\$ 25,933,443	\$ 28,577,933	\$ 29,341,184	\$ 3,407,741
Firelines	75,000	60,013	41,900	(33,100)
Water Connection Fees	3,000	0	0	(3,000)
Water Tapping	160,000	200,000	206,206	46,206
Subtotal	\$ 26,171,443	\$ 28,837,946	\$ 29,589,290	\$ 3,417,847
OTHER				
Interest Earnings	\$ 95,000	\$ 170,000	\$ 187,771	\$ 92,771
Miscellaneous	577,500	650,732	720,471	142,971
Retained Earnings-Capital	290,800	310,345	265,296	(25,504)
Subtotal	\$ 963,300	\$ 1,131,077	\$ 1,173,538	\$ 210,238
TOTAL REVENUES	\$ 27,134,743	\$ 29,969,023	\$ 30,762,828	\$ 3,628,085
EXPENSES				
Payroll & Fringes	\$ 4,191,576	\$ 3,864,504	\$ 4,009,122	\$ (182,454)
Operating	3,658,491	3,855,353	2,976,516	(681,975)
Water Purchase	10,781,052	10,208,990	9,979,506	(801,546)
Management Fees to GF	1,673,843	1,673,843	1,673,843	0
DERM Fee	1,708,830	1,646,776	1,646,776	(62,054)
Depreciation	680,000	1,240,000	1,800,075	1,120,075
Debt Service	3,665,895	3,665,895	3,665,895	0
Reserve Future Cap/Debt Svc	484,256	1,000,000	484,256	0
Capital	290,800	310,345	265,296	(25,504)
TOTAL EXPENSES	\$ 27,134,743	\$ 27,465,706	\$ 26,501,285	\$ (633,458)
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$ 0	\$ 2,503,317	\$ 4,261,543	\$ 4,261,543

ATTACHMENT C

FY 2008/09 Internal Service Funds Summary

CENTRAL SERVICES	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
Inter-departmental Charges	\$851,411	\$870,099	\$907,397	\$55,986
Interest/Other	4,000	0	(486)	(4,486)
Retained Earnings	0	0	0	0
TOTAL REVENUES	\$855,411	\$870,099	\$906,911	\$51,500
EXPENSES				
Payroll & Fringes	\$397,201	\$402,875	\$413,513	\$16,312
Operating	453,842	460,869	484,669	30,827
Depreciation	4,368	6,355	6,355	1,987
Capital	0	0	0	0
TOTAL EXPENSES	\$855,411	\$870,099	\$904,537	\$49,126
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$0	\$0	\$2,374	\$2,374

FY 2008/09 Internal Service Funds Summary

FLEET MANAGEMENT	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
Inter-departmental Charges	\$8,055,379	\$6,930,989	\$7,100,065	(\$955,314)
Sale of City Property	200,000	180,000	147,033	(52,967)
Interest/Other	267,000	226,100	161,136	(105,864)
Motor Fuel Tax Refund	92,000	92,000	104,548	12,548
Retained Earnings	90,000	90,000	11,996	(78,004)
TOTAL REVENUES	\$8,704,379	\$7,519,089	\$7,524,778	(\$1,179,601)
EXPENSES				
Payroll & Fringes	\$1,594,947	\$1,597,257	\$1,660,144	\$65,197
Operating	2,004,804	2,017,204	1,891,337	(113,467)
Fuel	3,328,080	2,128,080	2,063,080	(1,265,000)
Debt Service	1,686,548	1,686,548	1,686,548	0
Capital	90,000	90,000	11,996	(78,004)
TOTAL EXPENSES	\$8,704,379	\$7,519,089	\$7,313,105	(\$1,391,274)
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$0	\$0	\$211,673	\$211,673

FY 2008/09 Internal Service Funds Summary

INFORMATION TECHNOLOGY	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
Inter-departmental Charges	\$12,747,605	\$12,747,605	\$12,747,605	\$0
Other/Interest	189,000	184,000	284,920	95,920
Retained Earnings	863,000	854,927	980,637	117,637
TOTAL REVENUES	\$13,799,605	\$13,786,532	\$14,013,162	\$213,557
EXPENSES				
Payroll & Fringes	\$4,487,408	\$4,604,113	\$4,848,724	\$361,316
Operating	6,246,042	5,695,771	5,379,271	(866,771)
Depreciation	1,514,000	1,942,566	1,900,000	386,000
Debt Service	689,155	689,155	689,155	0
Capital	863,000	854,927	980,637	117,637
TOTAL EXPENSES	\$13,799,605	\$13,786,532	\$13,797,787	(\$1,818)
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$0	\$0	\$215,375	\$215,375

FY 2008/09 Internal Service Funds Summary

PROPERTY MANAGEMENT	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
Inter-departmental Charges	\$9,194,758	\$8,858,233	\$8,824,734	(\$370,024)
Other/Interest	25,000	40,368	43,472	18,472
Retained Earnings	279,360	279,360	322,747	43,387
TOTAL REVENUES	\$9,499,118	\$9,177,961	\$9,190,953	(\$308,165)
EXPENSES				
Payroll & Fringes	\$4,556,485	\$4,369,448	\$4,530,845	(\$25,640)
Operating	4,333,628	4,265,419	4,202,132	(131,496)
Depreciation	329,645	245,000	246,400	(83,245)
Capital	279,360	279,360	322,747	43,387
TOTAL EXPENSES	\$9,499,118	\$9,159,227	\$9,302,124	(\$196,994)
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$0	\$18,734	(\$111,171)	(\$111,171)

FY 2008/09 Internal Service Funds Summary

RISK MANAGEMENT	Adopted FY 2008/09	FY 2008/09 3rd Qtr Projection	Prelim Actual/Enc 08/09 (as of 1/30/10)	Prelim - Adptd Over/(Under)
REVENUES				
Inter-departmental Charges	\$16,658,575	\$16,658,575	\$18,290,067	\$1,631,492
Other/Interest	500,000	835,000	1,174,021	674,021
Retained Earnings	546,000	546,000	546,000	0
TOTAL REVENUES	\$17,704,575	\$18,039,575	\$20,010,088	\$2,305,513
EXPENSES				
Operating	\$565,131	\$608,891	\$541,194	(\$23,937)
Administrative Fees	674,481	674,481	674,481	0
Non-Operating	16,464,963	18,122,140	19,529,174	3,064,211
TOTAL EXPENSES	\$17,704,575	\$19,405,512	\$20,744,849	\$3,040,274
EXCESS OF REVENUES OVER/ (UNDER) EXPENSES	\$0	(\$1,365,937)	(\$734,761)	(\$734,761)