

M E M O R A N D U M

Date: January 28, 2014

TO: Town Commission
FROM: Dave Bullock, Town Manager
SUBJECT: Fiscal Year 2013-2014 Budget Update

The Town Manager and Finance Director will review the status of the Fiscal Year 2013-2014 Budget.

The material provided for this agenda item was initially presented to members of the Finance Committee at their January 15, 2014 meeting and passed out for Commission information at the conclusion of the January 21, 2014 Regular Workshop Meeting.

Please don't hesitate to contact me if you have any questions.

TOWN OF LONGBOAT KEY



PRELIMINARY GENERAL FUND RESULTS FY ENDING 9/30/2013

TOWN COMMISSION REGULAR MEETING
FEBRUARY 3, 2014



SUMMARY OF RESULTS FY2013

	Original Budget	Final Budget	Actual
Total Revenue	\$14,978,747	\$15,367,140	\$14,711,173
Total Expense	(\$15,428,747)	(\$16,362,452)	(\$16,103,491)
Use of Fund Balance	(\$450,000)	(\$944,414)	(\$1,392,318)

The preliminary result of operations for fiscal year end September 30, 2013 is expected to end with a use of fund balance in the amount of \$1,392,319, which is higher than expected when we crafted the FY14 budget. These results are still subject to audit adjustments.



SUMMARY OF RESULTS-FY2013

- Revenue came in (\$655,967) lower than expected.
- We carried over (\$50,898) of prior year Purchase Orders (*an assignment of fund balance in the prior year*). These PO's were added to the Operating Budget.
- Expenditures came in \$258,961 lower than budgeted.
- Use of fund balance is \$447,905 higher than expected.



HISTORICAL BUDGETS ON REVENUE 2008 - 2013

Town of Longboat Key
History of Variances-General Fund Revenue

Fiscal Year	Budget	Actual	Variance Positive (Negative)
2008	\$ 13,025,379	\$ 12,547,917	\$ (477,462)
2009	13,760,303	12,357,166	(1,403,137)
2010	11,509,072	11,334,558	(174,514)
2011	12,559,211	12,693,689	134,478
2012	12,382,209	12,363,521	(18,688)
2013	15,367,140	14,711,173	(655,967)

TOWN OF LONGBOAT KEY



SUMMARY OF GENERAL FUND RESULTS-FY2013

	ORIGINAL BUDGET	FINAL BUDGET	PROJECTED ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 8,379,912	\$ 8,379,912	\$ 8,327,275	(52,637)
Chapter 175/185 premiums.....	-	253,394	347,116	93,722
Franchise Fees.....	988,000	988,000	812,026	(175,974)
Licenses and Permits.....	167,500	167,500	168,514	1,014
Intergovernmental.....	1,457,180	1,457,180	1,371,229	(85,951)
Charges for Services.....	690,650	714,270	661,671	(52,599)
Fines and Forfeitures.....	40,800	40,800	15,237	(25,563)
Income from investments.....	424,600	452,979	293,834	(159,145)
Transfers In.....	2,830,105	2,913,105	2,714,271	(198,834)
TOTAL REVENUES.....	14,978,747	15,367,140	14,711,173	(655,967)
Carryover Prior Year Encumbrances	-	50,898	-	(50,898)
EXPENDITURES:				
General government.....	2,718,655	2,757,881	2,695,330	62,551
Public safety.....	9,318,882	9,967,929	10,046,025	(78,096)
Public works.....	1,506,645	1,493,042	1,473,236	19,806
Recreation and Tennis.....	555,466	587,412	588,548	(1,137)
Planning & Zoning.....	734,213	751,560	657,170	94,390
General Services.....	527,629	584,629	513,958	70,671
Contingency.....	277,000	220,000	129,224	90,776
TOTAL EXPENDITURES.....	15,638,490	16,362,452	16,103,491	258,961
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....				
	(450,000)	(944,414)	(1,392,318)	(447,905)



SIGNIFICANT REVENUE SHORTFALLS- FY2013

SIGNIFICANT REVENUE ITEMS	Budget	Actual	Variance
Property Taxes-Sarasota	6,045,591	6,000,416	(45,175)
Franchise Fees-Electricity	925,000	752,764	(172,236)
Communication Services Tax	635,000	570,126	(64,874)
WCIND	157,400	135,661	(21,739)
Marine Patrol	30,000	-	(30,000)
Zoning Fees	40,000	6,255	(33,745)
Fire Inspection Fees	50,000	28,752	(21,248)
Fines and Forfeits	40,800	15,237	(25,563)
Investment Income	125,000	46,000	(79,000)
Sale of Fixed Assets	172,000	57,305	(114,695)
Transfers In- Infrastructure Tax Fund	888,500	689,666	(198,834)
Total Significant Revenue Variances			(807,109)

See additional handout memo for explanation of variances.



EXPENDITURES-FY2013

Expenditures in total showed a positive variance of \$388,183, however we still have to account for the open purchase orders and some other adjustments needed. The balance encumbered is \$96,866. In addition, no one has addressed Office Supplies inventory sitting on the balance sheet since the 1990's. The Town utilized an office supplies store room and charged office supplies out to the departments as they were used. This is no longer practiced and this inventory needs to be expensed out.

	Budget	Actual	Variance
GENERAL FUND EXPENDITURES	16,362,450	15,974,267	388,183
ADD OUTSTANDING ENCUMBRANCES		96,866	(96,866)
WRITE OFF OFFICE SUPPLIES INVENTORY		32,358	(32,358)
PENSION VALUATION ADJUSTMENTS - PENDING VALUATION REPORT			258,959



IMPACT ON FUND BALANCE FY2013

	PROJECTED ACTUAL	PRIOR PROJECTION
Total Revenues	\$ 14,711,173	
Total Expenses	<u>(16,103,491)</u>	
Use of Fund Balance	(1,392,318)	
Beginning Fund Balance 10/1/12	<u>4,464,157</u>	
Ending Fund Balance 9/30/13	3,071,839 75 DAYS	3,644,154 90 DAYS
Nonspendable Inventory	\$ (81,520)	
Assigned to pension	(1,610,075)	\$ (1,610,075)
Assigned to tree replacement	<u>(42,981)</u>	<u>-</u>
Unassigned Fund Balance	<u>\$ 1,337,263</u> 32 DAYS	<u>\$ 2,034,079</u> 50 DAYS

Our new projection is about 15 operating days less than we originally predicted. The FY 14 budget should add \$210,075 to fund balance adding a few additional days.



PROJECTED ENDING FUND BALANCE FY14

		Number of Days	Percent
FY13 Projected Ending Fund Balance	\$ 3,071,839	75days	21%
FY 14 Budgeted Revenues	\$ 15,635,660		
FY 14 Budgeted Expenditures	<u>(15,425,585)</u>		
FY 14 Increase in Fund Balance	<u>210,075</u>		
FY14 Ending Fund Balance	<u>3,281,914</u>	81 days	22%
Amount Assigned	<u>(1,653,056)</u>		
FY14 Unassigned Fund Balance	<u>\$ 1,628,858</u>	40 days	11%

The goal for unassigned general fund balance shall be not less than two months or 16% of general fund operating expenditures.

The combined unrestricted available fund balances should not be less than three months or 25%.

The three month minimum is based on the caveat that there is sufficient cash available for borrowing *in other funds* in case of a natural disaster.

TOWN OF LONGBOAT KEY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(UNAUDITED)

	ORIGINAL BUDGET	FINAL BUDGET	PROJECTED ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 8,379,912	\$ 8,379,912	\$ 8,327,275	(52,637)
Chapter 175/185 premiums.....	-	253,394	347,116	93,722
Franchise Fees.....	988,000	988,000	812,026	(175,974)
Licenses and Permits.....	167,500	167,500	168,514	1,014
Intergovernmental.....	1,457,180	1,457,180	1,371,229	(85,951)
Charges for Services.....	690,650	714,270	661,671	(52,599)
Fines and Forfeitures.....	40,800	40,800	15,237	(25,563)
Income from investments.....	424,600	452,979	293,834	(159,145)
Transfers In.....	2,830,105	2,913,105	2,714,271	(198,834)
TOTAL REVENUES.....	14,978,747	15,367,140	14,711,173	(655,967)
Carryover Prior Year Encumbrances	-	50,898	-	(50,898)
EXPENDITURES:				
General government.....	2,690,056	2,757,881	2,695,330	62,551
Public safety.....	9,193,476	9,967,929	10,046,025	(78,096)
Public works.....	1,489,999	1,493,042	1,473,236	19,806
Recreation and Tennis.....	553,505	587,412	588,548	(1,137)
Planning & Zoning.....	575,582	751,560	657,170	94,390
General Services.....	526,129	584,629	513,958	70,671
Contingency.....	400,000	220,000	129,224	90,776
TOTAL EXPENDITURES.....	15,428,747	16,362,452	16,103,491	258,961
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES.....	(450,000)	(944,414)	(1,392,318)	(447,905)
FUND BALANCE - OCTOBER 1, 2012.....			4,464,157	
FUND BALANCE - SEPTEMBER 30, 2013.....			<u>\$ 3,071,839</u>	75 DAYS
NONSPENDABLE INVENTORY.....			(81,520)	
ASSIGNED TO TREE REPLACEMENT.....			(42,981)	
ASSIGNED TO PENSION.....			<u>(1,610,075)</u>	
UNASSIGNED FUND BALANCE...SEPT 30, 2013.....			<u>\$ 1,337,263</u>	32 DAYS

Note: Encumbrances in the amount of \$96,866 have been included in Total Expenditures.



TOWN OF LONGBOAT KEY
GENERAL FUND REVENUE
September 30, 2013

	2012-2013	2012-13	Actual YTD	Collected		Projection	Percent
Revenue Category	Original Budget	Final Budget	Revenue	Diff from Budgeted +/-	Collected	To 9/30	Percent Variance
TAXES							
311.1001 AD VALOREM TAX-SARASOTA	\$ 6,045,591	\$ 6,045,591	\$ 6,000,416	\$ (45,175)	99.25%	\$ 6,000,416	99%
311.1002 AD VALOREM TAX-MANATEE	2,334,321	2,334,321	2,326,858	(7,463)	99.68%	2,326,858	100%
312.5101 CASUALTY INSURANCE PREM TAX/FIRE	0	175,096	269,819	94,723	154.10%	269,818	154%
312.5202 CASUALTY INSURANCE PREM TAX/POLICE	0	78,298	77,298	(1,000)	98.72%	77,298	99%
	8,379,912	8,633,306	8,674,392	41,086	100.48%	8,674,390	100%
FRANCHISE FEES							
313.1000 ELECTRICITY	925,000	925,000	752,764	(172,236)	81.38%	752,764	81%
313.4000 GAS	44,000	44,000	38,623	(5,377)	87.78%	38,623	88%
313.7000 SOLID WASTE	19,000	19,000	20,639	1,639	108.62%	20,639	109%
	988,000	988,000	812,025	(175,975)	82.19%	812,026	82%
LICENSES AND PERMITS							
321.0001 LOCAL BUSINESS TAX	160,000	160,000	155,089	(4,911)	96.93%	155,089	97%
322.0005 SIGN PERMITS	6,000	6,000	6,575	575	109.58%	6,575	110%
322.0006 FIRE PERMITS/INSPECTION	0	0	4,950	4,950	#DIV/0!	4,950	#DIV/0!
329.0001 MISC PERMITS	1,500	1,500	1,900	400	126.67%	1,900	127%
	167,500	167,500	168,514	1,014	100.61%	168,514	101%
INTERGOVERNMENTAL REVENUES							
331.5001 FEDERAL FEMA	0	0	9,242	9,242	#DIV/0!	9,242	#DIV/0!
331.5003 FEDERAL/HOMELAND SECURITY	0	0	2,550	2,550	#DIV/0!	2,550	#DIV/0!
335.1201 FL REVENUE SHARING/SALES TAX	127,000	127,000	129,124	2,124	101.67%	129,124	102%
335.1205 FL REVENUE SHARING/COMMUN TAX	635,000	635,000	570,126	(64,874)	89.78%	570,126	90%
335.1400 MOBILE HOME LICENSE	500	500	852	352	170.47%	852	170%
335.1500 ALCOHOL BEV LICENSE	13,000	13,000	9,649	(3,351)	74.22%	9,649	74%
335.1810 LOCAL 1/2 CENT SALES TAX	473,000	473,000	488,367	15,367	103.25%	488,367	103%
335.2301 FIREFIGHTER SUPPL COMP	17,280	17,280	20,364	3,084	117.84%	20,364	118%
337.2001 EMS GRANT	0	0	1,461	1,461	#DIV/0!	1,461	#DIV/0!
337.2002 WCIND	157,400	157,400	135,661	(21,739)	86.19%	135,661	86%
338.9001 BOAT REGISTRATION	4,000	4,000	3,832	(168)	95.80%	3,832	96%
338.9002 MARINE PATROL	30,000	30,000	0	(30,000)	0.00%	0	0%
	1,457,180	1,457,180	1,371,229	(85,951)	94.10%	1,371,229	94%
CHARGES FOR SERVICES							
341.2000 ZONING FEES	40,000	40,000	6,255	(33,745)	15.64%	6,255	16%
341.3000 COPIES/MAPS/ORDINANCES ETC	2,000	2,000	803	(1,197)	40.16%	803	40%
342.5000 FIRE INSPECTION FEES	50,000	50,000	28,752	(21,249)	57.50%	28,752	58%
342.5002 REINSPECTIONS	500	500	0	(500)	0.00%	0	0%
642.6001 EMS FEES	200,000	200,000	204,218	4,218	102.11%	204,218	102%
347.2001 REC CTR/REGISTRATION FEES	16,000	16,000	13,988	(2,012)	87.43%	13,988	87%
347.2002 REC CTR/MEMBERSHIPS	3,000	3,000	2,440	(560)	81.33%	2,440	81%
347.2101 TENNIS CTR/ YRLY-FAMILY	59,500	68,806	68,806	(0)	100.00%	68,806	100%
347.2103 TENNIS CTR/ YRLY-SINGLE	116,500	116,534	118,355	1,821	101.56%	118,355	102%
347.2105 TENNIS CTR/SCRIPT CARDS	26,000	26,000	26,946	946	103.64%	26,946	104%
347.2106 TENNIS CTR/WALK ON PLAY	20,000	20,000	19,528	(472)	97.64%	19,528	98%
347.2107 TENNIS CTR/LESSONS	140,000	151,249	151,249	(1)	100.00%	151,249	100%
347.2108 TENNIS CTR/TOURNAMENT	17,000	20,031	20,031	(0)	100.00%	20,031	100%
349.0001 UNION ADMIN FEE	150	150	300	150	200.00%	300	200%
	690,650	714,270	661,671	(52,599)	92.64%	661,671	93%
FINES & FORFEITS							
351.1001 COURT FINES/SARASOTA	10,000	10,000	2,792	(7,208)	27.92%	2,792	28%
351.1002 COURT FINES/MANATEE	5000	5000	1,408	(3,592)	28.16%	1,408	28%
354.0001 VIOLATIONS/FIRE ALARMS	3,000	3,000	200	(2,800)	6.67%	200	7%
354.0002 VIOLATION/HANDICAP	300	300	100	(200)	33.33%	100	33%



**TOWN OF LONGBOAT KEY
GENERAL FUND REVENUE
September 30, 2013**

	2012-2013	2012-13	Actual YTD	Collected		Projection	
Revenue Category	Original Budget	Final Budget	Revenue	Diff from Budgeted +/-	Percent Collected	To 9/30	Percent Variance
354.0003 VIOLATIONS/LOCAL ORDINANCES	20,000	20,000	9,867	(10,133)	49.34%	9,867	49%
359.0001 OTHER FINES/POLICE PARKING	2,500	2,500	870	(1,630)	34.80%	870	35%
	40,800	40,800	15,237	(25,563)	37.35%	15,237	37%
INVESTMENT INCOME							
361.1000 INTEREST	125,000	125,000	7,808	(117,192)	6.25%	46,000	37%
361.1001 GAIN (LOSS) SALE OF INVESTMENT	(15,000)	(15,000)	4,139	19,139	-27.59%	(1,132)	8%
361.3201 INTEREST/SARASOTA TAX COLL	6,000	6,000	456	(5,544)	7.60%	456	8%
361.3202 INTEREST/MANATEE TAX COLL	1,200	1,200	0	(1,200)	0.00%	0	0%
362.0001 RENT/ 4410 GMD	0	0	11,200	11,200	#DIV/0!	11,200	#DIV/0!
364.4100 SALE OF FIXED ASSETS	172,000	172,000	57,305	(114,695)	33.32%	57,305	33%
364.4200 INSURANCE REIMBURSEMENTS	0	10,008	10,009	1	100.01%	1,009	10%
369.3000 REFUND OF PRIOR YR EXPENSE	0	0	14,964	14,964	#DIV/0!	14,964	#DIV/0!
369.9001 WORKERS COMP REIMBURSEMENT	6,000	6,000	23,858	17,858	397.64%	23,858	398%
369.9002 MISC POLICE	200	200	277	77	138.25%	277	138%
369.9003 MISC OTHER- DOG/CAT LICENSES	2,000	2,000	1,751	(249)	87.53%	1,751	88%
369.9006 MISC VENDING MACHINE	700	700	487	(213)	69.54%	487	70%
369.9008 MISC TREE REPLACEMENT	3,000	3,000	0	(3,000)	0.00%	0	0%
369.9014 REC CTR RENTAL	8,000	8,000	1,898	(6,103)	23.72%	1,898	24%
369.9016 P CARD REBATE	9,500	9,500	13,002	3,502	136.87%	13,002	137%
369.9101 TENNIS CTR VENDING MACHINE	4,000	4,000	4,087	87	102.17%	4,087	102%
369.9102 TENNIS CTR/MERCHANT SALES	100,000	118,371	118,371	0	100.00%	118,371	100%
369.9103 TENNIS CTR-MISC	2,000	2,000	303	(1,697)	15.17%	303	15%
	424,600	452,979	269,913	(183,066)	59.59%	293,834	65%
OTHER FINANCE SOURCES							
381.0101 TRANSFERS IN -ROAD & BRIDGE	679,000	762,000	762,000	-	100.00%	762,000	100%
381.0102 TRANSFERS IN-INFRASTRUCTURE TAX	888,500	888,500	689,666	(198,834)	77.62%	689,666	78%
382.0401 TRANSFERS IN-UTILITY FUND	997,605	997,605	997,605	-	100.00%	997,605	100%
382.0402 TRANSFERS IN-BUILDING FUND	265,000	265,000	265,000	-	100.00%	265,000	100%
393.0001 PRIOR YEAR SURPLUS	450,000	944,414	0	(944,414)	0.00%	-	0%
	3,280,105	3,857,519	2,714,271	(1,143,248)	70.36%	2,714,271	70%
GRAND TOTALS	\$ 15,428,747	\$ 16,311,554	\$ 14,687,252	\$ (1,624,302)	90.04%	\$ 14,711,172	90%
PROOF TO GL	14978747	16,152,709	14,589,960				
Prepared by: S. Smith 12.16.13	\$ 450,000						
Updated 1.8.14							



TOWN OF LONGBOAT KEY
GENERAL FUND EXPENDITURES
September 30, 2013

DEPARTMENT	AD HOC REP	WINTEGRATE	WINTEGRATE	YTD Expense	Unexpended Budget	Percent Expended
	2012-13	2012-13	2012-13			
	Original Budget	Original Budget	Adjusted Budget			
TOWN COMMISSION	\$ 30,150	\$ 30,150	\$ 30,150	\$ 19,971	\$ 10,179	66.24%
TOWN ATTORNEY	409,500	409,500	375,500	368,039	7,461	98.01%
TOWN MANAGER	355,533	360,104	444,411	452,730	(8,320)	101.87%
TOWN CLERK	351,346	354,996	329,757	322,901	6,856	97.92%
FINANCE & ACCOUNTING	584,934	593,176	636,857	628,671	8,186	98.71%
INFORMATION TECHNOLOGY	730,799	741,598	712,074	688,434	23,641	96.68%
HUMAN RESOURCES	106,919	108,256	108,256	110,136	(1,880)	101.74%
MUNICIPAL BUILDINGS	120,875	120,875	120,875	104,449	16,426	86.41%
POLICE DEPARTMENT	3,210,389	3,251,479	3,348,195	3,237,081	111,113	96.68%
FIRE RESCUE	5,974,587	6,058,903	6,605,689	6,794,900	(189,211)	102.86%
EMERGENCY MANAGEMENT	8,500	8,500	14,046	14,044	2	99.99%
PUBLIC WORKS	647,087	653,554	647,461	637,678	9,783	98.49%
PARKS DIVISION	212,971	217,524	201,524	192,737	8,787	95.64%
PLANNING & ZONING	575,582	734,213	751,560	657,170	94,390	87.44%
RECREATION CENTER	33,005	33,005	22,960	18,056	4,904	78.64%
TENNIS	520,500	522,461	564,452	570,492	(6,041)	101.07%
GENERAL SERVICES-PERSONNEL	0	0	14,761	13,666	1,095	0.00%
GENERAL SERVICES-OPERATING	459,629	461,129	503,368	476,305	27,063	0.00%
GENERAL SERVICE-GRANTS	66,500	66,500	66,500	23,987	42,513	0.00%
CONTINGENCY	400,000	277,000	220,000	0	220,000	0.00%
STREETS DIVISION	629,941	635,567	644,057	642,821	1,236	99.81%
OPEN ENCUMBRANCES	0	0	0	96,866	(96,866)	#DIV/0!
WRITE OFF OFFICE SUPPLIES	0	0	0	32,358	(32,358)	#DIV/0!
PENSION ADJUSTMENT-VALUATION	0	0	0	0	0	
TOWN TOTAL	15,428,747	15,638,490	16,362,450	16,103,491	258,958	98.42%
Original	15,428,747	15,428,747	16,362,449	15,974,267		
	0	209,743	1	129,224		
Revenue		15,428,747	16,311,554			
		209,743	50,896			
Prepared by: S.Smith 12.16.13						
Updated 1.8.14						

MEMORANDUM

DATE: January 10, 2014

TO: Dave Bullock, Town Manager

FROM: Sue Smith, Finance Director

Town of Longboat Key Preliminary Results of Operations and Significant Variances Fiscal Year End September 30, 2013

The preliminary result of operations for fiscal year end September 30, 2013 is expected to end with a \$1,392,318 reduction in fund balance, which is \$447,905 greater than budgeted. This is significantly higher than expected when we crafted the FY14 budget. We expect the ending fund balance to be \$3,071,839 (approximately 75 days) and unassigned fund balance to be \$1,337,263 (32 days). These results are still subject to audit.

Nonspendable Fund Balance includes items such as inventory and prepaid items. Inventory is expected to be \$81,520 for diesel, gasoline and tennis merchandise for resale.

The Town may have a prepaid contribution to the pension which will be adjusted upon arrival of the final valuation reports. The adjustment affects the general fund and Utility and Building funds.

Assigned Fund Balance is the amount of fund balance that has been specifically earmarked for certain purposes. The Town Commission recently raised the pension reserves to \$1,610,075 for pension reserves, up from \$1,000,000 in the prior year.

Encumbrances of \$96,866 are normally an assignment of fund balance, but I have included them in total expenditures for this presentation.

The General Ledger balance sheet shows a fund balance line item in the amount of \$42,980.75 for tree replacement. This is money that was collected through permits over the years that was to be reserved specifically for planting or replacing trees on public property. Ideally this money should have been accounted for in the general ledger as a special revenue fund instead of comingling earmarked funds in the general fund. This balance sheet line item was also omitted from the CAFR as well. It is not mentioned or broken out as a reservation of fund balance on the face of the financials or in the notes to the financial statements. This will be corrected in the 2013 CAFR.

The Town planned to use \$450,000 of fund balance in the original FY13 budget and added \$494,414 in appropriations from fund balance (refer to page 5) during the year leaving \$447,905 of additional use of fund balance to be accounted for. Below is a summary of significant revenue items which contributed toward this increase use of fund balance:

	Original Budget	Actual	Variance
Planned use of surplus.....	\$ 450,000	\$ 1,392,319	\$ (942,319)
SIGNIFICANT REVENUE ITEMS			
	Budget	Actual	Variance
Property Taxes-Sarasota	6,045,591	6,000,416	(45,175)
Franchise Fees-Electricity	925,000	752,764	(172,236)
Communication Services Tax	635,000	570,126	(64,874)
WCIND	157,400	135,661	(21,739)
Marine Patrol	30,000	-	(30,000)
Zoning Fees	40,000	6,255	(33,745)
Fire Inspection Fees	50,000	28,752	(21,248)
Fines and Forfeits	40,800	15,237	(25,563)
Investment Income	125,000	46,000	(79,000)
Sale of Fixed Assets	172,000	57,305	(114,695)
Transfers In- Infrastructure Tax Fund	888,500	689,666	(198,834)
Total Significant Revenue Variances			(807,109)

Property Tax Revenue came in short \$45,175. Sarasota County provided a listing of uncollected taxes and \$13,340 was attributable to The Colony. Further inquiry revealed that there were some minor assessment adjustments made by the County. The Town may need to consider adjusting the collection rate of 3.1% to 3.5%.

Franchise Fees for electricity has a couple of issues. We average approximately \$68,000 per month, so the original budget should have been in the \$820,000 range. In addition the Town has been incorrectly accruing revenue for the new fiscal year in the old fiscal year for several years. We are making a one-time correction in FY13 to get us back on track, therefore, only eleven months of revenue are recorded.

Communication Service Tax has the same accrual issue as above and only eleven months have been recorded.

WCIND came in less than budgeted by \$21,739. All four quarters have been properly accrued.

Marine Patrol was a one-time payment we received in FY12 from Manatee County. We became aware that this payment was going to be a one-time payment and we just now made the adjustment.

Zoning Fees are difficult to predict for budgeting purposes as it is based on the activity going on in Town. As an example, history shows significant swings-

FY10 \$80,964

FY11 \$20,100

FY12 \$64,529

FY13 \$6,255

Fire Inspection Fees have decreased significantly due to an ordinance change. While a decrease was budgeted for FY13, we didn't know the true impact it would have. Historical numbers are:

FY10-\$131,688

FY11-\$125,128

FY12-\$51,462

FY13-\$28,752

Fines and Forfeiture income in total is \$25,563 less than budgeted. Some items based on history should be reduced in future budgets.

Investment income was budgeted at \$125,000 which has not been seen since FY10. The decline in investment income should have been adjusted in the budget to be in line with current interest rates. FY14 has been budgeted at \$75,000 which may still be overly optimistic. Historical experience shows FY10-\$125,616, FY11-\$93,319, FY12-\$46,847 and we estimate FY13 at \$46,000 although this number is not yet known. While there is no excuse for the delay in posting revenue, only one month of investment income has been recorded for FY13 and the Finance Office is currently working on those fund allocations.

Sale of Fixed Assets came in \$114,695 short. It was anticipated that the sale of the fire truck would produce \$100,000 but only \$42,850 was received in proceeds from the auction of the truck. In addition the Town budgeted \$18,000 for the auctioning of police cars, not knowing that the automobiles were to be traded in.

Transfer In from Infrastructure Tax Fund was intentionally adjusted down by \$198,834 due to an internal audit performed by the finance director. The full audit report is available for your review. The findings revealed that capital expenditures were not accounted for in the appropriate fund; and as a result the general fund was overfunded by transfers for expenditures over past years that were not made (i.e. lack of project tracking). The reduction of the transfer in pays only actual expenditures made this year in the general fund and pays back amounts owed to the infrastructure fund from prior years. A budget amendment for FY14 is being drafted to correct the accounting method for FY14 and forward.

Expenditures in total showed a positive variance of \$388,183, however we still have to account for the open purchase orders and some other adjustments needed. The balance encumbered is \$96,866. In addition no one has addressed Office Supplies inventory sitting on the balance sheet since the 1990's. From my understanding the Town utilized an office supplies store room and charged office

supplies out to the departments as they were used. This is no longer practiced and this inventory needs to be expensed out.

	Budget	Actual	Variance
GENERAL FUND EXPENDITURES	16,362,450	15,974,267	388,183
ADD OUTSTANDING ENCUMBRANCES		96,866	(96,866)
WRITE OFF OFFICE SUPPLIES INVENTORY		32,358	(32,358)
PENSION VALUATION ADJUSTMENTS - PENDING VALUATION REPORT			258,959

Another adjustment required cannot be completed until the valuation reports are provided for the pension plans. Recalculations of the annual required contribution and related assets or liabilities will need to be adjusted.

The Town Commission has already been presented and approved Ordinances 2013-27, 2013-28, 2013-30 2013-32, and 2013-33 to address required year-end transfers for the fiscal year.

All budget amendments/transfers are required to be approved within 60 days of year end close. As a result of year end accruals for account payable and inventory adjustments we have found that we missed a few items that should have been included in those year-end transfers. We are currently seeking guidance from the Town's independent auditors regarding budget transfers past the 60 day deadline.

The Finance Department has no control over the revenues it receives but proper forecasting is a major function of the department and more realistic projections should have been made. In my opinion the most notable cause of all this is a combination of an inadequate financial reporting system, lack of financial administration and basic review of the financials. Revenue was also not being posted in a timely manner, making it difficult for anyone reading the financials to forecast properly. Having assumed the duties of the Chief Accountant for the past month has also opened my eyes to the many inefficiencies associated with the financial accounting and reporting system. I believe much more work is required to get the finance department back on track and get the tools it needs to do its job.

Appropriations Made During FY13

HISTORY OF BUDGET TRANSFERS

FY12-13

Transfers from Fund Balance-General Fund

Original Appropriated Use of Fund Balance.....		\$	450,000.00
	Ordinance		Add'l Appropriations
3% Raises - Firefighters	2013-09	\$	70,000.00
3% Raises - Nonrepresented	2013-09	\$	50,000.00
3% Raises - General Employees	2013-11	\$	10,500.00
3% Raises - Police	2013-11	\$	32,000.00
Transfer in From Roads-Reimbursement	2013-27	\$	(83,000.00)
Additional of Asst Town Manager	2013-30	\$	60,000.00
Fire Retiree and DROP payouts	2013-30	\$	215,000.00
Gen'l Retiree and DROP Payouts	2013-30	\$	143,569.00
		\$	498,069.00
		\$	(3,655.50)
Final Appropriated Use of Fund Balance.....		\$	944,413.50

actual transfer was \$116978.50

actual transfer was \$41866

Transfers From Other Sources- General Fund

State premium- Chapter 175	2013-33	\$	175,096.00
State premium- Chapter 185	2013-33	\$	78,298.00
Insurance proceeds for stolen/damaged equip	2013-33	\$	10,008.00
Tennis Revenue	2013-33	\$	41,991.00
		\$	305,393.00

Transfers From Contingency- General Fund

	Resolution		
Planning Zoning Code Changes	2013-01	\$	23,000.00
Planning Zoning Code Changes	2013-05	\$	100,000.00
YE greater than \$10,000	2013-32	\$	57,000.00
		\$	180,000.00

Carryover of Encumbrances - General Fund

1200.512.3104		\$	1,100.00
1500.519.3104		\$	4,908.70
1900.521.6403		\$	3,000.00
2000.522.6403		\$	3,300.00
2000.522.6410		\$	3,500.00
2300.572.4608		\$	2,800.00
2500.515.3104		\$	30,767.25
3000.534.4304		\$	1,500.00
		\$	50,875.95

Transfers from Fund Balance-FUND 401

3% Raises - General Employees	2013-11	\$	7,000.00	actual transfer was \$6854
3% Raises - Nonrepresented	2013-09	\$	2,200.00	actual transfer was \$2156

Transfers from Fund Balance-FUND 402

3% Raises - General Employees	2013-11	\$	5,000.00	actual transfer was \$4975.5
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Transfers from Fund Balance-FUND 301

Streetlight retrofitting	2013-01	\$	25,000.00	
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Transfers from Fund Balance-FUND 306

Linley Street Boat Ramp	2012-28	\$	40,000.00	
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End of Agenda Item