

Balance Sheet Articles On City Budget 2004–2011
Including Cartoons Created by
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The Balance Sheet repeatedly hammered away at the mushrooming budget imbalance year after year. Commissioner Furr was the only elected official whose head was out of the sand, as the rest of our elected officials voted repeatedly to increase police and fire pension benefits without regard to the City's inability to make good on these promises for future retirees. Simultaneously, management raided the City's reserve funds and Hollywood's tax rate began ratcheting up until our City has now reached one of the top rates of any Broward County municipality.

Balance Sheet excerpts:

Balance Sheet – October 2004 – General Obligation Bond

“Despite the fact that the City of Hollywood's combined taxes, fees and assessments in 2003 were higher than those of any other Broward County city, Hollywood has not kept up with necessary maintenance of the city's infrastructure and now we are being asked to tax ourselves extra to pay for it. Even worse is the fact that we are being asked to give more money to the same city administration that got us in this mess in the first place by failing to manage the city budget effectively in recent years. It is increasingly difficult to trust this administration.”

Balance Sheet – September 15, 2005

“Dollars and Sense: The Present and Future Tax Burden and How Pension Promises Are Draining Our City Budget.” – Article by Mel Pollak

Balance Sheet – August 16, 2006

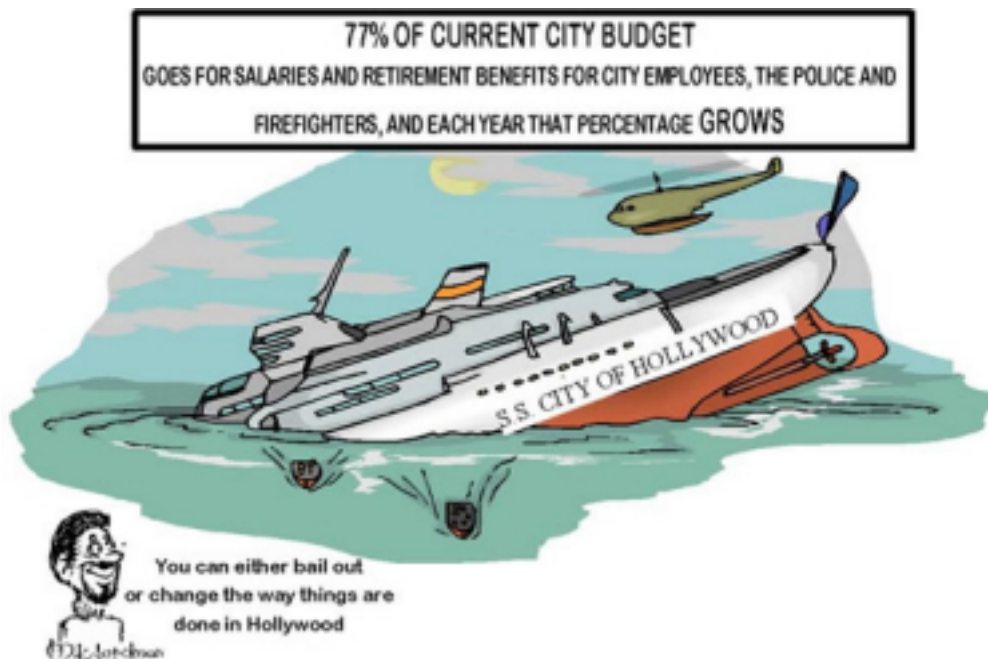
“How much does the City of Hollywood owe the police and fire employee pension funds? Answer. As of this year, we owe \$160 million to the police and fire pension funds. We must pay 8.5% interest on this debt, which equals approximately \$13,600,000 in interest payments alone this year. In addition to the interest, we must make a specified contribution to the pension funds annually. Each year we don't pay enough and our debt grows. Question: “Is this why we don't have money to pay for street, alley, and sidewalk repairs as well as parks? And is this why we were asked to

supplement the budget two years ago with a \$52 million general obligation bond for parks and public safety? Answer. Yes.”

Balance Sheet – August 22, 2006

“We understand the city will receive almost \$15 million more in property tax revenues this year because of our increased property values. How much of that additional tax revenue will be available for the city's infrastructure needs (road and alley maintenance, sidewalk repair and replacement, parks)? Answer. Not one dollar.... Will the city have to reduce public services? Answer. Yes. For one thing, the city will have to freeze spending for neighborhood capital improvements. For many years, the city has been borrowing \$5 million each year for capital improvement projects in our neighborhoods. This year, the city will not be able to afford the annual \$5 million capital improvements program. Street and alley paving used to be on a regular maintenance schedule. Now those projects will have to be put on hold. Other cuts will be required also in order to balance the budget.”

Balance Sheet – August 2006 – Chuck Vollman Cartoon



Balance Sheet – August 2006

“Since our property values have skyrocketed in the last two years, with the result that our city is receiving greatly increased tax revenues, why doesn't

Hollywood have the money to maintain our streets, alleys, and sidewalks, and our parks and community centers? Answer. Hollywood does not have the money to properly fund its facilities and services because the city owes too much money for other purposes. From every dollar in the city's general operating budget, 77 cents is required to pay city employees their salaries and benefits and to fund their pension plans. That leaves 23 cents for city services and facilities. (Each year, staff costs consume a larger share of the budget. Last year, for example, it was 74 cents for staff, and 26 cents for city services.)”

Balance Sheet – September 2006

“We, the residents, must insist that the mayor and commissioners focus on the budget crisis, stop trying to place blame, and accept responsibility for devising and implementing a plan to bail out the ship. Avoidance, denial, blaming the weather or a former city manager or even the increased cost of gas and property insurance -- all these "justifications" postpone the day of reckoning and have proved for years only to make our structurally unsound budget worse.”

Balance Sheet – September 6, 2006

“Last year, the capital improvement budget included a discretionary fund of \$100,000 for each of our seven elected officials. Each commissioner could use this fund for capital improvement projects in his/her district, while the mayor could spend her discretionary fund in any of the city's six districts. This budget item (total \$700,000) has now been wiped out. The city can no longer afford it.”

Balance Sheet – September 7, 2006

“Hollywood's budget is sick, suffering from near-terminal "structural imbalance." The issue is not the city's "award-winning" services, nor is it the effect of rising costs like fuel and property insurance that impact our personal budgets. The city budget's life-threatening condition is caused primarily by the city's defined benefit pension plans, "Cadillac" health insurance, and excess perks like the "13th check," that each year plunge the city deeper in debt. No informed resident can "feel comfortable" as the City Manager urges, with a budget so out of control. Fear of raising the millage rate is leading our elected officials to raise fees and impose surcharges in its desperate search for additional operating revenue.”

Balance Sheet – September 8, 2006

“The Balance Sheet has devoted numerous articles to the drain on the city's general fund rapidly escalating employee benefit costs and by the CRA districts. There is more to the picture of our city's financial health: Fee and Surcharge Increases.”

Balance Sheet – September 8, 2007

“Last year, we learned that 77 cents of every dollar in the city's general fund was required to pay salaries and health/pension benefits. This year, the figure is more like 80 cents of each dollar. We also learned that the pension funds the city is now obligated to pay to current and future retirees far exceed what the city can afford (the "unfunded liabilities.") This precarious financial situation promises to be worse than ever this year.”

Balance Sheet – September 2007



Balance Sheet – June 26, 2009

“At a City Commission workshop on June 23, city staff reported the coming year's projected budget shortfall at \$22 million. With various reductions and streamlining, the city manager found \$8 million in proposed savings.”

Balance Sheet – September 17, 2009

“The annual escalation in salaries and benefits and pension and health benefits for retirees has created a serious imbalance in our budget. Speaking of just one department (Code Enforcement), but symptomatic of the overall situation, a consultant hired by the city noted as follows in a June 2009 report: ‘The real culprit again appears to be very high personnel costs and generous amounts of paid time off. Benefits will now approach 85% to 100% of pay, on average. This is more than double the private sector package. Most of this additional cost comes from overly generous retirement benefits and city provided retiree health insurance, but some of it comes in the form of collective bargaining agreements that have become bloated with individual benefits that cumulatively cost the City dearly.’”

Balance Sheet – July 25, 2010

“In order to balance the last two annual budgets, the City Manager used a variety of cost saving techniques including departmental consolidations, positions frozen or eliminated, unpaid furlough days, fire fee increase and more. What will he recommend this year?”

Balance Sheet – May 22, 2011

“Like the prophets of old, Commissioner Furr has been warning of Hollywood's impending budget failure for years, his detailed analyses falling on deaf ears. Instead of addressing the budget's growing structural imbalance, the City Manager found short-term ways each year to balance the budget, all the while digging a deeper hole down the road. As a result, the City is now facing the need for drastic steps to solve a financial crisis.”

Summing Up

The Balance Sheet kept up sounding the alarm right up to the public disclosure in 2011 that the City had alarmingly overspent its budget. Belatedly, at this point, the entire City Commission woke up. By then the Balance Sheet was calling for the departure of the City Manager and the Budget Director. What followed, as we all know, was traumatic: the resignation of the manager, departure of the budget director, a declaration of Financial Urgency, salary cuts for employees, and then the Pension Referendum.