

EXECUTIVE SUMMARY

Quarterly Financial Statements
Quarter ended March 31, 2012

The attached financial status report for the five major funds is provided for your review, as Exhibit 2. This report provides a summary snapshot of Revenues and Expenditures by category, along with the approved Budget and the variance to date between the two. This unaudited financial statement is provided as of March 31, 2012, with 50% of the fiscal year completed. Please refer to the attached Definitions/Legend sheet for additional information.

STATEMENT OF REVENUES – ESTIMATES AND ACTUAL – In General

The first column, the Source column, designates the major categories of revenues. Detail of the further breakdown of the individual types of revenues that make up those major categories is detailed on the Definitions/Legend sheet (Exhibit 3).

The next column, Estimated Revenue, is the Budget for the current Fiscal Year for each category of revenues. This is the total budgeted amount for the fiscal year.

The Actual Revenue column follows. This is the amount received through March 31, 2012. When reviewing Estimated Revenue versus Actual Revenue for a portion of a year, it is wise to keep in mind that some revenues are received less regularly than others, and with that in mind, the actual amount received as a percentage of budget will not necessarily match the percentage of the year elapsed.

The Actual Over/Under Estimate column is the difference between the Estimated Revenue and the Actual Revenue. An Over/Under amount marked with a negative (-) sign indicates that the amount is under budget. In this case, the amount expected yet to be received. An Over/Under amount with no such sign indicates that the amount is in excess of the Estimated Revenue.

In total, a positive Over/Under Balance is excess revenues from what was budgeted, and will add to the surplus at the end of the fiscal year.

❖ General Fund (Fund 001)

- With 50% of the year complete, 77% of Tax Revenues has been collected. This is due mostly to the Ad Valorem Revenues, the largest portion of which are generally collected during the months of November-March. Revenues continue to be received beyond that time, but to a lesser extent. Thus, the large percentage of collection.
- 75% of estimated Permits and Fees have been collected thus far. This category of fees is generally more sporadic. However, Fire Assessment Fees, included herein, are generally collected at the same rate as Ad Valorem Revenues, thus boosting the percentage of collection.
- The budget for Other Receipts, which includes Appropriations from Unappropriated Surplus and Police Outside Services Administrative Fees, only reflects the Police Outside Services Administrative fees collected from customers of the Police Outside Services Fund. Approximately 78% of that budgeted revenue has been collected.

- All other General Fund Revenues are progressing roughly as budgeted.
- ❖ Community Redevelopment Agency Fund (Fund 130)
 - Intergovernmental Revenues in this fund is the Tax Increment Financing (TIF) collected from three of the four contributing agencies (Broward County, South Broward Hospital District, and Children's Services Council), which is paid in full by January 1 of each year. Therefore it is at 102% of Estimate, due to changes in property values from the time the budget was developed to the time Property Tax bills were mailed out. This figure will not increase.
 - The budget for Other Receipts includes, in addition to Appropriations from Unappropriated Surplus, the TIF from the City of Hallandale Beach. Actual includes only the TIF receipts
 - Charges for services is already above Estimated revenue, and is expected to end the year at over 200% of estimate. This revenue, for loan applications and related fees, is more sporadic, and based on the demand of potential customers for CRA loans.
- ❖ Water Fund (Fund 430)
 - Permits and fees are at 26% of budget. As they are based on new connections to the water system, they are sporadic and fluctuate based on the size of the connection and demand (new projects or new construction).
 - Charges for Services are at 51% of budget and are projected to reach estimated revenue.
- ❖ Stormwater Drainage Fund (Fund 440)
 - Charges for Services are at 38% of Budget, but are projected to reach the estimated revenue due to billing schedules and accruals at year end.
 - Miscellaneous Revenue is at 87%, mostly due to recovery of unrealized investment losses from the SBA Fund B from previous years. Fund B was the SBA's (State Board of Administration's) answer to the 2008 economic downturn and subsequent run on the pool. It was created to extract from the investment fund pool, those investments of a highly questionable investment quality in order to stabilize the remaining investments in the pool (Fund A). Since 2008, as investments within Fund B mature and are successfully liquidated, those proceeds are returned to Fund A. Auditors require us to record the amount in Fund B as an unrealized loss (an accounting loss, although no actual loss has been incurred yet). As Fund B returns liquidated proceeds to Fund A, the unrealized loss is decreased, which then results in an accounting gain, a recovery of previously recorded unrealized loss.
- ❖ Sewer Fund (Fund 450)
 - Miscellaneous Revenue is 3% of Estimated. It should be noted, though, that the majority of the revenue in this category, investment income, is usually recorded at fiscal year end. The remainder, including interest, is at or in excess of expected amounts.
 - As mentioned before, Other Receipts budget includes Appropriation for Unappropriated Surplus. Since there is no actual collection of revenue for this item, the category will show a zero in the Actual Revenue column.
 - All other revenues are progressing roughly as budgeted.

STATEMENT OF EXPENDITURES AND ENCUMBRANCES – in General

The first column, the Area of Service column, denotes the types of expenditures by main category of expense.

The next column, Appropriations, is the Budget for the current Fiscal Year for each category of expenditure. This is the total budgeted amount for the fiscal year, which include not only the Commission Adopted budget, but also approved rollovers of open purchase orders, re-appropriations, and rollovers of open in-progress projects.

The Expenditures column follows. This is the Actual spending to date, actually paid out. When reviewing Appropriations versus Expenditures for a portion of a year, one must consider that some expenditures are incurred less regularly than others and with that in mind, the actual amount spent as a percentage of budget will not necessarily match the percentage of the year elapsed.

The Encumbrances Column represents orders for goods and services that have been placed but not yet received. It is a committed portion of the Expenditure Budget which has not yet been paid, but has been contracted or committed to be spent, thereby reserving a portion of the budget so as not to be overspent. Encumbrances are another area that does not necessarily follow the percentage of the year elapsed.

The Unencumbered Balance column is the difference between the Appropriations and the sum of Expenditures and Encumbrances. An unencumbered balance amount marked with a negative (-) sign indicates that the amount is over budget. At this time, there are no such cases of overspending. An unencumbered balance amount with no such sign indicates that the amount is in within the budgeted amount.

In total, positive Unencumbered Balances are essentially savings from what was estimated, and will add to the surplus at the end of the fiscal year if not reappropriated or rolled over in projects or purchase orders.

❖ General Fund (Fund 001)

- All expenditure categories, with the exception of Non-Expenditure Disbursements, are running according to schedule with a little under 50% of the Budget expended. Some disbursements are seasonal or are not spent until later in the year, but on average, they are a little under budget at this time.
- Non-Expenditure Disbursements, made up of transfers to other funds and to reserves, are at 74% of spending thus far. The largest portion of that is the payment by the General Fund to the CRA fund for its TIF obligation. Transfers to reserves are made at the end of the fiscal year and, as such, do not appear as an expenditure.

❖ Community Redevelopment Agency Fund (Fund 130)

- Economic Environment spending is at about 14% of budget, largely due to capital projects with funds as yet unspent. Typically capital projects require that funding accumulate before any substantial spending is incurred, or the spending occurs more sporadically, and the large Unencumbered Balance reflects this.

- Non-Expenditure Disbursements is a bit above the 50% level due to the timing of debt service transfers to other funds for payment of principal and interest. Scheduled debt service payments are structured into a single principal payment and payments for interest made twice a year.

- ❖ Water Fund (Fund 430)
 - Physical Environment spending is at approximately 15% of budget, again, largely due to capital projects which have not yet had substantial spending incurred. Many capital projects are multi-year projects with budgeted amounts that will be spent over several years.
 - Non-Expenditure Disbursements in this fund consist entirely of transfers to reserves, which are made at fiscal year end. Thus there are no expenditures to report in this category.

- ❖ Stormwater Fund (Fund 440)
 - Physical Environment spending is at approximately 22% of budget, and again is due predominantly to capital projects which have not yet had substantial spending incurred, as they might be at the planning, design and/or permitting phase. Additionally, many are multi-year projects.
 - General Government Services are at 23% of spending thus far. This is due to the fact that debt service principal payments, while *budgeted* as an expenditure, are *accounted for* as a reduction of the liability when paid, and therefore do not appear in the actual expenditures of the year.

- ❖ Sewer Fund (Fund 450)
 - Physical Environment spending is at approximately 38% of budget. While there is a good deal of operational costs in this category, such as personnel costs, office expenses, sewer treatment, and so forth, with spending within the proper percentage parameter, there are some capital items and capital projects which have sporadic spending. Subsequent to the end of this quarter, it appears that the capital spending has begun to pick up.
 - General Government Services are at 22% of spending thus far. This is again due to debt service principal payments, which do not appear in the actual expenditures.