

BUDGET DEVELOPMENT GUIDELINES

Strategies

The long-term municipal goals, as articulated in the Performance Summary Section, determine the departmental goals (refer to crosswalk in the Performance Summary Section) and provide a point of reference for programs and services as they relate to the development of the budget.

The City's strategy for achieving these goals is to pursue a moderate course, taking into account the current state of the economy and the associated effect on revenues. To this end, a conservative approach to revenue projection has been used to minimize exposure to the vagaries of revenue fluctuation. This necessitated significant attention to revenue streams and required department directors to incorporate more direct and specific attention to their management controls, projections, and supervision of programs and projects.

A cautious approach to personnel growth has been adopted since personnel-related costs account for 71.9% of the General Fund operating expenses. This budget reflects expenditure containment in response to the rising cost of employee benefits, especially health insurance and pension, and reflects major concessions that all three unions of the City made during fiscal year 2009-10 to their collective bargaining agreements. There were substantial modifications to existing employee current benefits and future retirement benefits.

The City's staff complement comprises of employees hired directly by the City (the authorized staff level) and those hired through a private company. The City-wide authorized staff level shows a net decrease of 37 positions which consist of a net decrease of 41 full-time (all of which were vacant except two) and a net increase of 4 part-time positions. The major change relates to the transition of the 911 communication to Broward County which results in a net reduction of 25 full-time positions. Below is a summary of the changes in the full-time staff count. All positions changes are presented by division in tabular form later in this section.

Summary - Net Changes in Full-Time Positions

Deletions	
Transition of 911 Communications to Broward County	(37)
Converted to Contractual for Cost Savings (mainly Early Development Center positions)	(15)
Eliminated Firefighter Positions Attributable to Terminated Contract	(5)
Eliminated Due to Reconfiguration of Services	(5)
Transition Custodial Service to Private Vendor for Cost Savings	(2)
Additions	
Police Support Specialists (to do teletype formerly performed by 911 staff and other duties)	12
Police Support Specialists (to do background investigations)	1
School Resource Officers (SROs) to Facilitate Assignment to All Elementary Schools	7
Additional SRO Coordinator to Manage the Increase in Number of SROs	1
Project Manager for Technology Services Department	1
Conversion from Contractual to City	1
All Funds Net Change in Full-time Positions	<u>(41)</u>

Translation of Municipal Goals

The long-term municipal goals provide direction to the departments in preparing their annual operating and capital budget requests. The City has developed and approved a statement of annual budget policy, consisting of goals and guidelines that translate the long-term goals into specific guidelines for the budget. The budget goals as delineated below provide the framework for the overall budget process.

Diversification of Revenue Sources: The City's goal is to minimize increases in the millage rate. Traditionally this was accomplished by finding new sources of revenue where possible and by implementing tight budgetary controls on expenditures. The City's aggregate millage is 6.2776, which is comprised of an operating millage of 5.6368 (the current millage rate) and a debt service millage of 0.6408.

Components of Property Tax Bill: 2013-14**Your Total Property Tax Bill**

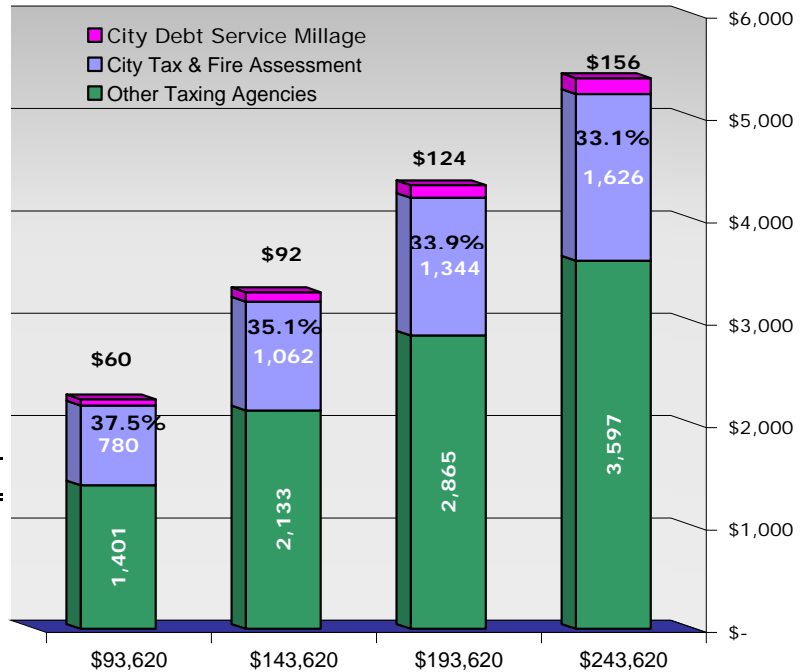
South Broward Hospital District	0.5000
S. Florida Water Management District	0.4110
Florida Inland Navigational District	0.0345
City of Pembroke Pines	5.6368
Broward County School Board	7.4800
Broward County Government Services	5.4400
Children's Services Council	0.4882

Voter Approved Debt Payments

City of Pembroke Pines	0.6408
County	0.2830
Total Millage Rate	20.9143

Special Assessments

Pembroke Pines Fire	\$ 252.71
South Broward Drain #1 - Flat	31.00
Drainage assessment is a flat rate but there are several districts some of which have different rates	
Total Special Assessments	\$ 283.71

**Taxable Property Values**

City portion of the Tax Bill ranges from 37.5% to 33.1%

The above calculations show the City of Pembroke Pines and county-wide total property taxes based upon taxable values starting from the median value of \$93,540.

- Fund Balance Goal:** The City will plan the budget in such a way to retain a General Fund unassigned fund balance of not less than 10% of the total budgeted expenditures.
- User Fees for Services:** Fees for services will be set with the goal to recover 100 percent of costs, except in specific instances in which the City Commission determines that it is in the public interest to offset some of the cost through use of other revenues, such as general tax support. The same logic applies to services that are funded by grants. In relation to the Utility Fund, which is an enterprise fund, the water and sewer fees are updated annually by the change in the Consumer Price Index for the 12 months ending April of the current year. Other rate increases may be implemented, if approved by the City Commission. Revenues are expected to cover the cost of operations.
- Full Range of Municipal Services:** The City provides a full range of municipal services in order to maintain and enhance the quality of life in Pembroke Pines. The City acknowledges that the highest priority service areas relate to those that protect and enhance public safety and health.
- Public Safety Services:** Public safety services are a high priority. The City will ensure that services are provided in an efficient, effective manner, and through thoughtful plans, public safety needs can be met in our growing community. The budget for Police, Fire, Rescue, and Code Enforcement represents 65.3% of the General Fund.
- Employee Safety/Productivity:** The City has made great strides in updating its fleet of vehicles, and in providing equipment and supplies that enhance the safety and productivity of employees. In the budget, Departments are asked to identify and to request funding to continue this policy of providing up-to-date equipment, supplies, and facilities to assure employee safety.

Financial Policies

The City of Pembroke Pines financial policies, compiled below, set forth the basic framework for the overall fiscal management of the City. Operating independently of changing circumstances and conditions, these policies assist the decision-making process of the City Commission and the City administration. These policies provide guidelines for evaluating both current activities and proposals for future programs.

Most of the policies represent long-standing principles; traditions and practices that have guided the City in the past and have helped maintain financial stability over the last 53 years. They are reviewed annually as a decision-making tool and to ensure their continued relevance in an ever-changing environment. Minor changes have been made in wording and organization to clarify the intent of some of the policies.

Balanced Budget Policy

To the extent that the Appropriated Revenues, Beginning Surplus, and Estimated Budget Savings equal the Appropriated Expenditures, the budget is considered balanced. Should the Appropriated Expenditures be different from the Appropriated Revenues, the difference would be shown in the Fund Summaries Section as Excess (Deficit) Revenues over Expenditures and as Beginning Surplus and/or Estimated Budget Savings in the Revenue Detail Section. The amount of the Beginning Surplus would specify the amount by which the Fund Balance is expected to change. Estimated Budget Savings refers to an amount of projected favorable budget variances expected to be realized during the budget year but that is not identifiable before the start of the year in a way that could be attributed to one or more specific line items.

Operating Budget Policies

1. The City will maintain, at a minimum, an accessible cash reserve equivalent to eight weeks of operating costs.
2. As of July 1, 2010, General employees contribute \$100 per month towards the cost of their health insurance. Employees hired after October 1, 1991 assume the cost associated with dependent coverage.
3. No new or expanded services shall be implemented without implementing trade-offs of expenses or revenues at the same time. This applies to personnel, equipment, and any other ancillary expenses associated with the service.
4. The City shall continue to support a scheduled level of maintenance and replacement of its infrastructure and fleet. Expansions to the fleet should be justified based on growth of the City.
5. The City shall support capital expenditures that reduce future operating costs.

Capital Budget Policies

1. The City has developed a multi-year plan for capital improvement that is updated annually with documentation of deviations from the plan.
2. The City will maintain its physical assets at a level adequate to protect the City's capital investment and minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the systematic replacement of the capital plant and equipment from current revenues wherever possible.
3. The City has provided sufficient funds to replace and upgrade equipment as well as to take advantage of new technology thereby ensuring that employees have safe and efficient tools to service the public. It reflects a commitment to further automation and use of available technology to improve productivity of the City's work force.

The objective for upgrading and replacing equipment includes: (1) normal replacement as equipment completes its useful life; (2) upgrades to new technology; and (3) additional equipment necessary to service the needs of the City.

4. The City will, according to its Comprehensive Land Use Plan, try to ensure that the necessary infrastructure is in place to facilitate the orderly development of vacant lands.

5. The City will use the following criteria to evaluate the relative merit of each capital project. Capital expenditures will foster goals of:
 - a. Economic and neighborhood vitality.
 - b. Infrastructure and heritage preservation.
 - c. Capital projects that implement a component of an approved redevelopment plan.
 - d. Projects specifically included in an approved replacement schedule.
 - e. Projects that reduce the cost of operations. Projects that increase the cost of operations shall have identified trade-offs to support those additional costs.
 - f. Projects that significantly improve safety and reduce risk exposure.
 - g. Projects supporting private development must include return on investment ratios, or a fully documented cost/benefit analysis.

Revenue Policies

1. The City will attempt to maintain a diversified and stable revenue system as a shelter from short-run fluctuations in any single revenue source.
2. The City will attempt to obtain additional major revenue sources as a way of ensuring a balanced budget.
3. The City will establish user charges and fees at a level to recover the full cost (direct and indirect) of providing the service in the Utility Fund, which is self-sustaining. User fees in the Recreation Department provide approximately 48.1% of its operating costs.
4. The City will review fees/charges annually and will design or modify revenue systems to include provisions that automatically allow charges to grow at a rate that keeps pace with the cost of providing the service.
5. The City will consider market rates and charges levied by other public and private organizations for similar services in establishing fees and charges.

Cash Management/Investment Policies

1. The City will deposit all funds received by 2:00 PM the next day.
2. The City will manage its financial assets so as to protect the principal, provide sufficient liquidity and maximize the return on investments within an acceptable exposure to risk.
3. The City will collect revenues aggressively, including any past due amounts owed.

Debt Management Policies

1. Authorization of projects financed by debt shall occur only after the Commission has received a report of the impact of the contemplated borrowing on the existing Capital Improvement Plan and operating budget together with a recommendation from the City Manager and the Finance Director.
2. Projects that are financed fall into one of two categories:
 - a) Projects that generate revenue and require no subsidy for payment of debt service.
 - b) Projects requiring subsidy for payment of debt service shall enhance the quality of life for the citizens of the City.
3. The City will publish and distribute an official statement for each bond issue.
4. General obligation debt will only be issued if approved by the voters in a referendum.
5. The amount of direct unlimited tax general obligation ("UTGO") debt outstanding at any time that is subject to approval by the voters should not exceed 1.5% of the City's taxable assessed valuation.

6. The amount of direct, non-self-supporting, limited tax general obligation ("LTGO") debt and lease purchase obligations outstanding at any time that are not subject to approval by the voters should not exceed 1.5% of the City's taxable assessed valuation. Furthermore, the City shall strive to limit the annual debt service requirements on these obligations to an amount that is not greater than 10% of annual General Fund and Debt Service Fund revenues.
7. The City will maintain bond reserves and sinking funds as required by the various bond issues.
8. The City may issue advance refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent, and net present value savings, expressed as a percentage of the par amount of the refunding bonds, equals or exceeds three percent and is equal to or greater than \$100,000.

Derivative Debt Management Policy

1. This policy was established to provide guidelines for the use and management of all interest rate exchange agreements incurred in connection with the incurrence of debt obligations.
2. Derivatives shall not be used for speculative purposes outside of prudent notes that are appropriate for the City to take.

Fund Balance Policy

1. The unassigned fund balance for the General Fund shall be not less than 10% of the total budgeted expenditures of the General Fund.
2. Compliance with the provisions of this policy shall be reviewed as part of the annual budget adoption process, and the amounts of non-spendable, restricted, committed, and assigned fund balance shall be determined during this process.
3. The estimated 2013-14 General Fund unassigned ending fund balance of \$33.9 million represents 21.9% of the total General Fund expenditures of \$154.8 million, excluding transfers.

Accounting, Auditing and Financial Reporting Policies

1. An independent audit in accordance with Government Auditing Standards will be performed annually.
2. The City will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).