

City of Coral Gables City Commission Meeting
Agenda Item H-5
July 26, 2016
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Jim Cason
Commissioner Pat Keon
Commissioner Vince Lago
Vice Mayor Frank Quesada
Commissioner Jeannett Slesnick

City Staff

City Manager, Cathy Swanson-Rivenbark
City Attorney, Craig E. Leen
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Finance Director, Diana Gomez

Public Speaker(s)

Agenda Item H-5 [12:02:00 a.m.]

Presentation of the Quarterly Financial Report for the nine months ended June 30, 2016

Mayor Cason: Let's move to H-5.

City Manager Swanson-Rivenbark: I'll ask Diana Gomez to come forward.

Finance Director Gomez: Good morning. This is a review of the Quarterly Financial Report for the nine months ended June 30, 2016, which is the third quarter of this Fiscal Year 16, 2016 Fiscal Year. This report compares Budget to Actual, Revenues and Expenditures to the appropriation for each department. Turning to page 3 of the report, Schedule of Revenues Budget to Actual, it provides comparative data to the same period from the prior year to show whether or not we are on track with the previous year's collections of revenues. You go down to the very last line on the page, you will see that for the third quarter we received approximately \$141 million in total revenues, compared to \$162 million of budget revenues, which represents 86.8 percent overall collection at this time. Third quarter of the year represents 75 percent of the year and we are more than three-quarters of the way to collecting those revenues at this time. This is

actually due primarily to the timing of receipts in the current year for certain items. As you know, we receive certain things earlier in the year and some later on. One of the items that we first reviewed is property taxes. It is our largest revenue sources representing approximately 45 percent of the budget. The total budget for property taxes include including delinquent taxes is \$72.3 million. As of June 30, 2016, we have collected approximately \$71.53 million or 98.89 percent of the budget. This amount is consistent with prior collections at this time. There has been approximately \$588,000 of reverted delinquent property taxes in the third quarter, which is expected for the Fiscal Year, and as you know reverted delinquent taxes are a result of the Value Adjustment Board decisions regarding taxable value appeals. As of June 30th we received distributions from the Transportation Sales Tax totally \$803,000, which is revenue through February 2016. These receipts are usually on a three-year, four-month lag and its consistent with each year. Other revenues that we focus on during the year are the Franchise Taxes, the largest of which is the Electric Franchise Fee, which makes up \$4.7 million of the budget, and is in line with prior year collections. The Electricity Usage Utility Tax is budgeted at \$5.9 million and is in line with collections of the prior year state. The Telecommunication Services Taxes, which make us about \$4 million of the budget is lower than collections of the prior year. This is due to an adjustment of \$48,000 made in the June 2016 distribution by the Department of Revenue to the Communication Services Tax distribution. This is a result of a federal case where AT&T was required to refund revenues collected on charges for Internet access from January 2005 to August 2010 and for AT&T to seek a refund of Communication Services Taxes from the Florida Department of Revenue on behalf of the Florida customers. Most of the jurisdictions in the State of Florida are affected by this refund and the total refund claimed to the City of Coral Gables is about \$720,000 and it will be made by reducing our distributions over the next fifteen months by \$48,000 each month. We are in the process of evaluating the necessary budget adjustments for the current Fiscal Year in order to allow for this reduction, and that adjustment you'll see it in the fourth quarter.

City Manager Swanson-Rivenbark: And Mr. Mayor, we have a deeper discussion of this as a part of our Budget Workshop tomorrow. We have identified the funding sources for that refund to happen. Clearly it wasn't the City's fault, we've been conservative with our revenue estimates, but we've been able to address that and you'll see that in our Budget Workshop.

Mayor Cason: Thank you.

Finance Director Gomez: Construction permits which are budgeted at \$5.9 million are 90 percent collected or \$5.3 million in revenues to date, which is a little lower than the same time this year which was 104 percent collected, and this is just due to prior year permit revenues from several large projects that happened last year and not this year, so its just timing of projects. Inter-governmental revenues, which include State Revenue Sharing and Sales Tax are in line with collections of the prior year. General government fees, including Board of Adjustment fees,

Development Review Committee fees, Certificate of Use, Concurrency, Passport, Document Filing fees and others are all up from the prior year. Planning and Zoning Board and Board of Architects revenue are down from prior year at this time, however, again it just has to do with timing of the projects and when we receive the revenues on those permits.

Mayor Cason: I'm happy to see that Walter's doing a great job on your Passport revenues are hugely increased.

Finance Director Gomez: Other significant budgeted revenues are the Physical Environment fees, which include Solid Waste Services at \$8.7 million and Sanitary Sewer at \$9.3 million and Storm Water Utility at \$3.1 (million). All of these collections are on track and consistent with the prior year. As you know, this report shows revenues collected on a cash basis, so if we receive the cash on or before the recording date, it will show up in the report. Obviously, there is some lag in some of the revenues and so then you won't see those, but we do expect to collect everything by the end of the year. Moving onto page 4 of the schedule is Schedule of Expenditures comparing Budget to Actual for departments through June 30, 2016. Total expenditures for the third quarter are at 64 percent of the budget, and being that we three-quarters of the way into the year. We expect to be somewhere around 75 percent, so we are running low and on track, which is great, that's where we want to be. When reviewing the individual departments and divisions, you can see that the majority of the departments expenditures are trending less than the 75 percent of their respective budgets which is where we want to be. There are a few divisions that are slightly over the 75 percent mark, however, we review those accounts to not indicate a problem at this point and we'll just continue to monitor it. The Management and Budget Division of Finance is constantly monitoring expenditures during the year and to ensure that departments are kept in line and see if there are any issues. The next set of schedules on the report provides details on the City's Enterprise Funds. These funds are accounted for like a business. They show all revenues and expenditures of their respective operations. So as you know, we have the Storm Water Utility fee, Sanitary Sewer Fund, Venetian Pool, Golf Course, Parking System, and Tennis Centers and the operations of all these funds are in line with what's expected in terms of revenues and expenditures today. The next set of schedules show the City's Internal Service Funds, which are the Motor Pool Fund and the Public Facility Fund and these funds are used to report the charges to the internal departments for the use of the vehicles and facilities. And then the final schedule is the Transportation and Trolley Fund, which revenue received from this goes to fund the City's trolley operations. This is one of those that we collect three month lag from Miami-Dade County. As of June 30th we received revenues in total of \$803,000, which is through February, \$803,000 which is through the month of February, so there is a lag of a few months. And that's all that I have. If you have any questions, I'll be happy to answer them.

Mayor Cason: So no problems – everything is honky-dory.

Finance Director Gomez: Everything is on track.

Mayor Cason: Great. Questions? Thank you.

Finance Director Gomez: Thank you.

Commissioner Lago: I have a few questions, but I mean they are more budget based, so we'll do them tomorrow. Thank you. Everything looks great. Great work.

[End: 12:09:40 p.m.]