

MEMORANDUM NO. 03-1194

DATE: August 29, 2003

TO: Mayor Jim Naugle
Vice-Mayor Carlton B. Moore
Commissioner Christine Teel
Commissioner Dean J. Trantalis
Commissioner Cindi Hutchinson

FROM: F. T. Johnson, City Manager

BY: Terry L. Sharp, Director of Finance

SUBJECT: September 3, 2003 Agenda – First Public Hearing
Tentative Budget for Fiscal Year 2004 (FY2004)

The City Commission established a preliminary millage rate for FY2004 on July 29, 2003. Since that meeting, City staff has taken a final look at its estimates for revenues and expenditures for both the current year and next year. Financial transactions from June and July provided additional information for the review. Three exhibits are included with this memorandum to summarize the changes. A few purchases budgeted in FY2003 will not take place this fiscal year and are requested to be carried forward or added to the appropriations for FY2004. **Exhibit 1** provides the list of these requests. **Exhibit 2** summarizes the recommended budget by department by fund. **Exhibit 3** outlines the recommended authorized staffing levels for next year compared to the current fiscal year. **Exhibit 4** is the outline of the presentation for the public hearing on Wednesday night.

The total all funds budget is now recommended at \$377.2 million compared to the budget proposed by the City Manager on July 29 of \$374.3 million. The major changes since July are explained by fund below.

General Fund

The General Fund recommended budget is \$215.1 million compared to the proposed budget of \$214.4 million. In reviewing General Fund resources, no additional flexibility was identified that would result in opportunities to change recommendations for service level adjustments, tax rates, or employee compensation. Further, the FY2004 budget, as it was in July, makes significant assumptions about salary savings from normal turnover, continued hiring freezes, and other methods such as furloughs. A successful completion of FY2004 will require initial efforts at a strategic financial plan with implementation of some restructuring before the end of the fiscal year. One reason for the increase in the General Fund is due to the carryforwards from the current year. Departmental projections changed due to refinements in the payroll projections as well as the subtraction of a portion of the anticipated salary savings from departmental appropriations. The transfer to the General Capital Projects Fund was reduced by \$1.5 million because of an accounting change to have the amount directly transferred to the debt service fund that is retiring debt for general capital projects.

Other Funds

The primary reason for increases in the enterprise funds is due to the projection of rate increases proposed in the budget for the Sanitation, Water and Sewer, Stormwater, and Parking Funds.

The projections for the Insurance Fund show a larger projected deficit for the end of FY 2004 than appeared in July. As noted on the schedule in July, projecting claims costs is complex. The insurance business is reliant on actuarial studies that the City contracts for at the end of each fiscal year. There are some in financial circles that suggest that claims not be budgeted because of the difficulty in projecting. Monitoring of financial activity is much more important than budget to actual comparisons. In the absence of a Risk Manager, the City will utilize its outside insurance consultant and actuaries to give the Commission a clearer picture this fall.

The purpose of Wednesday's public hearing and budget agenda items is the tentative adoption of FY2004 property tax millage rates and budget appropriations. Required advertising of these decisions will appear in the Sun Sentinel on Friday, September 12 in advance of the final budget hearing on September 16 at the Regular Commission Meeting.

FTJ:TLS:m

Exhibits (4)

CARRYFORWARD FROM FY 2002/2003 TO FY 2003/2004

GENERAL FUND

<u>FROM</u>					<u>TO</u>			
DEPT	FUND	INDEX CODE	SUBOBJ	AMOUNT	INDEX CODE	SUBOBJ	AMOUNT	DESCRIPTION
GEN	001	GEN020101	6404	11,000	GEN020101	6404	11,000	Digital Reporter for Comission Meetings
GEN	001	GEN020101	3925	1,794	GEN020101	6404	1,794	Digital Reporter for Comission Meetings
FIR	001	FIR010101	6404	149,200	FIR010301	6404	149,200	Electronic Reporting System
PED	001	PED010101	3634	13,000	PED010101	3634	13,000	Stormwater Charges for City Owned Properties
PBS	001	PBS040203	3199	25,000	PBS040203	3199	25,000	FPL Expansion Consultant
TOTAL GENERAL FUND				\$ 199,994			\$ 199,994	

OTHER FUNDS

PED	468	PED070101	3949	14,000	PED070101	3949	14,000	Aircraft FirefightingRescue Gear for Fire Dept
TOTAL AIRPORT FUND				\$ 14,000			\$ 14,000	
FIN	543	FIN030101	2119	57,540	FIN030101	2119	57,540	Wellness Incentive Payments
TOTAL INSURANCE FUND				\$ 57,540			\$ 57,540	
ADM	583	ADM030501	6416	7,540	ADM030501	6416	7,540	14 ft. Enclosed Trailers (2 Units)
ADM	583	ADM030501	6416	7,224	ADM030501	6416	7,224	Toro Top Dresser (1 Unit)
ADM	583	ADM030501	6416	160,000	ADM030501	6416	160,000	Rubber Tracked Dozer (1 Unit)
ADM	583	ADM030501	6416	20,000	ADM030501	6416	20,000	Skid-Steer Loader (1 Unit)
ADM	583	ADM030501	6416	345,000	ADM030501	6416	345,000	Cab Overs with Roll-Off Bodies (3 Units)
ADM	583	ADM030501	6416	400,000	ADM030501	6416	400,000	Bulk Trash Collection Trucks (4 Units)
ADM	583	ADM030501	6416	69,000	ADM030501	6416	69,000	Compact Triplex Reel Mowers (3 Units)
ADM	583	ADM030501	6416	80,000	ADM030501	6416	80,000	Trl Mtd Vacuum Pump/Storage Tank (1 Unit)
ADM	583	ADM030501	6416	10,000	ADM030501	6416	10,000	Heavy Duty 9 Ton Trailer (1 Unit)
ADM	583	ADM030501	6416	12,000	ADM030501	6416	12,000	Walk-Behind Trencher (1 Unit)
ADM	583	ADM030501	6416	40,000	ADM030501	6416	40,000	Chassis/Cab with 14 ft. Flatbed (1 Unit)
ADM	583	ADM030501	6416	15,000	ADM030501	6416	15,000	Trailer Mtd. Pressure Washer (1 Unit)
ADM	583	ADM030501	6416	160,000	ADM030501	6416	160,000	Refuse Collection Truck (1 Unit)
ADM	583	ADM030501	6416	90,000	ADM030501	6416	90,000	Center Behind Cab Mounted Crane Truck (1 Unit)
ADM	583	ADM030501	6416	100,000	ADM030501	6416	100,000	Chassis/Cabs with Dump Bodies (2 Units)
ADM	583	ADM030501	6416	720,000	ADM030501	6416	720,000	Tandem Axle Refuse Collection Trucks (4 Units)
ADM	583	ADM030501	6416	2,650	ADM030501	6416	2,650	Trailer for Water Tank (1 Unit)
TOTAL VEHICLE FUND				\$ 2,238,414			\$ 2,238,414	
ALL FUNDS TOTAL				\$ 2,509,948			\$ 2,509,948	

City of Fort Lauderdale
Recommended All Funds Operating Budget
Fiscal Year 2003/2004

Estimated Revenues and Other Resources Available:		General Fund	Community Redevelopment	Sunrise Key	Debt Service Funds	Sanitation	Water and Sewer	Stormwater	Parking System	Airport	Total Operating Funds
Projected Cash Balances Brought Forward:											
Prior Year Carryforward (Balances)	\$	86,330	-	146,527	-	2,037,605	8,120,926	3,544,430	(1,122,031)	8,716,896	21,530,683
Required Reserves - Beginning		-	165,304	-	637,949	712,190	2,500,000	-	1,497,340	-	5,512,783
Total Cash Balances Brought Forward	\$	86,330	165,304	146,527	637,949	2,749,795	10,620,926	3,544,430	375,309	8,716,896	27,043,466
Estimated Revenues:											
Taxes:	Millage/\$1,000										
Ad Valorem Taxes - Operating	4.8288	84,447,731	-	-	-	-	-	-	-	-	84,447,731
Ad Valorem Taxes - 1987/92/98 Bonds	0.2194	3,841,686	-	-	-	-	-	-	-	-	3,841,686
Ad Valorem Taxes - 1997/2002 Bonds	0.1488	2,608,282	-	-	-	-	-	-	-	-	2,608,282
Ad Valorem Taxes - Sunrise Key	0.7500	-	-	42,368	-	-	-	-	-	-	42,368
Franchise Fees		12,750,000	-	-	-	-	-	-	-	-	12,750,000
Utility Service Taxes		37,164,000	-	-	-	-	-	-	-	-	37,164,000
Licenses and Permits		8,675,438	-	-	-	-	-	-	-	-	8,675,438
Intergovernmental		15,350,000	2,769,325	-	-	-	-	-	-	-	18,119,325
Charges for Services		17,751,963	79,323	-	-	20,940,340	68,345,887	3,316,500	7,506,800	1,682,524	119,623,337
Fines and Forfeitures		2,642,200	-	-	-	-	-	-	3,303,000	-	5,945,200
Other		28,642,619	271,007	2,050	26,500	1,005,000	4,478,902	75,000	247,500	3,113,078	37,861,656
Total Estimated Revenues	\$	213,873,919	3,119,655	44,418	26,500	21,945,340	72,824,789	3,391,500	11,057,300	4,795,602	331,079,023
Estimated Transfers and Other Sources	\$	1,169,372	2,310,827	-	15,615,794	-	-	-	-	-	19,095,993
Total Resources Available	\$	215,129,621	5,595,786	190,945	16,280,243	24,695,135	83,445,715	6,935,930	11,432,609	13,512,498	377,218,482
Appropriations and Other Resources Allocated:											
Recommended Appropriations by Department:											
Administrative Services	\$	8,979,958	-	-	-	-	-	-	6,743,785	-	15,723,743
City Attorney		2,476,363	-	-	-	-	-	-	-	-	2,476,363
City Clerk		931,240	-	-	-	-	-	-	-	-	931,240
City Commission		290,841	-	-	-	-	-	-	-	-	290,841
City Manager		2,786,958	142,546	-	-	-	-	-	-	-	2,929,504
Community & Economic Development		6,257,768	1,346,805	-	-	-	-	-	-	4,485,327	12,089,900
Finance		3,656,261	-	-	-	-	-	-	-	-	3,656,261
Fire-Rescue		44,814,437	-	-	-	-	-	-	-	-	44,814,437
Office of Professional Standards		488,669	-	-	-	-	-	-	-	-	488,669
Parks and Recreation		26,565,199	-	-	-	-	-	-	-	-	26,565,199
Police		73,897,920	-	-	-	-	-	-	1,273,405	-	75,171,325
Public Services		21,230,884	-	-	-	21,134,971	51,502,512	2,509,010	-	-	96,377,377
Other General Government		3,838,967	-	45,000	-	-	-	-	-	-	3,883,967
Debt Service		514,783	92,500	-	15,782,775	546,528	5,574,874	-	1,348,900	-	23,860,360
Total Appropriations for Operating Expenditures	\$	196,730,248	1,581,851	45,000	15,782,775	21,681,499	57,077,386	2,509,010	9,366,090	4,485,327	309,259,186
Other Resources Allocated:											
Contingencies		1,000,000	-	1,200	-	-	-	-	-	-	1,001,200
Required Transfers Out		14,467,776	2,306,200	-	-	-	-	-	-	-	16,773,976
Discretionary Transfers Out		125,277	606,372	-	-	-	-	-	604,200	-	1,335,849
Capital Transfers Out		806,320	936,059	-	-	-	13,000,000	1,340,000	300,000	100,000	16,482,379
Total Other Resources Allocated	\$	16,399,373	3,848,631	1,200	-	-	13,000,000	1,340,000	904,200	100,000	35,593,404
Projected Balances and Reserves:											
Anticipated Year End Balance		2,000,000	-	144,745	-	2,137,218	10,443,372	3,086,920	(335,021)	8,927,171	26,404,405
Required Reserves - Ending		-	165,304	-	497,468	876,418	2,924,957	-	1,497,340	-	5,961,487
Total Balances and Reserves		2,000,000	165,304	144,745	497,468	3,013,636	13,368,329	3,086,920	1,162,319	8,927,171	32,365,892
Total Resources Allocated	\$	215,129,621	5,595,786	190,945	16,280,243	24,695,135	83,445,715	6,935,930	11,432,609	13,512,498	377,218,482

Exhibit 2 page 2

City of Fort Lauderdale
Recommended All Funds Operating Budget
Fiscal Year 2003/2004

Estimated Revenues and Other Resources Available:	Internal Service Funds		
	Insurance*	Central Services	Vehicle Rental
Projected Cash Balances Brought Forward:			
Prior Year Carryforward (Balances)	\$ (18,420,955)	579,159	1,555,066
Required Reserves - Beginning	-	-	11,041,280
Total Cash Balances Brought Forward	\$ (18,420,955)	579,159	12,596,346
Estimated Revenues:			
Charges for Services	34,004,942	2,161,038	14,481,540
Other	431,250	132,629	1,134,730
Total Estimated Revenues	\$ 34,436,192	2,293,667	15,616,270
Estimated Transfers	\$ -	-	125,277
<i>Total Resources Available</i>	<u>\$ 16,015,237</u>	<u>2,872,826</u>	<u>28,337,893</u>
Estimated Resources Allocated:			
Expenses:			
Salaries and Wages	\$ 860,628	577,745	297,725
Fringe Benefits	558,669	250,667	118,953
Services/Materials	2,197,500	1,487,372	7,089,155
Other Operating Expenses	393,337	142,652	273,474
Debt Services	-	-	1,454,016
Capital Outlay	8,500	31,500	7,864,914
Total Expenses	\$ 4,018,634	2,489,936	17,098,237
Operating Balance Year End	(21,800,883)	242,435	1,853,629
Vehicle Reserves	-	-	9,386,027
Claims	33,797,486	-	-
Transfers	-	140,455	-
Total of Other Financial Uses	\$ 11,996,603	382,890	11,239,656
<i>Total Resources Allocated</i>	<u>\$ 16,015,237</u>	<u>2,872,826</u>	<u>28,337,893</u>

*The Insurance Fund is heavily dependent upon outside actuaries who determine the current and future risk the City has and will assume. Because of the nature of the business, a budget picture for the Fund is difficult to portray in the same manner as other City operations. The change in claims liability is greatly affected by the nature of City businesses, the cost of litigation vs. settlement, and the determination of incurred but not reported claims by outside experts.

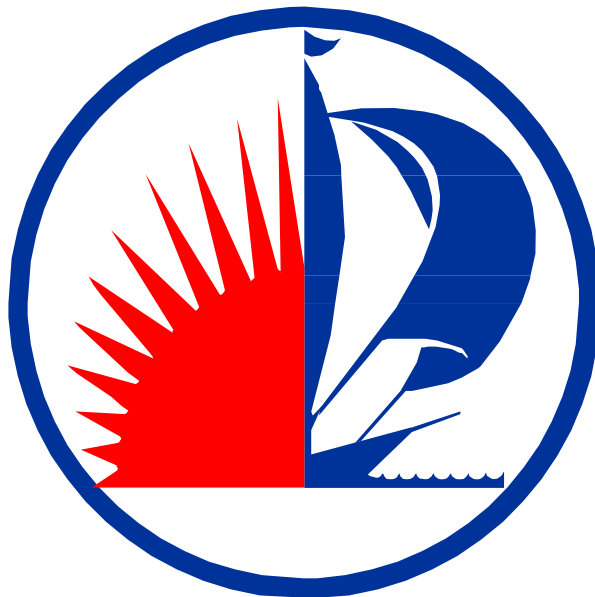
Exhibit 3

Changes in Authorized City Positions as Full-Time Equivalents (FTE)

	Fiscal Year 2002/2003 ADOPTED				Fiscal Year 2003/2004 TENTATIVE			
	Permanent Full-Time	Temporary Full-Time	Temporary Part-Time	Total FTE	Permanent Full-Time	Temporary Full-Time	Temporary Part-Time	Total FTE
<u>GENERAL FUND:</u>								
Administrative Services	69.00	-	2.25	71.25	70.00	-	2.25	72.25
City Attorney	24.00	-	-	24.00	24.00	-	-	24.00
City Clerk	11.00	1	0.50	12.50	11.00	-	0.50	11.50
City Commission	5.00	-	-	5.00	5.00	-	-	5.00
City Manager	30.00	-	1.50	31.50	26.00	-	1.50	27.50
Community & Economic Development	67.00	-	1.70	68.70	68.00	-	1.00	69.00
Finance	50.00	-	-	50.00	50.00	-	-	50.00
Fire-Rescue	410.00	-	0.50	410.50	439.00	-	6.70	445.70
Office of Professional Standards	-	-	-	-	4.00	-	-	4.00
Parks & Recreation	298.00	1.00	130.00	429.00	270.00	1.00	123.80	394.80
Police	746.00	-	1.25	747.25	746.00	-	1.25	747.25
Public Services	240.00	1.00	1.00	242.00	238.00	1.00	1.00	240.00
General Fund Total	1,950.00	3.00	138.70	2,091.70	1,951.00	2.00	138.00	2,091.00
<u>COMMUNITY REDEVELOPMENT FUND:</u>								
City Manager	1.00	-	-	1.00	1.00	-	-	1.00
Community & Economic Development	3.00	6.00	-	9.00	4.00	6.00	-	10.00
Community Redevelopment Fund Total	4.00	6.00	0.00	10.00	5.00	6.00	0.00	11.00
<u>ENTERPRISE FUNDS:</u>								
Sanitation	80.00	2.00	0.50	82.50	80.00	2.00	0.50	82.50
Water & Sewer	299.00	-	-	299.00	305.00	-	-	305.00
Central Region	35.00	-	-	35.00	35.00	-	-	35.00
Stormwater	21.00	-	-	21.00	21.00	-	-	21.00
Parking System - Administrative Services	47.00	-	-	47.00	46.00	-	2.00	48.00
Parking System - Police	23.00	-	-	23.00	23.00	-	-	23.00
Executive Airport	12.00	-	0.50	12.50	13.00	-	0.50	13.50
Enterprise Funds Total	517.00	2.00	1.00	520.00	523.00	2.00	3.00	528.00
<u>INTERNAL SERVICE FUNDS:</u>								
Insurance	9.00	-	0.50	9.50	10.00	-	0.00	10.00
Central Services	12.00	-	2.00	14.00	10.00	1.00	1.00	12.00
Vehicle Rental	4.00	-	-	4.00	5.00	-	-	5.00
Internal Service Funds Total	25.00	0.00	2.50	27.50	25.00	1.00	1.00	27.00
<u>LIGHT DUTY POSITIONS (Insurance Fund)</u>								
Fire-Rescue	1.00	-	-	1.00	1.00	-	-	1.00
Parks & Recreation	2.00	0.00	0.00	2.00	2.00	-	-	2.00
Police	4.00	0.00	0.00	4.00	4.00	-	-	4.00
Public Services	2.00	0.00	0.00	2.00	2.00	-	-	2.00
Light Duty Positions Total	9.00	0.00	0.00	9.00	9.00	0.00	0.00	9.00
<u>GRANTS AND CONFISCATION FUNDS:</u>								
Fire-Rescue	2.00	0.00	0.00	2.00	2.00	0.00	0.00	2.00
Community & Economic Development	19.00	1.00	0.50	20.50	19.00	1.00	0.50	20.50
Police	13.00	1.00	0.00	14.00	12.00	1.00	0.00	13.00
Grants and Confiscation Funds Total	34.00	2.00	0.50	36.50	31.00	2.00	0.50	33.50
ALL FUNDS TOTAL	2,539.00	13.00	142.70	2,694.70	2,544.00	13.00	142.50	2,699.50

Recommended Budget for FY 2004

City of Fort Lauderdale



Purpose of Tonight's Hearing

- **First of Two Required Public Hearings**
- **Summarize the Reasons for any Recommended Property Tax Millage**
- **Take Public Comment Regarding Property Taxes and the Recommended Budget**
- **Tentative Approval of the Millage Rate and the FY 2004 Budget**
- **Final Approval of the Fire-Rescue Special Assessment**

City Millage Rates only Part of Total Bill

- Rates are Proposed for Both Operating and Voter-approved Debt Service
- City's Rates Represent 20% of Your Total Taxes

FY 2003 Operating Millage Rates		
<u>Jurisdiction</u>	<u>Rate</u>	<u>Percentage</u>
School Board	8.8825	35.9%
County	7.3650	29.7%
Fort Lauderdale	4.8472	19.6%
Hospital District	2.4803	10.0%
SFWMD	0.6970	2.8%
Children Services	0.3316	1.3%
Hillsboro Inlet	0.1170	0.5%
FIND	0.0385	0.2%

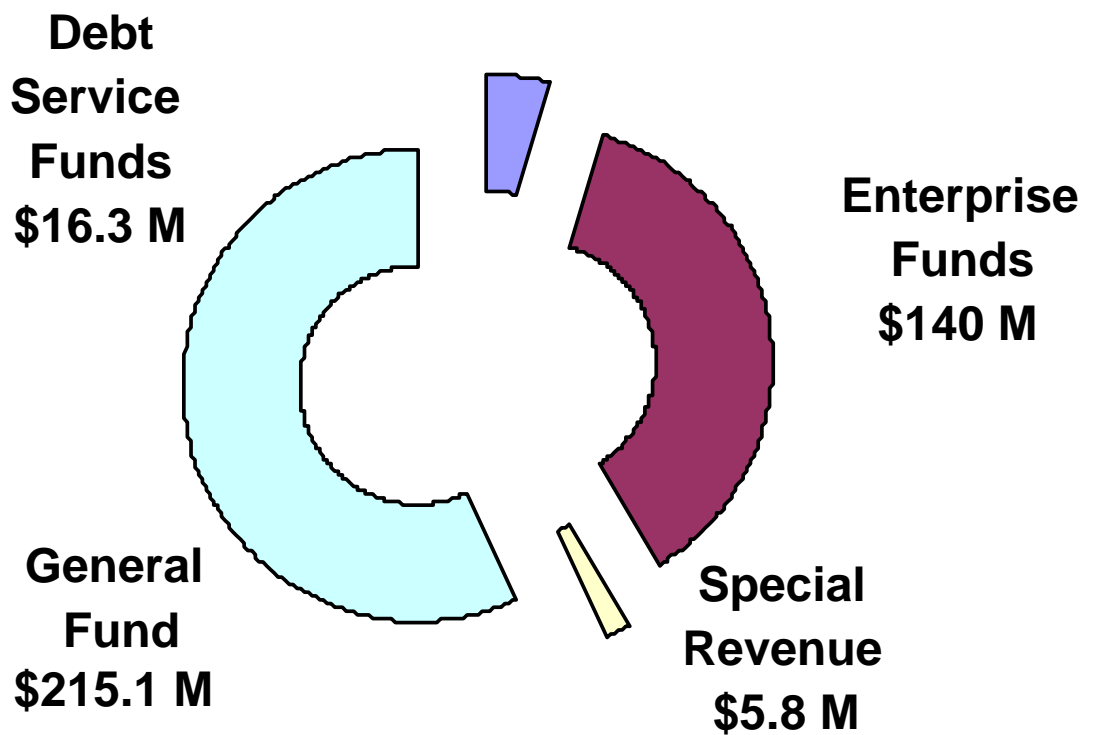
Proposed Millage Rates

- “Save Our Homes” Limit = 2.4%
- 1 Mill = Rate per \$1,000 of Value

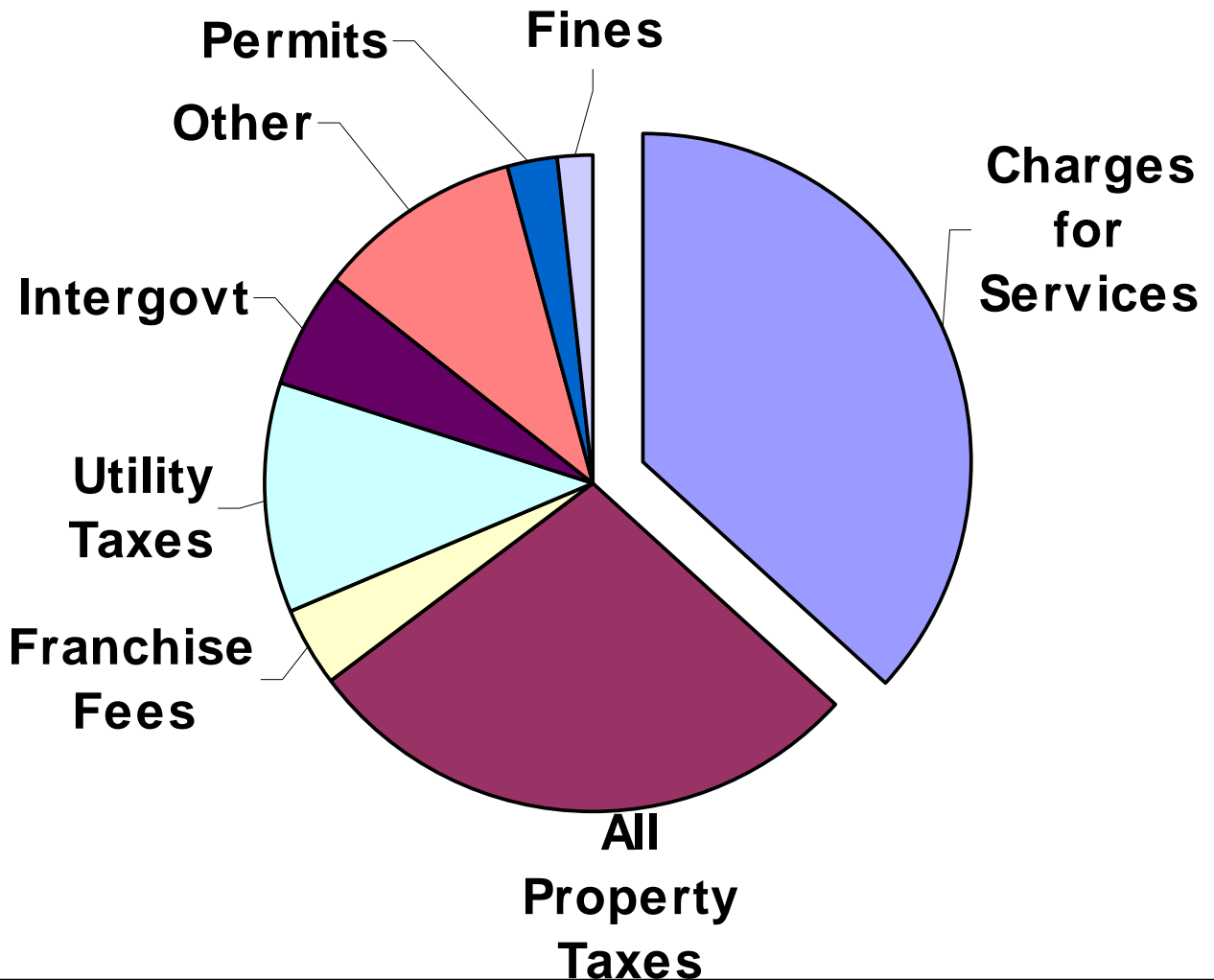
	FY2003	FY 2004
	Levied	Preliminary
Assessed Value	\$ 191,594	\$ 196,192
Homestead	(25,000)	(25,000)
Taxable Value	<u>\$ 166,594</u>	<u>\$ 171,192</u>
Operating	4.8472	4.8288
Debt Service	0.4213	0.3682
Total Millage	<u>5.2685</u>	<u>5.1970</u>
City Tax Bill	<u>\$ 877.70</u>	<u>\$ 889.68</u>

All Funds Budget

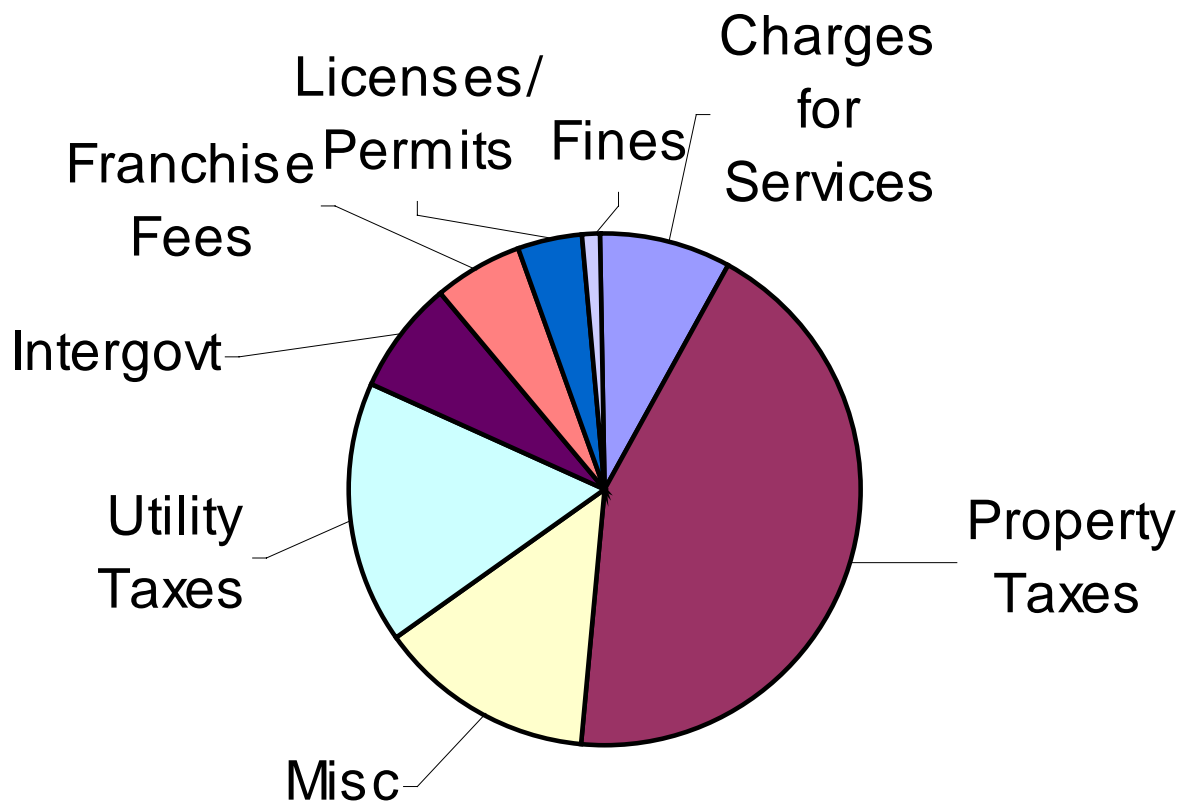
\$377.2 Million



Property Tax is Only One of Several Resources for All Funds Budget



Property Taxes Represent 43% of General Fund Resources Including Debt Service



Budget Increases

	FY 2003	FY 2004	Percent Increase
General Fund	\$ 206.1	\$ 215.1	4%
All Funds	\$ 345.2	\$ 377.2	9%

Reasons for Budget Increases

- Pension Costs \$8 million**
- Health Insurance \$2 million**
- Workers' Comp \$2 million**

Budget Balancing Adjustments

- **Continue Hiring Freeze**
- **Scrutinize Purchases/Travel**
- **Close the Jail/Booking Only**
- **Eliminate Mounted Patrol**
- **Close Stadium after Spring**
- **No Increases in Employee Pay and Benefits**
- **Assumes Beginning of Strategic Financial Planning**

City Fees

- **5% Increase in Water and Sewer Rates**
- **5% Increase in Stormwater**
- **\$21 Increase in Fire Assessment**
- **10% Increase in Sanitation**

Homeowner with Homestead Exemption and Average House Price would increase \$100.93 annually.

Other Considerations

- **FY2002 Audit indicated that the City has a deteriorating financial condition;**
- **Drop in General Fund fund balance;**
- **Deficit in Insurance Fund;**
- **FY2004 Budget is heavily dependent upon salary savings from normal turnover, furloughs or other saving methods, and continued hiring freezes;**
- **General Capital Projects Fund is very limited.**

Second Hearing and Information Available

- **Second Hearing will be Tuesday,
September 16 in the Commission
Meeting Room**
- **Information Available**
**In City Hall in the City Clerk's
Office and Finance Department**
All Broward County
Libraries in Fort Lauderdale
<http://www.fortlauderdale.gov>