



MEMORANDUM

TO: Mayor and City Commissioners

FROM: Jack Warner, Chief Financial Officer
Lisa Herrmann, Budget Officer

THROUGH: Robert A. Barcinski, Acting City Manager

DATE: May 1, 2014

SUBJECT: AGENDA ITEM 9.C. - REGULAR COMMISSION MEETING OF MAY 20, 2014
RESOLUTION NO. 24-14/MID YEAR BUDGET AMENDMENT

BACKGROUND

This is the mid year budget amendment for FY 2013-14. Overall expenses in the general fund will be decreasing by \$71,956 and revenues will be increasing by \$315,381. This allowed the reduction of prior year surplus that was used to balance the budget by \$387,337. There is an extraordinary item added to the budget which is \$8,810,000 to record the 2013 GO Refunding Bonds approved by the City Commission on November 19, 2013. The addition of this item results in an overall increase to the general fund of \$8,738,044.

Detailed explanations of the changes in the revenues and expenses are attached.

City Attorney Review: This item complies with all applicable City ordinances.

Finance Department Review: This item was submitted by the Finance Department.

Discussion: The Commission is requested to consider Resolution No. 24-14 which amends the FY 2013-14 budget.

RECOMMENDATION

Recommend approval of Resolution No. 24-14 amending the FY 2013-14 budget.

RESOLUTION NO. 24-14

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, AMENDING RESOLUTION NO. 44-13 ADOPTED SEPTEMBER 17, 2013 WHICH MADE APPROPRIATIONS OF SUMS OF MONEY FOR ALL NECESSARY EXPENDITURES OF THE CITY OF DELRAY BEACH, FLORIDA, FOR THE FISCAL YEAR 2013/2014, BY SETTING FORTH THE ANTICIPATED REVENUES AND EXPENDITURES FOR THE OPERATING FUNDS OF THE CITY FOR THE FISCAL YEAR 2013/2014; REPEALING ALL RESOLUTIONS INCONSISTENT HEREWITH.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DELRAY BEACH, FLORIDA, AS FOLLOWS:

Section 1. That Section 1 of Resolution No. 44-13 adopted by the City Commission of the City of Delray Beach, Florida, on September 17, 2013, is hereby repealed, and a new Section 1 is enacted and amended to read as follows:

That the following sums of money, attached hereto and marked Exhibit "A", are hereby appropriated upon the terms and conditions herein set forth.

Section 2. That, subject to the qualifications contained in this resolution, all appropriations made out of the General Fund are declared to be maximum, conditional and proportionate appropriations, the purpose being to make the appropriations payable in full in the amounts herein named if necessary and then only in the event the aggregate revenues collected and other resources available during the period commencing the 1st day of October, 2013, and ending the 30th day of September, 2014, for which the appropriations are made, are sufficient to pay all the appropriations in full. Otherwise, said appropriations shall be deemed to be payable in such proportion as the total sum of realized revenue of the General Fund is to the total amount of revenues estimated by the City Commission to be available in the period commencing the 1st day of October, 2013, and ending the 30th day of September, 2014.

Section 3. That all balances of the appropriations payable out of the General Fund of the City Treasury unencumbered at the close of business on the 30th day of September, 2013, except as otherwise provided for, are hereby declared to be lapsed into the City Treasury and may be used for the payment of the appropriations which may be made in any appropriation for the fiscal year commencing the 1st day of October, 2013. However, nothing in this section shall be construed to be applicable to unencumbered balances remaining to the credit of the Water and Sewer Fund, Sanitation Fund or any Fund created by the setting up of special revenue, but such balances shall be used in financing the proposed expenditures of these Funds for the fiscal year commencing the 1st day of October, 2013.

Section 4. That no department, bureau, agency or individual receiving appropriations under the provisions of this resolution shall exceed the amount of its appropriation, except with the consent and approval of the City Commission first obtained. If such department, bureau, agency or individual shall exceed the amount of its appropriation without such consent and approval of the City Commission, the administrative officer or individual, in the discretion of the City Commission, may be deemed guilty of neglect of official duty and may be subject to removal therefor.

Section 5. That nothing in this resolution shall be construed as authorizing any reduction to be made in the amounts appropriated in this resolution for the payment of interest on, or retirement of, the debt of the City of Delray Beach, Florida.

Section 6. That none of the monies enumerated in this resolution in connection with the General Fund, Water and Sewer Fund, Sanitation Fund or any other Fund of the City shall be expended for any purposes other than those for which they are appropriated, and it shall be the duty of the Budget Officer and/or Chief Financial Officer to report known violations of this section to the City Manager.

Section 7. That all monies collected by any department, bureau, agency or individual of the City government shall be paid promptly into the City Treasury.

Section 8. That the foregoing budget is hereby adopted as the official budget of the City of Delray Beach, Florida, for the aforesaid period. However, the restrictions with respect to the expenditures/expenses of the funds appropriated shall apply only to the lump sum amounts for classes of expenditures/expenses which have been included in this resolution.

Section 9. That public hearings were held on the tax levy and the budget on September 3, 2013, and September 17, 2013.

Section 10. That this resolution shall become effective immediately upon passage.

PASSED AND ADOPTED in regular session on this the 20th day of May, 2014.

MAYOR

ATTEST:

City Clerk

Exhibit A (As amended)
Budget Summary

	General Fund Amended FY 13/14	DOWNTOWN DEVELOPMENT FUND	ENTERPRISE FUNDS	SPECIAL REVENUE FUNDS	TOTAL
CASH BALANCES BROUGHT FORWARD	1,506,528		3,699,844	256,082	5,640,116
ESTIMATED REVENUES:					
TAXES					
	Millages				
AD VALOREM TAXES	7.1611 45,441,720	0	0	0	45,441,720
AD VALOREM TAXES	0.3453 2,168,970	0	0	0	2,168,970
AD VALOREM-DELINQUENT	350,000	0	0	0	350,000
AD VALOREM - DDA	1.0000 0	535,706	0	0	535,706
Sales & Use Taxes	1,315,000	0	0	0	1,305,000
Utility Taxes	5,635,000	0	0	0	5,235,000
Other Taxes	4,064,000	0	0	0	4,174,000
Franchise, Licenses & Permits	9,224,580	0	1,200	0	8,992,830
Intergovernmental	6,820,006	0	217,750	1,718,041	8,535,391
Charges for Services	10,639,900	0	42,797,310	0	53,314,850
Fines & Forfeitures	958,000	0	0	93,750	1,092,250
Miscellaneous Revenues	6,231,555	57,000	249,950	632,116	6,855,576
Other Financing Sources	12,528,360	0	1,075,000	1,024,620	6,652,860
TOTAL REVENUES AND OTHER FINANCING SOURCES	105,377,091	592,706	44,341,210	3,468,527	144,654,153
TOTAL ESTIMATED REVENUES AND BALANCES	106,883,619	592,706	48,041,054	3,724,609	150,294,269
EXPENDITURES/EXPENSES:					
General Government Services	10,154,463	0	0	0	9,843,550
Public Safety	55,236,756	0	0	138,750	55,640,080
Physical Environment	557,510	0	29,093,411	0	29,646,861
Transportation	3,398,495	0	0	0	3,362,190
Economic Environment	7,030,610	591,223	0	2,644,432	10,266,265
Human Services	59,750	0	0	39,607	99,357
Culture & Recreation	14,372,175	0	3,718,283	896,680	18,936,123
Debt Service	12,806,990	0	6,588,980	0	10,585,970
Other Financing Uses	3,216,870	0	7,421,750	0	10,638,620
TOTAL EXPENDITURES/EXPENSES	106,833,619	591,223	46,822,424	3,719,469	149,019,016
Reserves	50,000	1,483	1,218,630	5,140	1,275,253
TOTAL EXPENDITURES AND RESERVES	106,883,619	592,706	48,041,054	3,724,609	150,294,269

Budget Amendment Fiscal Year 2013-2014

General Fund Expenditures

The departmental adjustments overall total an increase of \$8,738,044. A brief justification of departmental adjustments is as follows:

General Government Services

This category includes the legislative and administrative departments of the City and the miscellaneous division. The decrease in General Government expenditures totals \$239,658.

Due to vacancies in the Human Resources, City Manager, Finance Administration, Planning & Zoning, and Engineering divisions, salaries and benefits were reduced by \$303,250. Unanticipated term pays and severance were added to the Finance Administration, City Attorney, Administrative Services and Planning & Zoning divisions in the amount of \$325,168. The Public Information division is reducing expenses by \$3,000 for funds not needed in the other contractual services account as the Peak Democracy forum will not be held. The City Clerk's department is increasing \$1,000 due to the increase in costs related to the March election. The Finance Administration division is adding a Buyer position for the remainder of the year which is funded by a transfer from the Water and Sewer fund for \$18,120 and increasing the temporary services account by \$23,600 due to covering vacancies with temporary employees. The City Attorney's department is increasing by \$153,000 for costs related to the Police and Fire pension actuarial studies, lobbying services and legal costs related to Waste Management which is funded by a transfer of \$110,000 from the Sanitation Fund. The Administrative Services division is decreasing \$3,500 for decreased utility costs at City Hall. The Clean & Safe division is decreasing \$840 due to funding the salaries for the SEIU contract increase (\$1,160) offset by a decrease in gardening supplies (\$2,000). The Planning & Zoning division is increasing \$22,610 for additional part time needed due to vacancies (\$8,980), additional for beach overlay fees (\$11,270) and express messenger charges (\$2,360). The Building Maintenance division is increasing by \$6,750 for salary increases due to the SEIU contract.

Cultural and Recreation

This function will increase \$41,940 overall with increases of \$51,440 due to salary increases from the SEIU contract and a reduction of \$9,500 in costs in the Tennis Stadium division.

Public Safety

This category includes the Police and Fire Departments and Community Improvement. The decrease in the Public Safety budget category equals \$393,254.

The Police and Fire pension accounts are being reduced by \$659,520 to match the budgeted amounts to the actual payment for the fiscal year. Police personnel services are being reduced \$10,000 overall for reduction in salaries due to vacancies (\$40,000) offset by increases in overtime (\$20,000) and part time (\$10,000). An additional \$51,676 is being added to the Police Operations overtime accounts, but is offset by grant revenue. Various police operating accounts are being increased \$137,000 for anticipated expenses for the remainder of the fiscal year.

The Fire personnel services is increasing by \$21,540 overall due to a reduction in salaries due to vacancies (\$75,000) offset by an increase to overtime (\$96,540).

The Building Inspection division is increasing \$66,050 to include transferring the Litter Prevention Coordinator from the Sanitation fund to the general fund (\$60,090), the hiring of an additional Building Inspector on June 1 (\$16,960) and plan review services (\$8,000) offset slightly by savings in salaries due to a vacancy (\$19,000).

Budget Amendment Fiscal Year 2013-2014

Physical Environment

This function will increase by \$4,060 for salary increases from the SEIU contract in the cemetery division.

Transportation

This category includes the Public Works Department. The department has four divisions, Streets, Traffic Operations, Parking, and Street Lighting. There is net departmental increase of \$35,640. The funding for salary increases due to the SEIU contract is \$16,640 and \$19,000 is requested in the Parking Facilities division to increase OSS garage staff during construction of NE 1st St and NE 1st Ave intersection and the purchase of additional smart cards.

Economic Environment

There will be no changes to this function.

Human Services

There will be no changes to this function.

Debt Service

This function will increase \$8,810,000 overall to record the 2013 GO Refunding Bonds issued November 21, 2013 and approved by the City Commission on November 19, 2013. There is a revenue offset for this item.

Transfers

There will be no changes to this function.

Reserves

There will be no changes to this function.

Other Funds

Law Enforcement Trust Fund

This fund is increasing by \$45,000 overall for anticipated purchases for the remainder of the year taken from fund reserves.

Special Projects Fund

No changes or adjustment to this fund.

Neighborhood Services Fund

Fiscal Year 2012/13 balances for CDBG, Neighborhood Housing, SHIP, Hope III, and Curb Appeal programs were brought forward and NSP proceeds from the sale of properties were budgeted. The overall increase for this fund is \$1,101,977.

Beautification Trust Fund

This fund will increase \$3,000 overall to budget additional CRA funding for the SW 2nd St Beautification project.

Budget Amendment Fiscal Year 2013-2014

Beach Restoration Fund

No changes or adjustment to this fund.

General Construction Fund

No changes or adjustment to this fund.

City Marina Fund

No changes or adjustment to this fund.

Sanitation Fund

This fund will decrease \$194,640 overall. Adjustments were made in revenues to reflect decreased rates and other anticipated changes for a decrease of \$260,980. Personnel changes in the amount of \$60,090 were made for the transfer of the Litter Control Coordinator to the General Fund. Additional expense adjustments are \$100,000 in other professional services for costs related to the garbage services bid, \$110,000 in a transfer to the general fund for legal fees pertaining to Waste Management and a reduction in the project reserve of \$344,550. Prior year surplus in the amount of \$66,340 is being used to balance the fund.

Water and Sewer Fund

This fund will increase by \$574,990 overall. The transfer to the Water and Sewer Renewal and Replacement fund will be increasing by \$1,000,000 to accelerate the Automatic Metering Infrastructure project. Other expense increases are \$18,120 for the transfer to the General Fund for the Buyer position and \$56,870 in various salary accounts for the SEIU contract increase. The project reserve account is being reduced by \$500,000 to offset part of this increase. Prior year surplus in the amount of \$574,990 is being used to balance the fund.

Water and Sewer Renewal and Replacement Fund

This fund will increase \$1,000,000 overall to accelerate the Automatic Metering Infrastructure project.

Municipal Golf Course

No changes or adjustments to this fund.

Lakeview Golf Course

No changes or adjustment to this fund.

Storm water Utility Fund

No changes or adjustment to this fund.

Garage Fund

No changes or adjustment to this fund.

Insurance Fund

The revenues are being adjusted in this fund to decrease prior year surplus used to balance by \$305,205 offset by additional revenue for recovery of prior year experience.

The General Fund Budget as of the six month period ending March 31, 2014 totaled \$98,145,575. Adjustments of \$8,738,044 were made for an amended total of \$106,883,619.

Variances are discussed in more detail below.

Surplus Brought Forward: Surplus brought forward was decreased by \$387,337. This represents an amount which is not needed to balance this current year's budget.

Ad Valorem Tax Revenue

A total of \$42,728,785 or 89% of the budget was collected for this revenue category. The City can expect to be at budget at fiscal year-end.

Sales and Use Taxes

Sales and Use Taxes totaled \$656,221 or 50% of the budget. The City can expect a surplus of \$10,000 due to optional gas tax revenues coming in better than anticipated.

Utility Taxes

Utility Tax revenues totaled \$2,569,855 or 49% of the budget. The City can expect a surplus of \$400,000 at fiscal year-end based on a projected increase in utility taxes based on electric.

Business Tax Receipts

License revenues totaled \$715,191 or 100% of the budget. The City can expect a surplus of \$25,000 at fiscal year-end based on prior year history.

Other Taxes

The communication service tax (CST) revenue collections totaled \$1,667,935 or 48% of the budget. The City can expect a shortfall of \$135,000 due to revenues coming in less than anticipated.

Licenses & Permit Revenues

Permit revenues totaled \$2,556,566 or 58% of the budget. The City can expect a surplus of \$39,500 at fiscal year-end. The revenue collection is up 12% from the prior year. Notable percentages to date are as follows: general building permits (52%), electrical (48%), plumbing permits (52%), air conditioning permits (51%), gas permits (63%), paving permits (87%), roof permits (49%) and landscape permits (110%).

Franchise Fees

The City has collected \$2,567,278 or 56% of the budget for this category. The City can expect a surplus of \$193,450 primarily due to an increase in the franchise fees based on electric and to a change in the beach services contract (\$38,750).

Intergovernmental Revenues

Intergovernmental revenues are at \$3,354,459 or 51% of the budget. The City can anticipate a surplus of \$220,406 at fiscal year-end due to state sales tax revenue (\$199,000), Justice Assistance Grant (\$18,868), PBCO occupational license revenue (\$15,000) coming in better than anticipated offset by an estimated shortfall in state revenue sharing (\$45,000).

Charges for Services

Charges for Services totaled \$5,519,534 or 52% of the budget. The City can expect a surplus of \$122,360 at fiscal year-end. Notable percentages to date are as follows: zoning fees (78%), plat approval fees (53%), site plan approval fees (43%), conditional use fees (43%), miscellaneous land use applications (51%), beach overlays (39%), certifications/copies (66%), road impact fees (18%), beach parking (40%) and beach parking permits (144%).

Fines and Forfeitures

Fines and Forfeitures totaled \$552,077 or 55% of the budget. The City can expect a shortfall of \$40,500 at fiscal year-end due to an estimated shortfall relative to ticket revenue (\$20,000), civil violations (\$4,000) and false alarm fees (\$20,000) offset by an estimated surplus in fines/code enforcement (\$4,000).

Miscellaneous Revenue

Miscellaneous revenues totaled \$1,472,602 or 54% of the budget. The City can expect a surplus of \$315,045 based on an expected surplus due to a CRA/reverter clause contract (\$266,000), Auburn Trace interest (\$93,000) as well as VISA rebates (\$15,000). This is offset by lower than expected interest earnings (\$20,000), interest from tax collections (\$16,000) and Caron House PILOT (\$18,170).

Recovery of Administrative Costs

Recovery of Administrative Costs is at \$1,229,500 or 50% of the budget. The City can expect to be at budget at fiscal year-end.

Interfund Transfers

Interfund Transfers are at \$6,000 or 43% of the budget. The City can expect to be at budget at fiscal year-end.

Contribution from Other Funds

Contributions from Other Funds are at \$1,787,979 or 39% of the budget. The City can expect a shortfall of \$834,880 at fiscal year-end due to an incorrect budget for the sale of SCRWTDB capacity (\$963,000) offset by an increase for funding the Buyer's position for 5 months (\$18,120) and funding for legal fees related to the Waste Management contract (\$110,000).

Extraordinary Item

The extraordinary item totals \$8,810,000 and represents debt proceeds relative to the 2013 General Obligation Refunding bonds.