

M E M O R A N D U M

Date: November 14, 2014

TO: Town Commission
FROM: Sue Smith, Finance Director
SUBJECT: Ordinance 2014-36, Amending the FY 2013-2014 General Fund Budget to Increase Appropriations and Revenue Sources for the Tennis Center

The Town Charter requires that sufficient budgets are available in each general ledger account to cover expenditures charged to the account. Each year staff prepares the required budget transfer documentation to balance surplus accounts and those with shortfalls. Ordinance 2014-36 provides for a budget transfer to bring the Tennis Center budget into compliance and includes a complete listing of recommended transfers for individual accounts within the Tennis Center.

The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed the appropriations) is at the line item level. Transfers of appropriations up to \$10,000 between line items within a department or among programs within a department may be approved by the Town Manager. Transfers of appropriations between funds, the use of unallocated fund balances, or other revenue sources amend the budget and require approval by the Town Commission.

Tennis –The General Fund contained an anticipated profit from Tennis Center activities in the FY 2013-2014 budget in the amount of \$16,734 as shown below, however the actual operations resulted in a loss of \$13,378 (2.4% of operating expenses). The expenditures exceeded budgeted appropriations by \$86,676 due to reasons explained below. Part of the budget shortfall can be covered with additional Tennis revenues of \$56,564 which exceeded budgetary estimates. I am recommending that the rest of the shortfall, \$30,112, be covered by a transfer from the FY 2013-2014 General Services' Red Tide Contingency.

The Tennis Results of Operations were as follows:

	Budget	Actual	Variance
Revenues	\$492,500	\$549,064	\$ 56,564
Expenses	<u>\$475,766</u>	<u>\$562,442</u>	<u>(\$ 86,676)</u>
Profit (Loss)	<u>\$ 16,734</u>	<u>(\$ 13,378)</u>	<u>(\$ 30,112)</u>

The Tennis Center was unfortunate to have a workers' compensation claim. Under this situation, we continue to pay the employee for light duty while under workers' compensation, in addition to having the need to pay other employees to perform their regular duties. The Tennis Center also purchased and installed a new Point of Sale (P.O.S.) computer system in the beginning of the fiscal year. Various adjustments to cost of goods sold as a result of physical inventory caused large variances for merchandise. On the positive side, sales exceeded expectations to help offset some the unfavorable variances. The Tennis Center revenues and expenditures have historically been included in the General Fund making it cumbersome to monitor how they are performing on a month to month basis. With the creation of a new Special Revenue Fund in FY 2014-2015, the reporting and monitoring capabilities will be enhanced and fees will be able to be adjusted to accommodate any foreseen shortfalls. The Finance Department is currently working on a break even analysis model with the Tennis Center.

In order to balance to the line item level as specified in the Town Charter, the following accounts will require adjustment:

Budgetary Increases (Decreases) to Revenues

001.0900.347.2103	TENNIS CTR / YEARLY-SINGLE/RES	(2,306)
001.0900.369.9103	MISC REV / TENNIS CTR MISCELLANEOUS	(1,700)
001.0900.347.2101	TENNIS CTR / YEARLY-FAMILY/RES	(835)
001.0900.347.2106	TENNIS CTR / WALK-ON PLAY	(161)
001.0900.347.2109	TENNIS CTR / LIFE-TIME USER FEES	-
001.0900.369.9101	MISC REV / TENNIS CTR VEND MACHINE	329
001.0900.347.2105	TENNIS CTR / SCRIPT CARDS	4,339
001.0900.347.2107	TENNIS CTR / LESSONS	6,288
001.0900.347.2108	TENNIS CTR / TOURNAMENT/SPEC EVENTS	7,083
001.0900.369.9001	MISC REV / WORKERS COMP REIMBURSE	6,253
001.0900.369.9102	MISC REV / TENNIS CTR MERCH SALES	<u>37,274</u>
		56,564

Budgetary Increases (Decreases) to Expenditures

001.2700.572.4921	COSTS / MERCHANDISE	(47,711)
001.2700.572.1201	WAGES / REGULAR	(16,127)
001.2700.572.1210	WAGES / SUPPLEMENTAL - LESSONS	(14,152)
001.2700.572.4910	VISA/MASTERCARD FEES	(7,155)
001.2700.572.4922	COSTS / SPECIAL EVENTS	(4,824)
001.2700.572.4302	WATER	(1,281)
001.2700.572.2101	FICA TAXES	(1,272)
001.2700.572.4920	COSTS / VENDING MACHINES	(961)
001.2700.572.4901	LICENSES AND TAXES	(784)
001.2700.572.4301	ELECTRICITY	(718)
001.2700.572.5210	SMALL TOOLS AND MINOR EQUIPMENT	(577)
001.2700.572.4605	R/M OTHER EQUIPMENT	(514)
001.2700.572.5208	MISC OPERATING SUPPLIES	(182)
001.2700.572.2203	TOWN CONTRIB SALARY SAVINGS / 401-K	(177)
001.2700.572.5401	SUBSCRIPTIONS AND MEMBERSHIPS	(110)
001.2700.572.4101	COMMUNICATIONS	(54)
001.2700.572.2304	INSURANCE / LIFE	(32)
001.2700.572.4701	PRINTING AND FORMS	(31)
001.2700.572.2302	INSURANCE / DISABILITY	-
001.2700.572.2401	WORKERS COMPENSATION	3
001.2700.572.5202	CLEANING AND SANITATION SUPPLIES	21
001.2700.572.4923	COSTS / START-UP / PROMOTION	84
001.2700.572.4902	MISCELLANEOUS	100
001.2700.572.4305	NATURAL GAS	115
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001.2700.572.2204	TOWN CONTRIB DEF COMP / ICMA 401-A	263
001.2700.572.5101	OFFICE SUPPLIES	301
001.2700.572.2301	INSURANCE / MEDICAL	370
001.2700.572.1206	WAGES / HOLIDAY	426
001.2700.572.4601	R/M BUILDINGS	929
001.2700.572.2201	PENSION	1,913
001.2700.572.4602	R/M GROUNDS	5,237
001.3000.525.3110	PROF SERVICES / RED TIDE CLEAN UP	<u>30,112</u>
		(56,564)

The following page is the Budget history for the Tennis Center Activity accounts contained within the General Fund Budget.

TENNIS CENTER

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year 2013-14			Fiscal Year
	2010-11	2011-12	2012-13	Adopted	Amended	Estimated	2014-15
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>
Revenues	<u>For Comparison Purposes only (Rev and Exp in General Fund)</u>						
Tennis Ctr / Yearly-Family/Res	54,043	58,697	68,806	59,500	59,500	58,665	68,800
Tennis Ctr / Yearly-Single/Res	104,829	106,870	118,355	116,500	116,500	114,194	118,500
Tennis Ctr / Script Cards	26,632	25,622	26,946	26,000	26,000	30,339	26,000
Tennis Ctr / Walk-On Play	18,108	17,483	19,528	20,000	20,000	19,839	20,000
Tennis Ctr / Lessons	126,695	132,838	151,249	147,500	147,500	153,788	151,000
Tennis Ctr / Tournament/Spec Events	16,488	15,904	20,031	17,000	17,000	24,083	21,878
Contribution Private Organization	319	-	-	-	-	-	-
Misc Rev / Tennis Work Comp	6,256	-	3,547	-	-	6,253	-
Misc Rev / Tennis Ctr Vend Machine	1,820	1,752	4,087	4,000	4,000	4,329	4,000
Misc Rev / Tennis Ctr Merch Sales	91,847	110,611	118,371	100,000	100,000	137,274	120,000
Misc Rev / Tennis Ctr Miscellaneous	2,119	375	303	2,000	2,000	300	2,000
If Transfer / Infrastructure Surtax	-	-	30,000	-	-	-	-
	<u>449,156</u>	<u>470,152</u>	<u>561,223</u>	<u>492,500</u>	<u>492,500</u>	<u>549,064</u>	<u>532,178</u>
Personnel Services							
Wages / Regular	177,290	186,518	180,359	163,739	163,739	179,866	180,343
Wages / Holiday	3,680	3,769	3,681	3,779	3,779	3,353	3,779
Wages / Supplemental - Lessons-Clinics	107,613	96,513	116,460	103,250	103,250	117,402	105,700
Fica Taxes	21,827	21,732	19,132	20,714	20,714	21,986	21,085
Pension	-	-	68,132	27,487	27,487	25,574	25,921
Tow n Contrib Salary Savings / 401-K	4,504	3,366	3,575	3,792	3,792	3,969	4,175
Tow n Contrib Def Comp / Icm 401-A	-	-	-	14,710	14,710	14,447	16,265
Insurance / Medical	15,565	15,678	16,508	17,981	17,981	17,611	17,870
Insurance / Disability	544	-	-	376	376	376	410
Insurance / Life	362	257	232	206	206	238	249
Workers Compensation	1,781	3,737	3,199	3,417	3,417	3,414	4,566
Total Personnel Services	333,166	331,570	411,278	359,451	359,451	388,236	380,363
Operating Expenses							
Communications	964	955	1,015	950	950	1,004	950
Postage And Freight	207	412	218	250	250	26	250
Electricity	3,502	2,940	2,971	2,875	2,875	3,593	2,875
Water	10,871	11,484	10,892	11,300	11,300	12,581	11,300
Gas	342	341	336	450	450	335	450
R/M Buildings	4,330	5,292	4,352	5,000	5,000	4,071	5,000
R/M Grounds	10,980	12,439	7,395	11,350	11,350	6,113	11,350
R/M Other Equipment	-	415	-	-	-	514	-
Printing & Forms	776	1,110	148	800	800	831	800
Costs / Promotion	1,780	1,912	2,152	2,000	2,000	1,916	2,000
Licenses and Taxes	-	355	588	-	-	784	-
Miscellaneous	178	123	104	100	100	-	100
Advertising	1,126	-	-	-	-	-	-
Visa/Mastercard Fees	8,909	8,610	9,897	9,000	9,000	16,155	9,000
Costs / Vending Machines	943	935	2,513	800	800	1,761	800
Costs / Merchandise	68,291	60,232	80,958	64,690	64,690	112,401	82,690
Costs / Special Events	4,645	4,065	2,670	5,500	5,500	10,324	5,500
Cost Of Lessons-Contractor	2,100	328	-	-	-	-	-
Office Supplies	590	622	524	600	600	299	600
Cleaning And Sanitation Supplies	-	19	-	50	50	29	50
Misc Operating Supplies	199	149	185	200	200	382	200
Small Tools And Minor Equipment	503	1,511	4,659	-	-	577	2,500
Bks/Publications/Subscrip/Memb Dues	385	245	498	400	400	510	400
Total Operating Expenses	121,621	114,494	132,075	116,315	116,315	174,206	136,815
Capital Outlay							
Capital Reserves	-	-	-	-	-	-	15,000
Tennis - Scarify Courts	-	-	30,000	-	-	-	-
Total Capital Outlay	-	-	30,000	-	-	-	15,000
Total Tennis Expenditures				<u>475,766</u>	<u>475,766</u>	<u>562,442</u>	<u>532,178</u>
Tennis Center Revenue over Expenditure				<u>16,734</u>	<u>16,734</u>	<u>(13,378)</u>	<u>-</u>

Ordinance 2014-36 identifies the following overages and sources of funds shown on Attachment A.

Ordinance 2014-36 was presented to the Commission at their October 20, 2014, Regular Workshop meeting for consideration. First reading and public hearing was held at the November 3, 2014 Regular Meeting. The Ordinance was forwarded to the December 1, 2014, Regular Meeting for second reading and public hearing.

Please contact me if you have any questions.

ORDINANCE 2014-36

AN ORDINANCE OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING THE GENERAL FUND BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2013, AND ENDING SEPTEMBER 30, 2014; INCREASING THE GENERAL FUND TENNIS REVENUE LINE ITEM ACCOUNTS FOR A TOTAL OF \$56,564.00; INCREASING TENNIS CENTER GENERAL FUND LINE ITEM ACCOUNTS WHERE EXPENDITURES EXCEEDED THE ADOPTED BUDGET IN THE AMOUNT OF \$86,676.00; REDUCING UNENCUMBERED GENERAL FUND CONTINGENCY FOR RED TIDE IN THE AMOUNT OF \$30,112.00, AS DETAILED; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the revenues and expenditures of the Tennis Center are contained within the General Fund budget; and,

WHEREAS, throughout the fiscal year individual expenditure accounts may go over budget requiring a budget transfer to be made; and,

WHEREAS, the budget transfers for some of the individual expenditure accounts exceed the authority of the Town Manager, requiring Town Commission approval; and,

WHEREAS, some of the requested transfers are based not only on expenditures, but revenues that were either over or under the budgeted amount; and,

WHEREAS, the Tennis Center expenditures exceeded budgeted appropriations by \$86,676.00; and,

WHEREAS, the Tennis Center revenues exceeded budgeted estimates by \$56,564.00; and,

WHEREAS, the Town desires to transfer \$30,112.00 from General Services-Contingency for Red Tide to offset shortages in Tennis Center expenditures; and,

WHEREAS, the Town desires to increase the General Fund budget for Fiscal Year 2013-2014 in the amount of \$56,564.00 in the various Tennis Center line items as shown on Exhibit A, attached hereto; and

WHEREAS, Article V, Section 9 of the Town Charter provides for such supplemental appropriation;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN OF LONGBOAT KEY, FLORIDA, THAT:

SECTION 1. The above Whereas clauses are true and correct and are hereby ratified and confirmed.

SECTION 2. The Town Commission hereby increases the fiscal year 2013-2014 General Fund budget a total of Fifty-six Thousand Five Hundred Sixty-Four and 00/100 dollars (\$56,564.00), as detailed on Attachment A.

SECTION 3. If any section, subsection, sentence, clause, or provision of this Ordinance is held invalid, the remainder of the Ordinance shall not be affected.

SECTION 4. All ordinances or parts of ordinances in conflict herewith shall be and the same are hereby repealed.

SECTION 5. This Ordinance shall take effect upon second reading and public hearing in accordance with Law and the Charter of the Town of Longboat Key.

Passed on the first reading and public hearing the 3rd day of November, 2014.

Adopted on the second reading and public hearing the ____ day of _____, 2014.

James L. Brown, Mayor

ATTEST:

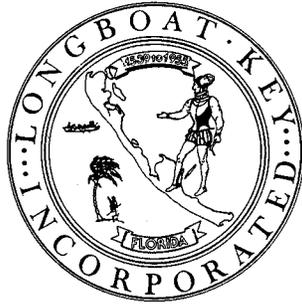
Trish Granger, Town Clerk

Attachment: Exhibit A

Amended Attachment A

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End of Agenda Item