

Meeting Date: November 10, 2015

Agenda Item 9

REQUESTED COMMISSION ACTION:

Consent Ordinance Resolution Consideration Workshop

SHORT TITLE OR MOTION: Approval of budget adjustments to align the budgets and eliminate negative variances in Fiscal Year 2015.

Summary of Purpose and Why:

The City is required to present budget to actual performance for financial reporting purposes for its General fund . Negative variances within these functions would be in violation of budgetary level controls by the City. Florida Statute allows the governing board to align the budgets for these line item expenditures within Sixty (60) days from fiscal year end to eliminate these variances.

Attached is an explanation of the items being considered for adjustments and the impact on the funds.

QUESTIONS TO BE ANSWERED BY ORIGINATING DEPARTMENT:

- (1) Origin of request for this action: Budget Office
- (2) Primary staff contact: Ernesto Reyes, Assistant to the City Manager for Budget and Strategic Planning Ext. 4049
- (3) Expiration of contract, if applicable: NA
- (4) Fiscal impact and source of funding: Funding comes from appropriated FY 2015 funds, the budget Adjustment needed is \$ 1,135,195

DEPARTMENTAL COORDINATION

Budget Office
Finance

DATE
11/2/15
11/2/15

DEPARTMENTAL HEAD SIGNATURE OR ATTACHED MEMO NUMBER

[Signature]
[Signature]

City Manager [Signature]

[Signature]

ACTION TAKEN BY COMMISSION:

| <u>Ordinance</u> | <u>Resolution</u> | <u>Consideration</u> | <u>Workshop</u> |
|-------------------|-------------------|----------------------|-----------------|
| 1st Reading _____ | 1st Reading _____ | Results: _____ | Results: _____ |
| 2nd Reading _____ | _____ | _____ | _____ |



FINANCE DEPARTMENT
Memo No. 15-96

DATE: October 30, 2015

TO: Dennis Beach, City Manager

VIA: Ernesto Reyes, Assistant to the City Manager

FROM: Andrew Jean-Pierre, Controller *AS*

SUBJECT: Budget adjustment for FY2015

A budget is an estimate of anticipated expenditures and revenues. The Finance Department in conjunction with the Budget Department has reviewed the current estimates and has found a need to transfer budgeted amounts within certain fund expenditures for the end of the fiscal year ending 2015. This will also provide administration a realistic view of the City's financial position and improve the ability of a department to review and compare past performance.

Below is a summary of the adjustments and the impact on the funds.

General Fund

Preliminary results for FY 2015 show the City's General Fund will exceed its projection for revenues by \$2,590,993 for the electric franchise tax, county occupational licenses and various revenues received from the State of Florida. Also several of the City's expenditure line items were under expended by \$334,633. The result of this activity has created a favorable variance for the City of \$2,925,626.

Management is requesting your approval to use a portion of this variance to adjust the below line items which were either over expended or did not meet the City's revenue projection.

- \$110,115 which is primarily to cover accrued leave due to employee retirement.
- \$371,336 to cover overtime expenses associated with Fire Operations due to: Continued staffing gap which exists at the Battalion Chief level position, six firefighter positions that remained vacant for about six months, and several on-the-job injuries as well as long-term illness situations.
- \$149,208 to cover various expenditures in the repair and maintenance account for City buildings. For example two Emergency Generators were needed to replace those dedicated for City Hall and Chiller Building. Also replaced Split Air Conditioning unit relating to the City Attorney suite.
- \$299,104 to transfer funds to the Golf Fund to cover the revenue deficit due to fewer golf rounds played locally/nationally and course conditions were not at the level they needed to be to attract new golfers to Pompano or keep the golfers we had.
- \$205,432 to transfer funds to the Golf Fund to cover additional utility costs due to the Pines course being very immature when it comes to turf density and coverage. Additionally the City is in the middle of a very severe drought. According to the Pompano

Air Park weather station, the City experienced a record hot summer and a shortfall when it comes to rain. The City is currently 16 inches below normal.

Total adjustment is \$1,135,195. There will be no impact to the General Fund due to the favorable variances which are outlined above. See Exhibit A for the line item detail on the accounts that would be adjusted.

On behalf of Finance and the Budget department, we respectfully request your approval of the suggested line item adjustments.

Exhibit A

| General Fund - Favorable Variances | | | |
|---|---|-----------------------|--|
| Department | Line Item Description | Amount | Explanation |
| Non-Departmental | Rentals and leases | \$ 286,130 | Total costs came in under budget |
| Non-Departmental | Working capital reserve | \$ 48,503 | Total costs came in under budget |
| State Revenues | State Revenue Sharing | \$ 418,449 | Recognize greater than anticipated revenues |
| State Revenues | Half Cent Sales Tax | \$ 515,546 | Recognize greater than anticipated revenues |
| County Revenues | County Occupational Licenses | \$ 156,678 | Recognize greater than anticipated revenues |
| Permit, fees and special assessments | Electric Franchise Tax | \$ 1,500,320 | Recognize greater than anticipated revenues |
| | General Fund Total | \$ 2,925,626 | |
| General Fund Unfavorable Variances | | | |
| General Fund | | | |
| City Attorney Department | Paid vacation leave | \$ (34,059) | Cover accrued leave due to employee retirement |
| City Attorney Department | Paid sick leave | \$ (76,056) | Cover accrued leave due to employee retirement |
| Fire - Operations | Overtime | \$ (371,336) | Cover overtime expenses associated with Fire Operations due to: Continued staffing gap which exists at the Battalion Chief level position, six firefighter positions that remained vacant for about six months, and several on-the-job injuries as well as long-term illness situations. |
| Public Works - Building Maintenance | Repair & Maintenance | \$ (149,208) | Cover various expenditures in the repair and maintenance account for City buildings. For example two Emergency Generators were needed to replace those dedicated for City Hall and Chiller Building. Also replaced Split Air Conditioning unit relating to the City Attorney suite. |
| Golf Fund | Transfer to Golf Fund | \$ (205,432) | To cover expenses associated with water and sewer account. The Pines course is very immature when it comes to turf density and coverage. We are also in the middle of a very severe drought. According to the Pompano Air Park weather station, we experienced a record hot summer and a shortfall when it comes to rain. We are currently 16 inches below normal. |
| Golf Fund | Transfer to Golf Fund | \$ (299,104) | Cover the revenue deficit due to fewer golf rounds played locally/nationally and course conditions were not at the level they needed to be to attract new golfers to Pompano or keep the golfers we had. |
| | General Fund Total | \$ (1,135,195) | |
| | Net Positive (negative) variance | \$ 1,790,431 | |

#9



CITY OF POMPANO BEACH
BUDGET ADJUSTMENT

ORIGINATING DEPT.

Finance

DATE

9/30/2015

| ACCOUNT DESCRIPTION | FND | DP | DV | SUB | EL | OB | AVAILABLE FUNDS | CURRENT BUDGET | * INCREASE | * DECREASE | REVISED BUDGET |
|------------------------------|-----|----|----|-----|----|----|-----------------|----------------|------------|------------|----------------|
| Paid vacation term employe | 001 | 10 | 40 | 510 | 15 | 40 | | | 34,059 | | |
| Paid Sick leave Term employe | 001 | 10 | 40 | 510 | 15 | 50 | | | 76,056 | | |
| Overtime | 001 | 22 | 10 | 522 | 14 | 10 | | | 371,336 | | |
| Repair & maintenance | 001 | 30 | 60 | 530 | 46 | 10 | | | 149,208 | | |
| Transfer to Gdffund | 001 | 99 | 10 | 599 | 91 | 15 | | | 504,536 | | |
| Electric Franchise tax | 001 | 00 | 00 | 323 | 10 | 00 | | | 894,186 | | |
| State Revenue sharing | 001 | 00 | 00 | 335 | 12 | 00 | | | 110,000 | | |
| Half cent sales tax | 001 | 00 | 00 | 335 | 18 | 00 | | | 131,009 | | |
| * USE WHOLE DOLLARS ONLY | | | | | | | | TOTAL | | | |

REASON

Fiscal year 2015 budget adjustment based upon actual revenues & expenditures

J. Sibble 11/4/15
Department Head Date

- Adjustment is within total budget of department - Yes _____ No
- Adjustment requires only City Manager approval - Yes _____ No
- Adjustment requires City Commission approval - Yes No _____

Adjustment approved at City Commission Meeting of _____

| | | | | | |
|--|--------------------|-------------------|-----------------------|----------|-------------|
| J. Sibble 11/4/15 Finance Director Date | Budget Office Date | City Manager Date | AUDITED BY AS 11/2/15 | INPUT BY | CONTROL NO. |
|--|--------------------|-------------------|-----------------------|----------|-------------|

