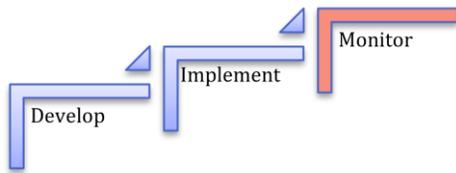


City of Opa-locka Revenue and Expenditure Report



Fiscal Year 2018

1st Qtr. Budget Performance Report

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Background

The City of Opa-locka was declared in a state of financial emergency; which was made effective as of June 2016 by Executive Order Number 16-135. Since then, the City has governed its financial state according to the State and Local Agreement of Cooperation. In the spirit of the Agreement, this report aims to comply with its entirety, most notably Section 3 & 5.

As an organization, Opa-locka is expanding in the areas of financial reporting and performance collection data. The goal now is to encourage citywide fiscal responsibility, accountability and prudent resource allocation based on the use of fiscal controls and performance measures to improve efficiency according to yearly priorities and to produce comparable benchmarking assessments. This year, the Finance Department commenced publishing monthly and quarterly budget to actual reports. Alternatively, the Budget Administrator will augment those efforts with holistic quarterly budget performance reports that extend beyond reporting actual budget numbers.

While we don't know what the next couple years will bring, we do know there is a new "new normal", and things will never return to the way they once were. If the City of Opa-locka is to be successful, it is going to need to be more efficient, reliable and able to communicate its accomplishments and needs to elected officials and its residents through the use of performance data. This report represents the First Quarter (Q1) of Fiscal Year (FY) 18 Adopted Budget performance.

The report is available on the City's [website](#).

Reliability and Quality of Data

All methodologies are subject to error. The rating methodology utilized in this report is constraint by the accuracy of the available data in the financial accounting system at the end of each reporting period. Both revenues and expenditures are subject to on-going reclassifications upon discovery. The size of the error is dependent largely on continuous departmental monitoring of accounts for abnormalities, and the timely reclassification and re-posting of accounting entries. Not with standing, all corrections have to be re-verified.

Rating Methodology

TABLE 1: [Rating System to Track Quarterly Progress](#)

REVENUES Q1 RATING		EXPENDITURES Q1 RATING	
NOT BUDGETED	>100%	NOT BUDGETED	>100%
EXCEED BUDGET	>35	ALERT	>75%
ON TRACK	>18, ≤35%	CONCERN	>50%, ≤75%
CONCERN	>10%, ≤18%	FLAGGED	>35, ≤50%
ALERT	≤10%	ON TRACK	>20%, ≤35%
		UNDER BUDGET	≤20%

In Q1 of FY 18, the City has approximately 94 revenue accounts and 241 expense accounts addressed in this report throughout 11 Funds, cumulatively. For rating purposes, revenues are grouped by major revenue sources per Fund and expenditures by department/division and/or by personnel, operating, debt, and capital outlay expenses. This report does not capture the personnel expenditures because the Finance Department is recoding all personnel and related expenditures to its proper budgeted division and salary accounts. Therefore, to include the personnel expenses in assessing Q1 would result in significant and misleading performance reporting.

The color-coded rating system is used throughout this document. Though by no means flawless, this approach does a suitable job – for the time being- crystalizing the financial information obtained from Superion (formerly SunGard) on 1/19/2018 for October through December 2018 (the period representing Q1). Overall, this framework is a starting point that opens up a window into how the City is doing when it comes to implementation of the Adopted FY 2018 Budget.

Organization of the Report

Structurally, the report focuses on the performance of revenues, expenditures and fund balance / net assets separately. Section I begins by reporting on operational revenue concerns at the Fund level, to include individual revenue categories and/or accounts within each Fund that warrants a certain level of detail and transparency based on performance. Section II follows the same theme for expenditures: additional, the report provides a year to date expenditure quarterly comparison. In conclusion, the report addresses the state of each Fund's fund balance / net asset as the year progresses and cash flow changes greater than 10% and/or any Fund with a quarterly deficit.

Furthermore, while not fully developed for the release of the 1st Qtr. Budget Performance Report, Section I will further be developed to provide information typically seen in revenue manuals and strategic plans. The report is intended to benefit both externally stakeholders with increased transparency and sharing of information. As well as, aid executive management with a comprehensive approach to develop improved department budgets based on the ability to identify areas where resource allocations need to match programs demonstrating weak performance and services reflective of highest priority. Therefore, this report is intended to serve as the catalyst to incorporate and augment efforts to further the pursuit of benchmarking and strategic performance endeavors.

Section I

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Revenue Progress Report

TABLE 2: Summary of Progress to Date, by Fund by Revenue Category

	Quarter 1 FY 2018	Quarter 2 FY 2018	Quarter 3 FY 2018	Quarter 4 FY 2018
General Fund				
Taxes	70%			
Franchise Fees	16%			
Licenses & Permits	37%			
Intergovernmental	5%			
Charges for Services	29%			
Fines & Forfeitures	18%			
Miscellaneous	66%			
Transfers	1%			
Capital Improv. Debt Service Fund				
Taxes	12%			
CRA Fund				
Taxes	0%			
Peoples Transportation Tax Fund				
Intergovernmental	0%			
Town Center One Fund				
Miscellaneous	13%			
Other Sources	0%			
Stormwater Fund				
Charges for Services	15%			
Safe Neighborhood Capital Imp. Fund				
Taxes	18%			
Special Law Enforcement Fund				
Charges for Services	>100%			
Other Sources	0%			

	Quarter 1 FY 2018	Quarter 2 FY 2018	Quarter 3 FY 2018	Quarter 4 FY 2018
Water & Sewer Fund				
Charges for Services	11%			
Miscellaneous	14%			
Other Sources	8%			
Information Technology Fund				
Other Sources	24%			
Risk Management Fund				
Other Sources	25%			
SUBTOTAL	22%			

Operational Fund Level Concerns Include:

1. General Fund Intergovernmental - State and County shared revenue is significantly lower than anticipated due to alcoholic beverages and occupational county license receipts. State Alcoholic Beverage License Fees are taxes collected from vendors of alcoholic beverage which are deposited into the Alcoholic Beverages and Tobacco Trust Fund and dispersed by the Department of Revenue to municipalities and counties. The Joint Legislative Auditing Committee (JLAC) informed the City on August 15th, 2017 that all non-pledged monies shall be withheld until the required Annual Financial Report and the Annual Financial Audit Report for FY 2014-2015 have been submitted. Further, the County Occupational License renewal/new fees are significantly lower when compared to previous YTD, and do not correspond to the City's Occupational License receipts collected. It is unusual to see fluctuations in this revenue source as it is formula driven based on the City's percentage of the County's population. Further inquiry is required to determine the origin of fluctuation.
2. General Fund Transfers In - This category consist predominately of anticipated transfers in from the Fund Balance Operating bank account and from the Capital Improvement Debt Service (CIDS) Fund. Currently, Staff is restructuring the seven (7) active State Revolving Loans (SRL) to lower the debt service payments. Moreover, the roadway projects cannot commence until the FY 2014-2015 audit is completed, which will then trigger Staff to seek two additional SRL for Zone 1 &2 and Zone 6 and procurement of the Design and Build bid solicitation. As it pertains to the CIDS transfer in, Staff is hesitant to transfer monies until the withholding of pledged Bond funds has been resolved, per the next item (item #3).
3. CIDS Fund Taxes - On August 15, 2017, the Joint Legislative Auditing Committee (JLAC) informed the City of Opa-locka of reporting requirements related to Sections 218.39(1) and 218.32(1) (a), Florida Statutes. Due to failure to submit the Annual Financial Report and the

Annual Financial Audit Report for FY 2014-15, JLAC adopted a motion to take action at its January 26, 2017 Committee meeting. Thereafter, JLAC directed the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for bond debt service satisfaction, starting on or after September 5th, 2017. However, a budget to actual analysis revealed the City has not received its pledged (2011 Series A&B Bond) Local Government ½ cent sales tax and State Revenue Sharing monies since October 2017. Moreover, the Communications Sales Tax monies, pledged to the 2015 Series A&B Bond, have not been received since November 2017. In response, on February 1st, 2018, the City Manager submitted a letter to the Department of Revenue (DOR) to rectify and release the pledged monies.

4. Community Redevelopment Agency Taxes – Tax Increment Financing (TIF) payments have not been made to the Community Redevelopment Agency (CRA) Trust Fund since the CRA was established on October 1st, 2013, but the City owes approximately \$413,539, as shown in Table 3. Likewise, the County has made two payments totaling \$99,102, but altogether owes \$207,504, per Table 4. The check for \$72,006 was submitted by the County, but the City has not recorded the receipt of the check in the CRA Fund. Moreover, all County TIF monies have been deposited in the General Fund Operating bank account with City National. Since 2012, per Table 5, the City has received \$372,069 in revenues - of that, \$344,973 was a subsidy provided by the Water & Sewer Fund in Fiscal Year 13-15. This needs to be reimbursed back to the Water & Sewer Fund in the current fiscal year. As of today, the CRA has not paid the reimbursement of \$102,770 budgeted in FY 2018.

TABLE 3: Summary of YTD City TIF Contributions

	VALUATION	INCREMENT VALUE	95%	ADOPTED MILLAGE	CITY TIF	ACTUAL TIF
Base Year - 13	123,628,442					
Final Value - 14	118,435,059	(5,193,383)				
Final Value - 15	127,790,533	4,162,091	3,953,986	8.9000	35,190	-
Final Value - 16	138,124,446	14,496,004	13,771,204	10.0000	137,712	-
July 1st Valuation	151,773,390	28,144,948	26,737,701	8.9999	240,637	-
				SUBTOTAL	413,539	-

TABLE 4: Summary of YTD County TIF Contributions

	VALUATION	INCREMENT VALUE	95%	ADOPTED MILLAGE	COUNTY TIF	ACTUAL TIF
Base Year – FY 13	123,628,442					
Final Value - FY 14	118,435,059	(5,193,383)				
Final Value – FY 15	127,790,533	4,162,091	3,953,986	4.6669	18,453	27,096
Final Value – FY 16	138,124,446	14,496,004	13,771,204	4.6669	64,269	72,006
July 1st Valuation – FY 17	151,773,390	28,144,948	26,737,701	4.6669	124,782	-
				SUBTOTAL	207,504	99,102

TABLE 5: Summary of YTD CRA Funding Sources

	ACTUAL REVENUES	ADOPTED BUDGET	FUNDING SOURCE
FY 2012	\$ -	\$ 200,000	
FY 2013	\$ 104,167	\$ 250,000	Water & Sewer Subsidy
FY 2014	\$ 142,821	\$ 250,000	Water & Sewer Subsidy
FY 2015	\$ 97,985	\$ 250,000	Water & Sewer Subsidy
FY 2016	\$ 27,096	\$ 65,000	County- \$27,096
FY 2017	\$ -	\$ 216,000	County- \$72,006, not recorded
FY 2018	\$ -	\$ 585,392	
SUBTOTAL	\$ 372,069		

If we adjust for the FY 2015 final valuation (County has only adjusted for this thus far), as soon as all TIF payments are made (to include finding the \$72,006), and subtract the life to date (LTD) 1/17/2018 CRA expenditures of \$564,632, the available CRA operating Fund Balance should be \$409,121. Therefore, once all TIF payments are received, the CRA bank account should have \$409,121, as per Table 6. However, based on the actual received revenues as shown in Table 7, the CRA is in the red by (\$192,563). All appropriate measures are underway to establish the necessary CRA bank account and comply with non-comingling of funds. Once the CRA bank account has been established, the County and City TIF contributions can be transferred from the General Fund Operating bank account into the CRA bank account and proper fund accounting can be implemented.

TABLE 6: Summary of Anticipated YTD CRA Fund Balance

	ADOPTED REVENUES	ACTUAL LTD EXPENDITURES	CRA- AVAILABLE FUND BALANCE
City TIF	\$ 413,539		
County TIF	\$ 215,241		
Water & Sewer	\$ 344,973		
SUBTOTAL	\$ 973,753	\$ 564,632	\$ 409,121

TABLE 7: Summary of Actual YTD CRA Fund Balance

	ACTUAL LTD REVENUES	ACTUAL LTD EXPENDITURES	CRA- AVAILABLE FUND BALANCE
City TIF	\$ -		
County TIF	\$ 27,096		
Water & Sewer	\$ 344,973		
SUBTOTAL	\$ 372,069	\$ 564,632	\$ (192,563)

5. Peoples Transportation Tax Fund Intergovernmental – As of December 31st, 2017, the City has been delinquent in seeking monthly reimbursements of \$15,000 from the Office of the Citizen’s Independent Transportation Trust (OCITT) for monies paid to operate the Circulator. The City’s Finance Department is working towards full compliance by providing the Office of CITT documentation of payments to Limousine of South Florida; the City’s Circulator service provider. Furthermore, Staff is meeting with Miami Dade County on 2/12/2018 regarding the withholding of approximately \$1.4 Million in transportation funds from FY 08 - 10. Upon providing the required reports, Staff anticipates most of these funds will be removed from the \$6.9 Million debt owed to the County.
6. Town Center One Fund Miscellaneous and Other Sources – Currently, there are three tenants at the Town Center One building. However, Kids on Point had to evacuate their leased space on the first floor as a result of flooding. Due to their evacuation, no lease income has been received. Moreover, the subsidy budgeted from the General Fund has not been received. Likewise, the corresponding transfer out from the General Fund has not occurred - see page 18, item #3 for further discussion. Staff is currently preparing the Request for Proposals (RFP) to procure the services of a Property Manager who will be tasked with bringing in the desire tenants needed to make Town Center One self-sufficient.
7. Stormwater Fund Charges for Services – Stormwater fees are a function of billing “run-off” property. The fee placed on the water bill is based on square footage, as well as, the extent of non-porous structures. As of the date of publication, the October – December bills have not gone out. What has been collected represents 2 cycles from prior fiscal year. To put in perspective, each month has 3 billing cycles.
8. Special Law Enforcement Fund Other Sources – Simply stated, the transfer in from fund balance has not occurred because program expenditures associated with participation and

attendance at various professional law enforcement events and functions have not taken place.

9. Water & Sewer Fund – The Miscellaneous revenue category has greatly been affected by inefficient utility billing services. As a result of water bills not being sent out at their regular scheduled cycles, the utility service fee required for holding a distribution permit, AKA the DERM SERVICE FEE, has a collection rate of 11% compared to the projected budget. For the same reason, the Charges for Services revenues are behind anticipated estimates after the 1st Quarter. In addition, the non-ad valorem Fire Hydrant charges have not been accounted for in the proper Water & Sewer Fund. Lastly, the Other Sources revenues has only received approximately \$226,956 of the annual adopted budget of \$2,976,298 due to Transfer In and Administrative Reimbursements not being implemented. As previously mentioned, the City is finalizing the FY 2014-2015 financial audit before the \$2.1 M Transfer In from the General Fund will be needed. As for the Transfer in – Water & Sewer Reserve Fund Balance and the Administrative Reimbursement from the CRA, the Finance Department has not initiated the expenditures in those appropriate Funds/Accounts at this point in time.

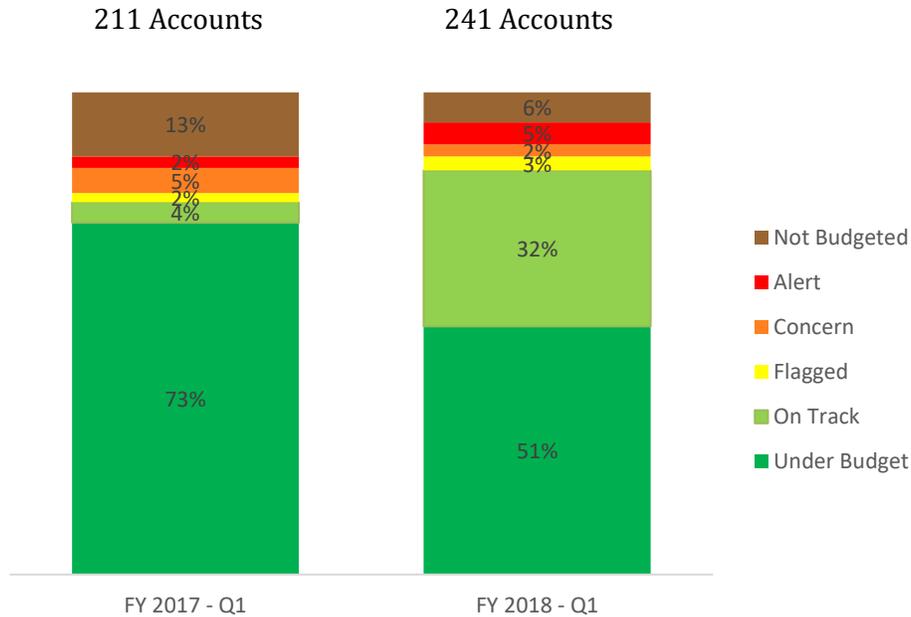
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Section II

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Expenditure Progress Report

CHART 1: Summary of Progress to Date, Quarterly Expense Comparison by Year



Overall, expenditures for Quarter 1 of Fiscal Year 2018 show significant improvements, representing fiscal stabilization compared to the same period last year. Only 6% or 15 accounts, of the total budgeted 241 accounts, with no budgeted allocations have expenditures; this represents a category reduction of 7%. Alternatively, it represents \$52,154 of unanticipated expenditures versus \$290,869 expended same time last year. However, this statement is slightly misleading because the total unanticipated expenditures for Q1 in FY 2018 is \$175,269 if you consider the twenty three (23) accounts that exceeded their budgets. Of the \$175,269, approximately \$62,800 is attributed to Hurricane IRMA related expenses. Nonetheless, it still represents a decrease from Q1 of the prior year if you conduct the same analysis; which yields \$293,057. Furthermore, the “on track” category has increased by 29%. This increase can be attributed to the creation of internal service charges, related to establishing the Information Technology Fund and the Risk Management Fund, and to the continuous monitoring of the budget by Dept. Directors, the Finance Department, and the City Manager’s Office. Also, it is note-worthy to mention that Q1 of FY 2018 experienced a 34% reduction of available balance within the “under budget” category in comparison; despite, the FY 18 Adopted Budget being decreased minimally by 3.81% from prior year’s budget. This analysis demonstrates and is indicative of improved accounting and in correct requisition assignment. Altogether, these are encouraging trends showing improved budget development, implementation and monitoring.

TABLE 8: Summary of Progress to Date, by Quarter for FY 2018 Expenditures

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY 18 Total</u>
NOT BUDGETED	15	-	-	-	15
ALERT	11	-	-	-	11
CONCERN	6	-	-	-	6
FLAGGED	7	-	-	-	7
ON TRACK	78	-	-	-	78
UNDER BUDGET	<u>124</u>	-	-	-	<u>124</u>
SUBTOTAL	241	0	0	0	241

Accounts rated under the Not Budgeted category account for a budget variance of \$52,154 and include:

1. The Motor Vehicle Claims and General Liability Claims accounts were created after the budget was adopted, for the purpose of following best practices and to account for the varies lines of insurance coverages. Further, the creation of these two accounts improves transparency and assists staff in budgeting at the proper level based on historical claims experience. The Q1 Budget Amendment will seek to move the monies budgeted in the Contingencies expense account where past claims payments were expensed.
2. The Stormwater and Water & Sewer Fund did not receive an allocation in their vehicle lease/purchase line item expense accounts. Next quarter, Staff will evaluate the opportunity to pay off the 26 leased vehicles if available resources permits. After conducting an assessment, it was revealed the difference between the payoff amount and the budgeted annual amount was approximately \$15,000, as of 11/30/2017.
3. Historically, the City utilized operating expense accounts and general expense accounts as a catch all destination to absorb varies expenditures. The City Manager's Office is attempting to decommission these ubiquity accounts due to the lack of transparency and past abuse. The first quarter of FY 2018 revealed six (6) of these accounts, although not budgeted, were still being utilized. Recently, Staff implemented the Mission Critical Form and a new four (4)-step approval process for all expenditures, purchase requisitions, purchase orders, and check request, which will aid in stopping this practice.
4. The Safe Neighborhood Capital Improvement Fund requires an expense reclassification that was incorrectly assigned to its Brownsfield Project line item. As of fiscal year 2017, all expenses related to the grant was budgeted in the General Fund.
5. The remaining four (4) accounts all reside in the Public Works (P.W.) Department, two (2) in the Administration division and two (2) in the Roads & Streets division. Altogether, they account for approximately \$17,184. It is anticipated, out of the four (4) accounts, the P.W. Administration's Other Contracted Services account will see outstanding encumbered

expenditures of approximately \$74,000 related to past Homeland Patrol services associated with the Helen Miller Center and Sherbondy Village.

Nine (9) accounts rated under the Alert and Concern category combine for a remaining budget balance of \$117,798 and eight (8) accounts contain a cumulative deficiency of \$123,114. The following 8 accounts warrant further discussion due to current deficits and anticipated projections for the remaining fiscal year.

1. Staff purchases gasoline from BV Oil Company, which is the main driving force and reoccurring expense behind the \$60,745 Q1 expenditure in the Gas, Oil, & Grease account. It is projected by year's end the total expenditures to reach approximately \$200 K or 143% of the budgeted amount.
2. Due to the Budget Workshops being rescheduled, the City Clerk's Legal Advertising account has exceeded its budgeted amount by \$155. Circumstances beyond Staff's control did not allow advertising in the Neighbors.
3. Staff was required to remove \$43 K from the Road Materials & Supplies account during the budget approval process. As of Q1, this account is in the red by approximately \$4,898. An agenda item is being prepared to amend the adopted budget and place additional funds in this account.
4. The Other Professional Services account in the Code Enforcement division is expected to exceed its budget by an approximate \$4,800 or 1,000%.
5. Three (3) of the eight (8) accounts are located in the Water & Sewer Fund, specifically the Sewer Services division. Altogether, the Other Contracted Services, Repairs - Building & Equipment, and the Rentals & Leases accounts require approximately, based on a conservative projection, \$242 K for the remaining fiscal year. All three accounts are used either for the direct repair, testing, and/or maintenance of the sewer system infrastructure and related equipment. Therefore, any unanticipated pump station issues could easily increase the projected needed amount of \$242 K.
6. The Repairs - Machinery & Equipment account in the Water Division experienced a significant one time expenditure of \$30 K related to the purchase of a bypass pump, which caused the account to exceed its allocated budget by approximately \$27,559. Staff is not able to predict an accurate projection due to the one time nature of these expenditures.

TABLE 9: Summary of Progress to Date, by Fund by Expense Category

FUND / DEPARTMENT / DIVISION	Quarter 1 FY 2018	Quarter 2 FY 2018	Quarter 3 FY 2018	Quarter 4 FY 2018
General Fund				
City Commission				
Operating Expenses	22%			
City Manager's Office - Non Department				
Operating Expenses	24%			
City Manager's Office - Gen. Government				
Operating Expenses	16%			
Grant In Aid	0%			
Other Expenses	3%			
City Manager's Office - Emergency & Disaster Relief				
Other Expenses	309%			
City Manager's Office - Reserves				
Other Expenses	1%			
City Manager's Office - Inter-Fund Transfers				
Other Expenses	0%			
City Attorney				
Operating Expenses	24%			
Other Expenses	31%			
City Clerk				
Operating Expenses	25%			
Human Resources				
Operating Expenses	14%			
Finance Department				
Operating Expenses	20%			

FUND / DEPARTMENT / DIVISION	Quarter 1 FY 2018	Quarter 2 FY 2018	Quarter 3 FY 2018	Quarter 4 FY 2018
Planning & Community Development Department				
Operating Expenses	8%			
Building & Licenses Department				
Operating Expenses	22%			
Parks & Recreation Department				
Operating Expenses	14%			
Police Department				
Operating Expenses	30%			
Capital Outlay	5%			
Public Works Department				
Operating Expenses	36%			
Capital Outlay	0%			
Water & Sewer Fund				
Operating Expenses	22%			
Capital Outlay	2%			
Other Expenses	20%			
Capital Improvement Debt Service Fund				
Operating Expenses	21%			
CRA Fund				
Operating Expenses	3%			
Peoples Transportation Tax Fund				
Operating Expenses	22%			
Town Center One Fund				
Operating Expenses	20%			
Stormwater Fund				
Operating Expenses	19%			
Capital Outlay	>100%			
Other Expenses	0%			

FUND / DEPARTMENT / DIVISION	Quarter 1 FY 2018	Quarter 2 FY 2018	Quarter 3 FY 2018	Quarter 4 FY 2018
Safe Neighborhood Capital Imp. Fund				
Capital Outlay	1%			
Special Law Enforcement Fund				
Operating Expenses	0%			
Risk Management Fund				
Operating Expenses	25%			
Other Expenses	0%			
Information Technology Fund				
Operating Expenses	10%			
Non-Operating Expenses	0%			
Capital Outlay	6%			
SUBTOTAL	16%			
SUBTOTAL INCLUDING PERSONNEL SERVICES	18%			

Table 9 discussion:

- Overall, the operating amount expended for the eleven (11) budgeted Funds is approximately sixteen percent (16%) compared to the \$36,703,899 adopted expenditures. Relatively, the sixteen percent (16%) expenditures speak to the City's ongoing efforts aimed at monitoring and controlling citywide expenditures. While this statement is accurate, further discussion is warranted. Additional analysis reveals several budgeted expenditures have not occurred as shown in Table 10. In large part, this has significantly contributed towards maintaining a low percentage. If you evaluate the impact to each Fund independently, the unspent Transfer Out expenses greatly reduce that Funds YTD expenditures. However, cumulatively, the transfer out expenses create a revenue source in the corresponding Fund. Thereby, netting the overall effect. In other words, these unspent funds are misleading when not taking into consideration the revenue stream created in other funds. Conversely, the same does not apply to the General Fund Reserve or the Debt Due to Miami Dade accounts. In this instance, on the path to financial solvency, the financial stability of a City is ultimately gauged by its ability to make timely and full payments of all budgeted obligations, be they internal or external.
- As previously stated, the personnel services line item expenses do not coincide with the budgeted amounts due to improper staff coding. However, a comprehensive macro assessment of the personnel expenses in its aggregate reflect approximately 25% or

\$2,371,496 of the total \$9,608,631 salaries/benefits budgeted are expended after the 1st Quarter.

3. As shown in Table 11, the Town Center One Fund has a Net Asset deficit of \$64,828 in the 1st Quarter. It is anticipated the deficit will continue growing due to a tenant evacuating. Therefore, it is imperative for the General Fund to commence monthly transfer out expenditures to the Town Center One to lessen the deficit impact.
4. Currently, the General Fund reserve has approximately \$223,117. Based on best practices, 15% - 18% is considered an appropriate amount to maintain in the reserve balance account. In keeping with best practices, the City Commission approved \$1,000,000 to be placed in the General Fund Reserve. Based on Table 11, the net asset gains experienced in Q1 allows the General Fund to commence monthly payments into the Reserve account.

TABLE 10: [Summary of Progress to Date, Major Unspent Budgeted Accounts](#)

FUND	ACCOUNT TITLE	BUDGET	YEAR TO DATE EXPENDITURE
General Fund	Transfer Out - Water & Sewer	\$ 2,100,000	\$ -
General Fund	Transfer Out - Town Center	\$ 253,868	\$ -
General Fund	General Fund Reserve	\$ 1,000,000	\$ -
Capital Improvement Debt Service Fund	Transfer Out Unrestricted	\$ 2,285,585	\$ -
Water & Sewer Fund	Debt Due to Miami Dade	\$ 1,505,138	\$ -

Section III

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TABLE 11: Fund Balance¹ and Net Asset² Summary, by Quarter by Budgeted Fund³

QUARTERLY NET ASSET GAINS / LOSSES						
	UNASSINGED FUND BALANCE OCTOBER 1 st , 2017	1 st Q FY 2018	2 nd Q FY 2018	3 rd Q FY 2018	4 th Q FY 2018	ANTICIPATED UNASSINGED FUND BALANCE OCTOBER 1 st , 2018
General Fund	3,227,528	2,940,916				6,168,445
Water & Sewer Fund	4,628,333	(1,049,815)				3,578,518
Capital Improvement Debt Service Fund	2,065,773	(312,116)				1,753,657
CRA Fund		(18,770)				(18,770)
Peoples Transportation Tax Fund	100	(42,692)				(42,592)
Town Center One Fund	560,942	(64,025)				496,917
Stormwater Fund	110,000	(38,417)				71,583
Safe Neighborhood Capital Imp. Fund		49,436				49,436
Special Law Enforcement Fund	108,811	731				109,542
Risk Management Fund	-	33,189				33,189

¹ All beginning Fund Balance amounts are based on bank statements provided by the Finance Department and is inclusive of operating and reserve fund balances. The amounts do not factor in current liabilities outstanding.

² Represents unaudited net asset gains / losses and based on modified accrual for governmental funds and full accrual for proprietary funds.

³ The Solid Waste Fund was not budgeted in FY 2018, but is being included because it is considered a major non-governmental Fund with significant implications to the fund balance discussion.

Information Technology Fund	-	63,449				63,449
Solid Waste Fund		-	-	-	-	
SUBTOTAL	10,701,487	1,561,886	-	-	-	12,263,373

Table 11 captures all revenues and expenditures in the first three months for FY 2018, inclusive of personnel and benefit costs. Moreover, the net gains / losses are derived from an accrual accounting methodology that recognizes revenues when they become both available and measureable and recognizes expenditures when a liability is incurred regardless of payment status. Recording of revenues occurs when the City has fulfilled an obligation and has earned the right to collect. By recording accruals, the City can measure what it owes in the short-term and also what cash revenues it expects to receive.

Currently, the City accounts for CRA TIF and Safe Neighborhood Capital Improvement fuel revenues in the General Fund. Therefore, without the FY 2016-2017 audited financial report, the Finance Department is unable to determine beginning Fund Balance in those respective Funds, as indicated by the red highlighted box. Likewise, the Solid Waste funds are accounted for in the Water & Sewer Fund.

Fund Balance Discussion:

1. As of Q1, the total revenues is approximately \$8,223,863 versus \$6,661,977 of expenditures. As shown in Table 11, most of the net gains of \$1,561,886 is captured in the General Fund as a function of timely property tax payments - see Table 2 for a breakdown of revenue categories. Historically, the City has experienced at least a ninety five (95%) percent collection rate of its property tax monies. Assuming history repeats itself, the City is to receive an additional \$1.7 Million in property tax, alone. Property tax makes approximately forty percent (40%) of the revenues budgeted in the General Fund. As the fiscal year progresses, Staff anticipates the rate of expenditures to catch up with the rate of revenues received in the General Fund.
2. On page 10, item #9, Staff discussed in full the utility billing services falling behind by nine (9) cycles. Each cycles bring in approximately \$700 K. Therefore, once caught up, the net asset for each subsequent quarter is expected to fall in the black.
3. As discussed on page 6, item #3, the DOR is withholding the pledged bond proceeds until the financial reports are submitted. Due to the timely payment of all Bond principal and interest, the CIDS Fund is showing a net asset deficit after Q1. After the first three months of FY 18, the 2011 Bond principal of \$510 K has been paid in full.
4. In FY 2018, no TIF revenues have been received or recorded in the CRA Fund.

5. Most of the expenditures in the PTT Fund are related to the vendor operating the City's community bus program, for which the City has not sought reimbursement from as of the end of Q1.
6. The net asset deficit in the Town Center One Fund is attributed to Kids on Point vacating and the budgeted Transfer in of \$253,868 from the General Fund not being implemented.

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