

City of Key West

General Fund

Fiscal Year 2010-11

Mid-Year Budget Review

October 1, 2010 - March 31, 2011

Cash Reserves

FYE 2010

FYE 2009 Adjusted	\$6.0M
• FY 2009-10 Operating Revenue Gain	\$2.0M*
• FY 2009-10 Operating Expenditure Gain	<u>\$.8M*</u>
FYE 2010 Adjusted	\$8.8M

Approx. 86 Days (23.6%) of General Fund Reserve

* Budget to Actual - Gain / (Loss)

• Fund Balance policy requires reserve between 20%-25% of operating expenses.

General Fund Revenues

Focus on Major Revenue Sources:

- **Ad Valorem**
- **Telecommunications** 
- **Amusement Franchise Fees** 
- **Building Permits**
- **Half Cent Sales Tax**
- **Cruiseship Activity**
- **City Parking**

Ad Valorem

Change from the July 2010 ESTIMATED taxable value (DR 420) to the FINAL taxable value after the Value Adjustment Board (VAB):

- Adjustments resulted in a total **decrease** of **\$54.6M** in assessed value - a **decrease** of **\$153K** compared to budgeted revenue.
- Adjustments for Prior Year resulted in a similar situation - total **decrease** of **\$95.3M** in assessed value - a **decrease** of **\$239K** compared to budgeted revenue. However, due to a realized collection rate greater than the 95% budgeted, the City received revenues of \$131K in excess of budget for 2010.

	FY 10/11 Preliminary Taxable Value	FY 10/11 DR 420 Taxable Value (BUDGETED)	FY 10/11 DR 422 Taxable Value	FY 10/11 Taxable Value based on VAB (FINAL)	Difference from DR 420 to current			
Gross Taxable Value	5,023,514,598	5,002,445,436	4,973,458,371	4,947,877,614	(54,567,822)			
FY10 Approved Millage Rate	2.9132	2.9132	2.9132	2.9132				
Ad Valorem Taxes at 100%	\$ 14,634,503	\$ 14,573,124	\$ 14,488,679	\$ 14,414,157	(158,967)			
Ad Valorem at 96% Level	\$ 14,049,200	\$ 13,990,200	\$ 13,909,200	\$ 13,837,591	\$ (152,609)			
2009/2010	15,156,900	14,700,900	14,617,700	14,461,707	(239,193)			
Actual collections		14,831,900			131,143			

Telecommunications

Represents seven different state & local communication services consolidated under one tax :

- **Voice, data, audio, video, cable and any other signals transmitted by any medium**
- **Collected and distributed by State of Florida**
- **FY 2009 Mid-Year actual excludes a one time payment of \$118K by State of Florida based on audit of telecommunication industry. Payments for all represented fiscal years are now on comparable basis.**
- **Projected \$160K shortfall for FY 2011 could be possible.**

Telecommunications (in millions)			
	FY09	FY10	FY11
Mid-Year Actual	\$ 0.879	\$ 0.860	\$ 0.803
FY Actual	\$ 1.657	\$ 1.725	-
FY Budget	\$ 1.581	\$ 1.814	\$ 1.762

Amusement Franchise Fees

- **Covers Buggy Bus, Conch Tour Train & City View Franchise Fees.**
- **Prior year trends indicate a slow down during the 2nd half of the year.**
- **Should meet or slightly exceed FY 11 budget.**

Amusement Franchise Fees (in millions)			
	FY09	FY10	FY11
Mid-Year Actual	\$ 0.262	\$ 0.266	\$ 0.303
FY Actual	\$ 0.476	\$ 0.409	-
FY Budget	\$ 0.438	\$ 0.438	\$ 0.474

Building Permits

- Building Permits Fees for the first half of FY 2011 show improvement over activity for a similar period for Fiscal Year 2010.
- For the first half of FY 2011 4,544 building inspections were performed. Similar period for FY 2009 & 2010 saw 3,971 and 4,324 inspections performed.
- Collections for Business Tax Receipts for FY 2011 remain on track to meet budget.
- HARC Permit Fees & applications are tracking closely to FY 2010 numbers.
- **\$100K** Unfavorable Building Permit Fee Variance is anticipated.

Building Permit Fees (in millions)			
	FY09	FY10	FY11
Mid-Year Actual	\$ 0.439	\$ 0.520	\$ 0.526
FY Actual	\$ 0.958	\$ 1.388	-
FY Budget	\$ 1.751	\$ 0.898	\$ 1.250

Half-Cent Sales Tax

In 2011 the City had hoped for a continued ½ cent sales tax growth. The FY 2011 budget appears to be slightly overstated at this time. The City may be slightly short of the \$2.940M budget projection.

Half-Cent Sales Tax (in millions)			
	FY09	FY10	FY11
Mid-Year Actual	\$ 1.337	\$ 1.337	\$ 1.380
FY Actual	\$ 2.834	\$ 2.794	-
FY Budget	\$ 3.176	\$ 2.700	\$ 2.940

Cruiseship Activity

Port calls and passenger counts for both Outer Mole and Mallory are short of scheduled projections. However, excess passengers Disembarking at Pier B has created a positive result for the year. A stable schedule for 2nd half of FY 2011 projects a slight positive gain.

City of Key West						
FY 10-11 Cruiseship Actual Vs. Budget Performance						
October 1, 2010 thru March 31, 2011						
Based on Port Operations Ship Arrival Data						
Ship Arrivals	<u>Mallory</u>	<u>Pier B</u>	<u>Mole</u>	<u>Subtotal</u>	<u>Anchorage</u>	<u>Total</u>
Actual	38	127	66	231	1	232
Budget	40	126	70	236	0	236
Variance	(2)	1	(4)	(5)	1	(4)
Variance %	(5.00%)	0.79%	(5.71%)	(2.12%)	0.00%	(1.69%)
Passengers	<u>Mallory</u>	<u>Pier B</u>	<u>Mole</u>	<u>Subtotal</u>	<u>Anchorage</u>	<u>Total</u>
Actual	36,824	318,134	155,560	510,518	3,043	513,561
Budget	40,660	284,860	155,768	481,288	0	481,288
Variance	(3,836)	33,274	(208)	29,230	3,043	32,273
Variance %	(9.43%)	11.68%	(0.13%)	6.07%	0.00%	6.71%
Per Passenger Budget Impact	<u>Mallory</u>	<u>Pier B</u>	<u>Mole</u>			
Passenger Variance	(3,836)	33,274	(208)	29,230		
Net Revenue/Passenger	\$10.35	\$2.50	\$2.75			
Budget Impact	(\$39,703)	\$83,185	(\$572)	\$42,910		

City Parking

- **Includes Parking Meters, Pay and Display, Mallory Square, Smathers Beach, Residential Parking and Downtown Employee Assistance Parking**
 - **Excludes Key West Bight Parking**
 - **Excludes Park & Ride Facility**
- **Possible favorable variance for FY 2011 of between \$50K - \$100K.**

Parking Meters including Mallory Square (in millions)			
	FY09	FY10	FY11
Mid-Year Actual	\$ 1.139	\$ 1.248	\$ 1.384
FY Actual	\$ 2.540	\$ 2.676	\$ -
FY Budget	\$ 2.413	\$ 2.272	\$ 2.746

Expenditures

- **Overall, all General Fund expenditure accounts are in line with FY 2011 Operating Budget**
 - **Unleaded Above Ground Fuel Tank – Needs Immediate Replacement**
 - **Not Budgeted**
 - **Estimated at \$80K. City Manager Contingency**
- **City Manager Contingency**
 - **Budgeted at \$200,000 for FY 2011**
 - **\$70,000 has been used thru March 31, 2011**
- **Fuel**
 - **Three Scenarios at 5/13/11**
 - **Prices hold at current price per gallon – Unfavorable Annual Budget Variance \$15K**
 - **Sustained 10-15 % increase in price per gallon – Unfavorable Annual Budget Variance \$30k**
 - **Sustained 50 % increase in price per gallon – Unfavorable Annual Budget Variance \$90k**
- **Departmental Overtime budgets are within established budget limits**

General Fund

FY 2011 Mid-Year Summary

- **General Fund Total Revenue Budget:**
 - **Provided no significant storm related events or a significant economic downturn, total revenue estimated for the General Fund is still projected to be favorable.**
- **General Fund Total Expense Budget:**
 - **Total Estimated expenses for the General Fund is projected to be favorable at year end.**
- **Goals for FYE 2011:**
 - **Improve Reserves from 88 days to 90 days – Fund Balance Policy maximum.**
 - **Complete Indirect Cost Allocation Study and implement into FY 2011-12 Budget.**
 - **Understand “movement” in Estimated Gross Taxable Property Value from 2010 DR 422 to 2011 Estimated Adjusted Taxable Property Value**
 - **Slight Decline of .12 percent or \$6M**