



FY 2018 QUARTERLY BUDGET REPORT

SECOND QUARTER ANALYSIS OF BUDGET COMPARED TO ACTUAL REVENUES AND EXPENDITURES FOR THE PERIOD BEGINNING OCTOBER 1, 2017 AND ENDING MARCH 31, 2018 WITH PROJECTIONS THROUGH SEPTEMBER 30, 2018

The purpose of this Budget Report is to provide the Mayor and City Commission with the status of the FY 2018 budget relative to actual revenues and expenditures through the second quarter of the fiscal year and operating projections through September 30, 2018. The second quarter of any fiscal year does not provide a definitive indication of where we will be at year end, however, with an additional six months of actual revenue and expenditure data, we have more clarity of what any potential issues could be.

GENERAL FUND

An analysis of the General Fund actual six-month operating revenues and expenditures for the period October 1, 2017 through March 31, 2018 (second quarter) indicates an estimated operating budget surplus of \$5,283,323 compared to \$753,811 at the end of the first quarter. Of this projected surplus, \$2,017,000 million is related to Building Permits and associated revenues and it is required per Florida Statutes that it be allocated to that purpose. The remaining surplus available to the City for general use is \$3,266,323. The budgeted fund balance reserve of the City’s General fund at the start of FY 2018 was \$31,887,916 or 17 percent of operating expenditures as established in the City’s Fund Balance Policy. In recent years, the City has dedicated projected operating surplus to maintaining the 17 percent requirement in the next fiscal year.

General Fund Operating Revenues

| GENERAL FUND REVENUE PROJECTIONS (as of March 31, 2018) | | | | | | | |
|---|--------------------|-----------------------|--------------------|--------------------|----------------------------|------------------------------------|-----------------------------------|
| Revenues | FY2017 Actual | FY2018 Revised Budget | FY2017 Q2 | FY2018 Q2 | FY2018 Year-End Projection | Favorable / (Unfavorable) Variance | Projected % (Over) / Under Budget |
| Property Taxes | 95,054,038 | 109,045,852 | 90,497,573 | 103,700,489 | 108,940,678 | (105,174) | -0.10% |
| Utilities Service Taxes | 20,628,990 | 20,129,955 | 10,016,788 | 10,338,981 | 20,232,531 | 102,576 | 0.51% |
| Franchise Fees | 12,725,906 | 11,615,000 | 5,680,971 | 6,059,130 | 12,751,208 | 1,136,208 | 9.78% |
| Licenses & Permits | 7,972,936 | 7,792,701 | 4,471,394 | 5,748,510 | 8,857,360 | 1,064,659 | 13.66% |
| Intergovernmental | 17,150,045 | 15,921,215 | 7,541,015 | 8,247,350 | 16,489,772 | 568,557 | 3.57% |
| Charges For Services | 38,507,309 | 37,988,881 | 28,373,404 | 29,543,336 | 38,829,721 | 840,840 | 2.21% |
| Other Charges For Services | 8,319,707 | 7,624,273 | 4,726,194 | 5,752,223 | 8,261,023 | 636,750 | 8.35% |
| Misc & Other | 2,338,729 | 2,021,010 | 969,651 | 1,026,143 | 2,003,049 | (17,961) | -0.89% |
| Interest | 390,535 | 130,000 | 129,416 | 345,043 | 419,086 | 289,086 | 222.37% |
| Transfers/Other | 9,546,197 | 9,711,285 | 3,158,066 | 3,181,014 | 9,711,285 | - | 0.00% |
| Fund Balance | | 38,953,022 | - | - | 38,953,022 | - | 0.00% |
| TOTAL | 212,634,393 | 260,933,194 | 155,564,472 | 173,942,219 | 265,448,735 | 4,515,541 | 1.73% |

At the end of the second quarter of FY 2018, \$173.9 million or 66.6 percent of budgeted revenues have been collected. Property Tax revenues represent approximately 42 percent of total budgeted revenues and represent 59.6 percent of the revenues received in the second quarter of the fiscal year. This occurs since the majority of ad valorem taxes (95 percent) are

collected during the first six months of the fiscal year. Overall, revenues are projected to be approximately \$4,515,541 or 1.73 percent above the revised budget.

General Fund Operating Expenditures

| GENERAL FUND EXPENDITURE PROJECTIONS (as of March 31, 2018) | | | | | | |
|---|-----------------------|--------------------|-------------------------|----------------------------|------------------------------------|-----------------------------------|
| Departments | FY2018 Revised Budget | FY2018 Q2 | FY2018 Budget Remaining | FY2018 Year-End Projection | Favorable / (Unfavorable) Variance | Projected % (Over) / Under Budget |
| City Commission | 1,443,920 | 810,214 | 633,706 | 1,437,602 | 6,318 | 0.44% |
| City Manager | 2,085,986 | 1,230,020 | 855,966 | 2,061,504 | 24,482 | 1.17% |
| Intergovernmental Affairs | 443,293 | 151,566 | 291,727 | 398,417 | 44,876 | 10.12% |
| City Attorney | 3,224,983 | 1,803,515 | 1,421,468 | 3,218,732 | 6,251 | 0.19% |
| City Clerk | 765,836 | 427,917 | 337,919 | 753,773 | 12,063 | 1.58% |
| Procurement Services | 2,713,403 | 738,649 | 1,974,754 | 2,710,011 | 3,392 | 0.13% |
| Financial Services | 6,720,678 | 3,741,745 | 2,978,933 | 6,562,991 | 157,687 | 2.35% |
| Development Services | 10,802,517 | 6,148,452 | 4,654,065 | 10,778,227 | 24,290 | 0.22% |
| CMED - Economic Development | 778,669 | 397,373 | 381,296 | 717,426 | 61,243 | 7.87% |
| Police | 80,186,039 | 49,324,357 | 30,861,682 | 79,716,997 | 469,042 | 0.58% |
| Fire-Rescue & Beach Safety | 58,458,312 | 37,231,609 | 21,226,703 | 58,668,860 | (210,548) | -0.36% |
| Human Resources/ Labor | 1,791,655 | 920,722 | 870,933 | 1,768,010 | 23,645 | 1.32% |
| Parks, Recreation & Cultural Arts | 10,838,957 | 5,380,633 | 5,458,324 | 10,779,876 | 59,081 | 0.55% |
| Public Works | 15,959,960 | 8,697,598 | 7,262,362 | 15,933,364 | 26,596 | 0.17% |
| Non Departmental | 32,831,071 | 26,297,306 | 6,533,764.91 | 32,771,705.07 | 59,366 | 0.18% |
| Fund Balance - 17% Target | 31,887,916 | - | 31,887,916 | 31,887,916 | - | - |
| TOTAL | 260,933,195 | 143,301,678 | 117,631,517 | 260,165,413 | 767,782 | 0.29% |

At the end of the second quarter of FY 2018, expenditures are \$143.3 million 54.9 percent of budget. Year-end projections through September 30, 2018, indicate that citywide expenditures will be \$767,782 or 0.29 percent below the revised budget. For the remainder of the fiscal year, Staff has implemented a mandatory freeze on expenditures in order to continue realizing savings as we prepare the FY 2019 operating budget.

The Fire Department is projected to surpass their FY 2018 revised budget by \$210,548 due to overtime and operational cost overruns. The Department of Financial Services and the Police Department are projected to be below the revised budget by \$157,687 and \$469,042 respectively primarily due to salary savings. Additionally, Staff continues to monitor the status of FEMA reimbursements for Hurricane Irma, the pending outcome of outstanding pension issues and ongoing union negotiations.

INTERNAL SERVICE AND SELF INSURANCE FUNDS

The cost of providing centralized services by the Internal Service and Self Insurance funds are allocated to other Departments for a full cost reimbursement. The goods and services provided by Fleet Management, Information Technology, Records and Archives, Communications and Marketing, Benefits Administration and Risk Management are included in this grouping.

| INTERNAL SERVICES AND SELF INSURANCE FUND EXPENDITURE PROJECTIONS (as of March 31, 2018) | | | | | | |
|---|--------------------------------------|----------------------|--|---|---|--|
| | FY2018 Revised Budget | FY2018 Q2 | FY2018 Budget Remaining | FY2018 Year-End Projection | Favorable / (Unfavorable) Variance | Projected % (Over) / Under Budget |
| Internal Services Fund Expenditures | | | | | | |
| Information Technology | 10,365,401 | 5,211,592 | 5,153,809 | 10,309,261 | 56,140 | 0.54% |
| City Clerk | 577,280 | 252,973 | 324,307 | 554,746 | 22,534 | 3.90% |
| CMED - Public Affairs | 1,550,700 | 751,313 | 799,387 | 1,535,369 | 15,331 | 0.99% |
| Public Works | 7,912,077 | 3,412,196 | 4,499,881 | 7,909,655 | 2,422 | 0.03% |
| TOTAL | 20,405,458 | 9,628,074 | 10,777,384 | 20,309,031 | 96,427 | 0.47% |
| Self Insurance Fund Expenditures | | | | | | |
| Human Resources | 44,613,272 | 19,865,428 | 24,747,844 | 44,612,762 | 510 | 0.00% |
| TOTAL | 44,613,272 | 19,865,428 | 24,747,844 | 44,612,762 | 510 | |

An analysis of the actual six-month operating expenditures for the period ending March 31, 2018, indicates that both the internal services and the self-insurance funds are expected to operate within their adopted budget through the end of the fiscal year.

ENTERPRISE FUNDS

Enterprise funds are used to account for the City's ongoing activities that are similar to those found in the private sector. Parking, Sanitation, Water and Sewer, Stormwater, Golf and Records Preservation are included in this grouping.

| ENTERPRISE FUND EXPENDITURE PROJECTIONS (as of March 31, 2018) | | | | | | |
|---|--------------------------------------|----------------------|--|---|---|--|
| | FY2018 Revised Budget | FY2018 Q2 | FY2018 Budget Remaining | FY2018 Year-End Projection | Favorable / (Unfavorable) Variance | Projected % (Over) / Under Budget |
| Water & Sewer Fund | 94,757,646 | 47,665,619 | 47,092,027 | 93,933,496 | 824,150 | 0.87% |
| Stormwater Fund | 3,203,686 | 1,490,992 | 1,712,694 | 3,137,883 | 65,803 | 2.05% |
| Golf Enterprise Fund | 1,606,149 | 820,027 | 786,122 | 1,811,430 | (205,281) | -12.78% |
| Sanitation Fund | 14,053,427 | 5,745,651 | 8,307,776 | 13,916,937 | 136,490 | 0.97% |
| Parking Enterprise Fund | 7,906,860 | 3,824,592 | 4,082,268 | 7,812,122 | 94,738 | 1.20% |
| Records Presevation Fund | 3,251 | 1,626 | 1,625 | 3,251 | - | 0.00% |
| TOTAL | 121,531,019 | 59,548,507 | 61,982,512 | 120,615,120 | 915,899 | |

An analysis of the actual six-month operating expenditures for the period ending March 31, 2018, indicates that all enterprise funds, with the exception of the Golf Enterprise Fund, are expected to operate within their adopted budget. The Golf Enterprise Fund is projected to close the fiscal year with a \$205,281 deficit primarily due to lower than expected revenue collection.

CONCLUSION

This analysis of budget to actual operating revenues and expenses with projections through September 30, 2018 provides the status of the FY 2018 Budget for the first six months of the fiscal year. Based on preliminary projections, the General Fund is anticipated to have a \$5,283,323 surplus at year-end of which \$2,017,000 million is attributed to Building related operations and \$3,266,323 is available for general use. At this time, all other funds are projected to be within budget or have surpluses, with the exception of the Golf Enterprise Fund which is projected to close the fiscal year with a deficit of \$205,281 that will be covered by the General Fund. We will continue to monitor the revenue collections and expenditures on an ongoing basis and provide another update at the end of the third quarter of Fiscal Year 2018.