

Basis of Expenditure Estimates

Personnel Services

Description This category includes expenditures for City employees' base wages and salaries plus expenditures for other forms of employee compensation: life and health insurance, social security, workers' compensation, retirement contributions, longevity pay, overtime, and special duty/status pay. The Budget Division of the Finance Department calculates the personnel cost based on the staffing requested by each department.

Significant Assumptions The personnel services budget is based on the following assumptions:

- ◆ Merit increase of 5% based on approved pay plans for Firefighters and Police Officers. This budget does not reflect any merit increases for general employees.
- ◆ No cost of living (COLA) increases are reflected in this budget.
- ◆ Workers' Compensation - The revised rates for each employment classification times a modification factor of approximately 149% of the original projection.

Operating Expenses

Description This category includes expenditures that are not classified as personnel, capital outlay, or capital projects. Operating expenses include such items as office supplies, postage, utilities, travel and training, dues and memberships, fuel, telephone, and advertising to name a few. Expenditures of certain funds also include indirect costs (for services provided by the General Fund), based on a Citywide cost allocation plan.

Significant Assumptions Projected increases (and decreases) are based on a departmental level decision-making process.

The Departments were given two guidelines: (1) No submission of estimates for Travel & Conference (may include funds for tolls, mileage reimbursements, meals and parking), Training College Classes – Education, or Membership/dues/subscriptions unless specifically required for mandated certification; and (2) to submit detailed, justified budget requests relative to new programs and activities. They were given flexibility over allocation in the various line items.

Expenditures were then adjusted to reflect management priorities and to reflect updated information on costs.

Capital Outlay

Description Effective October 1, 2004, this category includes expenditures for capital items, with an initial individual cost of \$1,000 or more, and an estimated useful life in excess of one year (the only exception being computers, which will retain a minimal threshold of \$750). Purchase orders encumbered at the end of the previous year are carried over. For budgetary purposes, significant capital encumbrances outstanding at year-end are re-appropriated in the subsequent year's revised budget, rather than shown in the adopted budget. Insignificant encumbrances outstanding at year-end are deemed to have lapsed, and the related expenditures are charged to the subsequent year's budget when incurred.

Significant Assumptions Projected expenditures are based on the estimated cost of each capital item.

Funding for most of the capital expenditures is identified within the department's target budget. Capital outlays are ranked in the order of management priorities.

Capital Projects

Description This category includes expenditures for construction.

Significant Assumptions Projected expenditures are based on an estimated cost to completion.

General Fund 10-Year Expenditure Analysis

Growth in Constant 2004 Dollars: Consistent with guidelines, expenditure containment has been the underpinning principle of budget development with notable recent results. Over the past ten years, excluding the impact of the \$77.9 million lump sum pension contribution from bond proceeds during 2004, the General Fund budget has experienced total growth of \$40.3 million or 35.6%. Using 2004 constant dollars to account for the impact of inflation, the growth was only \$3.2 million or 2.8%, with the remaining \$37.1 million or 32.8% growth due to inflation. The actual \$40.3 million increase is attributable to rising personnel expenses of \$31.5 million, (+38.9%), operating expenses of \$11.3 million (+44.0%), and \$0.7 million (+29.9%) in capital expenditures. These increases were mitigated by a decrease of \$3.1 million (-69.3%) in other expenses due to the 2003-04 transfer of \$4.0 to the Municipal Construction Fund (for the new soccer park) with no comparable 2012-13 transfer planned.

The \$31.5 million personnel cost actual increase was due to pension (\$20.0 million or +230.2%), health insurance (\$7.8 million or 83.7%), and salary increases (\$1.7 million or 3.2%, including \$1.0 million in sick leave payouts due to contractual changes). The pension increases were linked to enhanced benefits and recent underperformance of investments while the health insurance increase was due to \$8.6 million funding of other post employment benefit (OPEB) as required by GASB Statements 43 and 45. The City started funding OPEB in 2007 and that expense will account for 7.7% of the 2012-13 personnel costs.

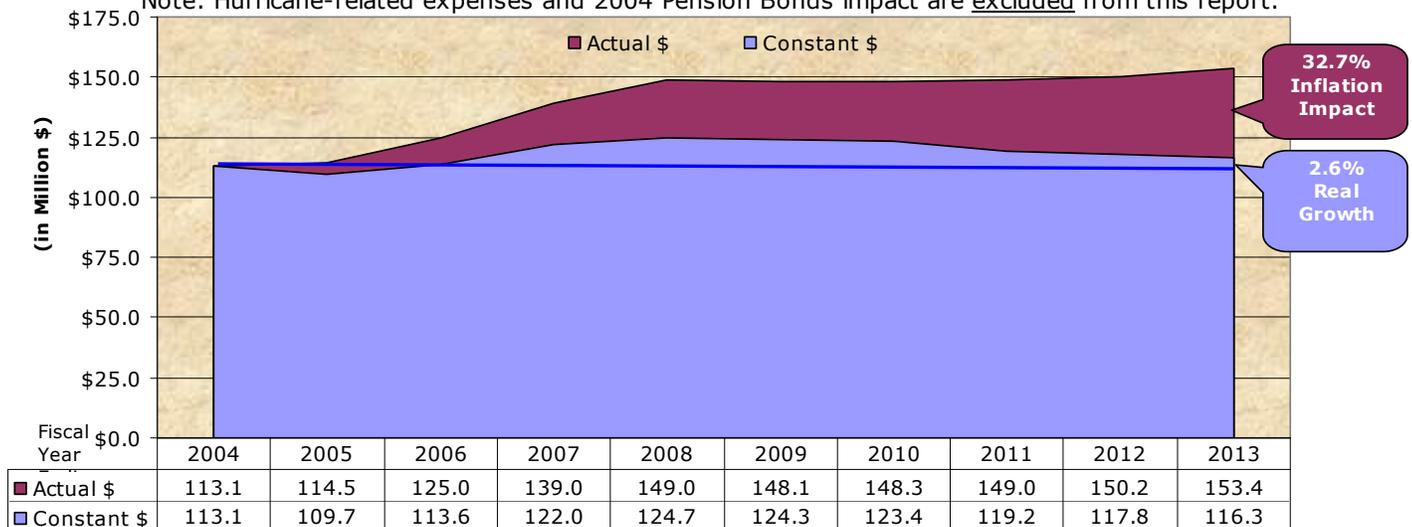
The \$11.3 million or 44.0% unadjusted increase in operating expense is connected chiefly to \$4.4 million in debt service related to the construction of three rental apartment towers, \$2.9 million in contractual services, \$1.2 million in internal charges to the Fire Department, and \$0.8 million for other operating expenses. Reductions include \$0.7 million in property insurance and \$0.1 million each in administrative fees and special events.

The \$0.7 million increase in capital expenditures included \$0.4 million to harden the public safety dispatch center to category 5 resistance and \$0.3 million each for police cars, new audiovisual equipment in Commission Chambers, and to replace hedges along major arterials. The \$3.1 million decrease in other expenses is primarily due to there being no 2012-13 equivalent to the 2003-04 transfer of \$4.0 million for the soccer park.

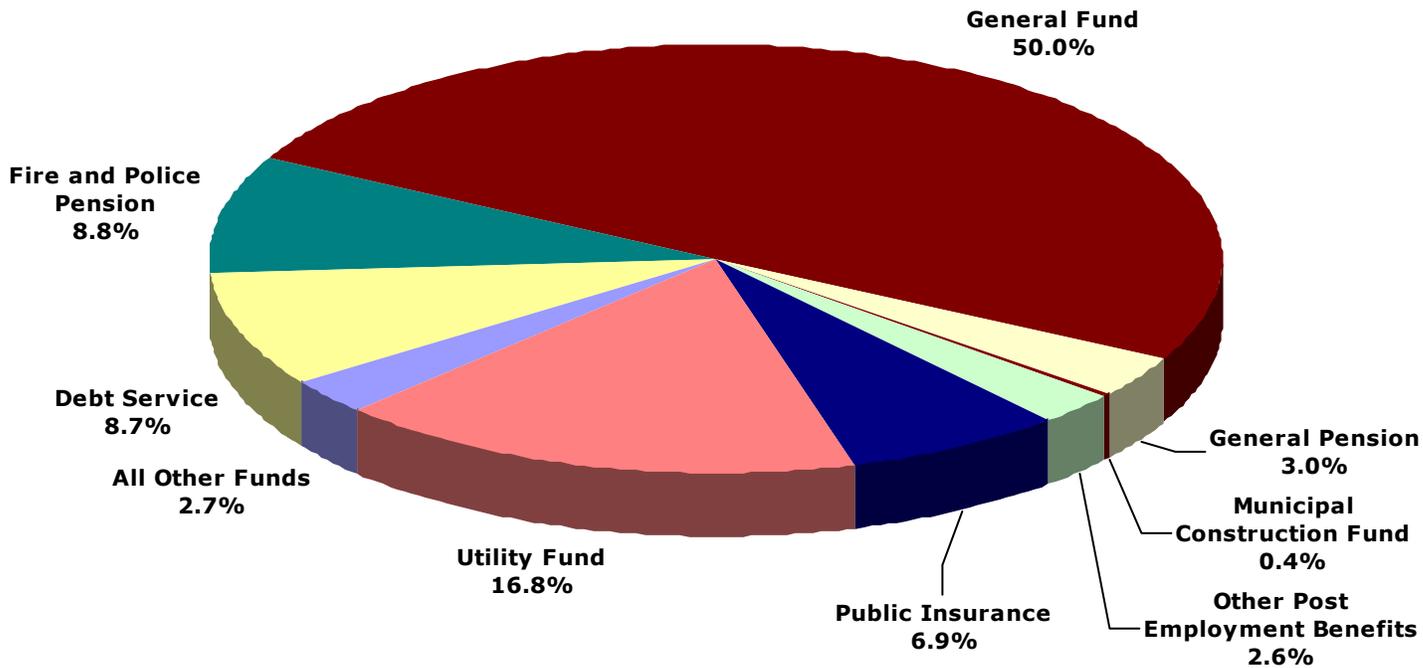
General Fund Expense: Actual vs Constant 2004 Dollars

(Actual 2004-2011; Working Budget 2012; Adopted Budget 2013)

Note: Hurricane-related expenses and 2004 Pension Bonds impact are excluded from this report.



2012-13 Budget - Expenditures By Fund



Total Expenditures \$306,667,772

2012-13 Budget - Expenditures By Category

