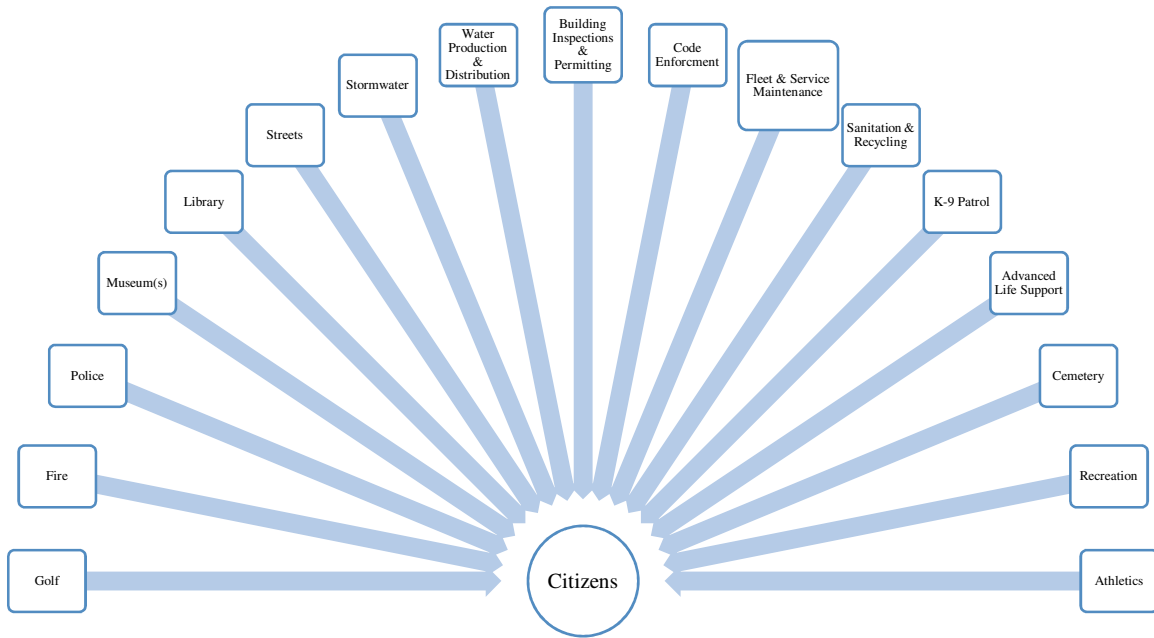


# Monthly Financial Status Report

## August 2018



The City of Fort Walton Beach is a full service Government whose mission is to enhance and protect the Community by providing quality services.



### **Vision Statement**

The City of Fort Walton Beach: a recognized leader in the provision of Community Services.

### **Core Values**

*Integrity*

*Accountability*

*Teamwork*

*Customer Service*

*Continual Improvement*

### **Strategic Plan**

Adopted in March 2017, and continued for 2018, the Strategic Plan is a multiyear plan and the budget process determines which parts of the plan receive resources each year. Each Strategic Plan Objective falls in line with the City's Vision, Mission Statement and Core Values.

*Objective #1 – Economic Diversification & Resiliency*

*Objective #2 – Invest for a Safer City: Improve Public Safety and Reduce Vagrancy*

*Objective #3 – Create Broader Redevelopment Areas with Visible Projects*

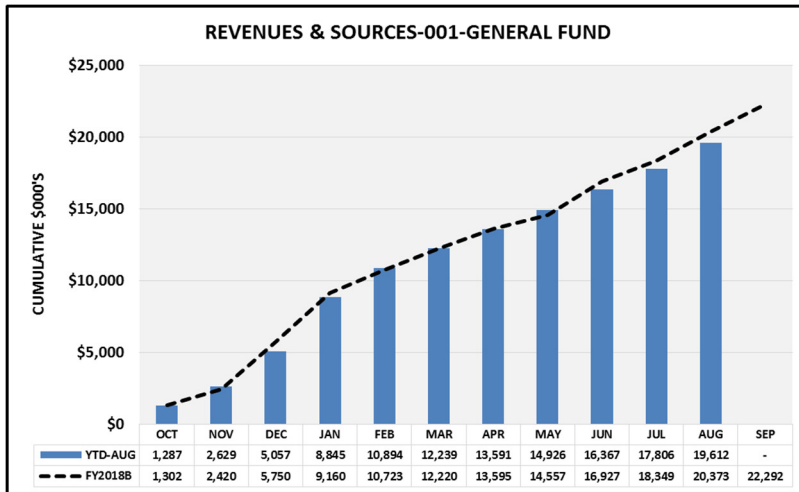
*Objective #4 – Create a Master Plan*

The fiscal year 2017-18 adopted budget of \$41,571,702 (plus \$2,217,097 in carryovers) has been amended during the year to record various grant awards, donations, and other unanticipated activity. This report summarizes the City’s year-to-date revenues and expenditures for major funds and explains material variances between actual acting and budgeted activity

**GENERAL FUND**

General Fund revenues exceed expenditures by \$73,859 year-to-date, and revenues are forecast to exceed expenditures by \$92,325 at year end. The overage is largely attributable to personnel vacancies throughout the City. Details related to the major revenue and expenditure categories are provided below.

**GENERAL FUND REVENUES**



**Ad Valorem Tax** – Property taxes total \$6,037,386 year-to-date and are on target to reach budgeted estimates. The City is averaging a 96% collection rate compared to the budgeted rate of 95%.



**Local Option Fuel Tax**

These proceeds are distributed monthly based on a ten-year Interlocal Agreement between the county and municipalities. Local option fuel tax revenues total \$786,023 year-to-date and annualizes \$55,392 over budget due to an increase in the cost of fuel.



**Utility Taxes** – Utility taxes are levied against electric, gas, propane and water revenues at the rate of 10%. However, a large portion of electric and natural gas utility bills are exempt since the tax is based on 1973 fuel prices. Revenue growth is limited to increases in the base rate for services (energy price increases are irrelevant) and consumption increases. Utility tax revenues total \$2,673,147 year-to-date and annualize \$64,248 over budget due to a Gulf Power rate increase.



**Communication Services Tax** – This is a flat tax rate for all communication services. CST revenue totals \$1,125,367 year-to-date and is on track to be in line with the budgeted amount, which is a rare trend for this revenue source, which has been consistently decreasing as a result of consumers eliminating land lines and service providers bundling taxable services with non-taxable services, thereby eliminating payment of the tax.



**Business Tax Receipts** – This revenue source includes business tax receipts and planning and zoning fees and totals \$90,861 year-to-date. It is difficult to annualize due to the majority of the BTR payments being received late in the fiscal year. Billing for this revenue source was delayed this year due to issues with new software implementation.



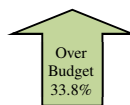
**Franchise Fees** – The City’s franchise fee agreements provide a 6% rate on gross electric, gas and water sales and a \$1.75 per ton sanitation host fee for garbage collected outside the City. The City’s agreement with Gulf Power is currently being negotiated. Franchise fee revenues total \$1,925,458 year-to-date and annualizes \$97,014 under budget.



**Municipal Revenue Sharing** – This state shared revenue is funded by 1.3409% of sales and use tax collections, 12.5% of state alternative fuel user decal collections, and the net collections from the one-cent municipal fuel tax and allocated via a population-based distribution. Municipal revenue sharing revenue totals \$822,801 year-to-date and annualizes \$13,190 over budget. There is typically a true-up done by the State towards the end of the fiscal year, which has brought this source in line with budget.



**Half-Cent Sales Tax** – This state shared revenue is derived from net sales tax revenue and allocated via a population-based distribution. It is the largest source of municipal revenue sharing for local governments. Sales tax revenue totals \$1,834,812 year-to-date and annualize \$88,010 under budget, as consumers remain cautious long after the end of the recession. This is a trend that is being seen throughout the State.



**Charges for Services** – This category represents user fees for programs and services such as parks and recreation, library, museum, golf and cemetery. Charges for services revenue totals \$2,441,736 year-to-date and annualizes \$163,790 over budget due to increased revenues received from the use of the new Fort Walton Beach Recreational

Complex and the Golf Course.

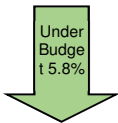
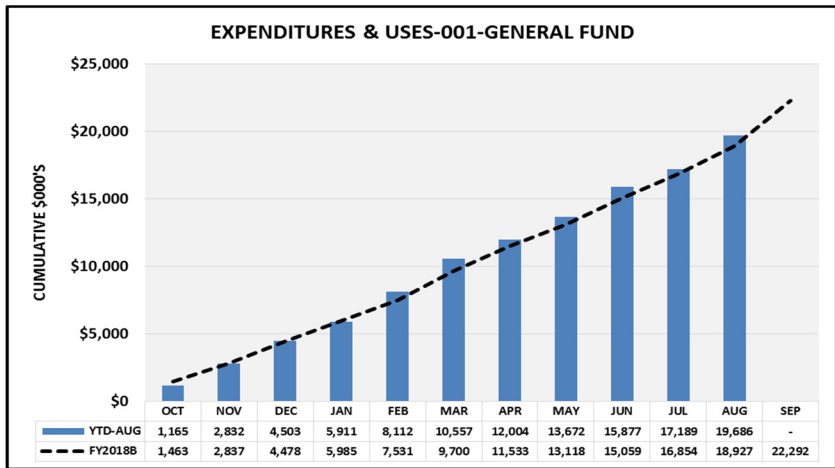


**Fines and Forfeitures** – Court fines, traffic fines, code enforcement fines, and library fines are the main components of this revenue source. Fines and forfeitures revenue total \$83,783 year-to-date and annualize \$25,374 under budget due to the unpredictable nature of these revenues.



**Interest and Other** – Interest income, lease proceeds, special assessments, disposal of assets, donations, and state contributions to the police and fire pension plans comprise this revenue source. These revenues total \$3596,465 year-to-date and are difficult to annualize due to the accounting process required by GASB 34.

**GENERAL FUND EXPENDITURES**



**Personal Services**

The most important element of service delivery is the people who provide the service. Personal services (wages, health/dental/life insurance, retirement, Social Security and Medicare taxes, and worker’s compensation) comprise 49% of citywide expenses but 74% of General Fund expenses. Personal

services expenses total \$13,352,137 year-to-date and annualizes \$1,440,424 under budget, due to vacant positions and attrition.



**Operating Expenses** – This category includes materials and supplies, repair and maintenance of buildings and equipment, fuel and utilities, software and hardware maintenance, as well as insurance and other costs of operations. Operating expenses total \$5,310,352 year-to-date and annualize \$308,381 over budget.



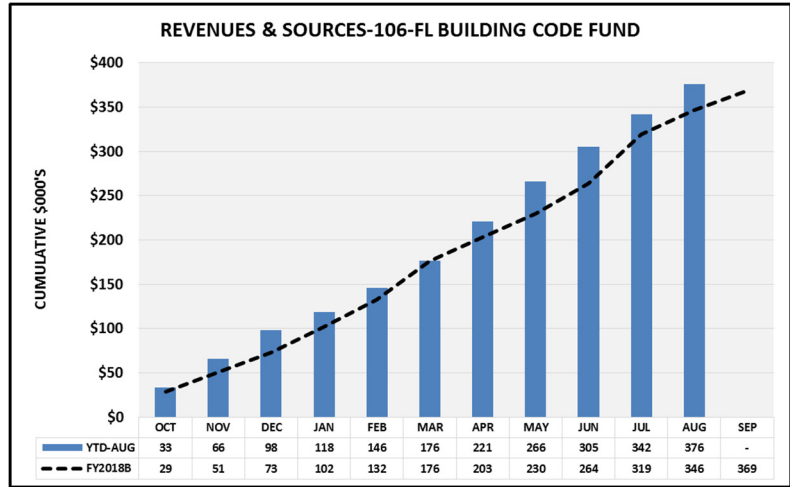
**Capital Outlay & Improvements** – Includes computers, vehicles, equipment, and other assets with a value greater than \$1,000 and a useful life of more than one year or the acquisition, construction, replacement, renovation, or repair of facilities and infrastructure with a value greater than \$25,000 and a useful life of ten years or more.

Capital expenses total \$2,413,770 year-to-date and are \$783,448 over budget due to the purchase of capital and grant related expenditures, which are not in the original budget.

FLORIDA BUILDING CODE FUND



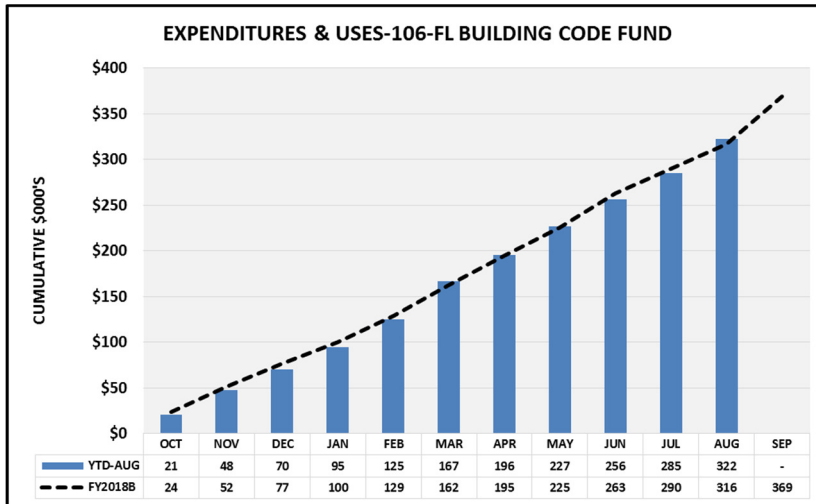
**Revenues** – Includes building permits for residential and commercial new construction and renovations. These revenues total \$375,711 year-to-date and annualize \$26,254 over budget due to the sporadic nature of the construction market.



**Personal Services** – Personal services (wages, health/dental/life insurance, retirement, Social Security and Medicare taxes, and worker’s compensation) total \$222,041 year-to-date and are flat, when compared to budget.



**Operations & Maintenance** – This category totals \$50,263 year-to-date and annualizes \$10,168 under budget.

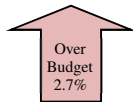
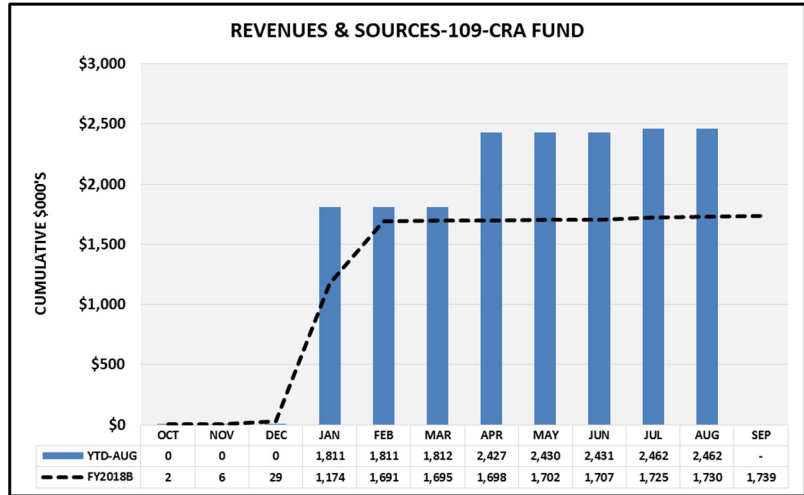


Florida Building Code Fund revenues exceed expenditures by \$53,595 year-to-date, and revenues are expected to exceed expenditures by \$44,464 at year end (net gain).

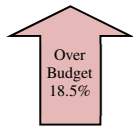
COMMUNITY REDEVELOPMENT AGENCY FUND



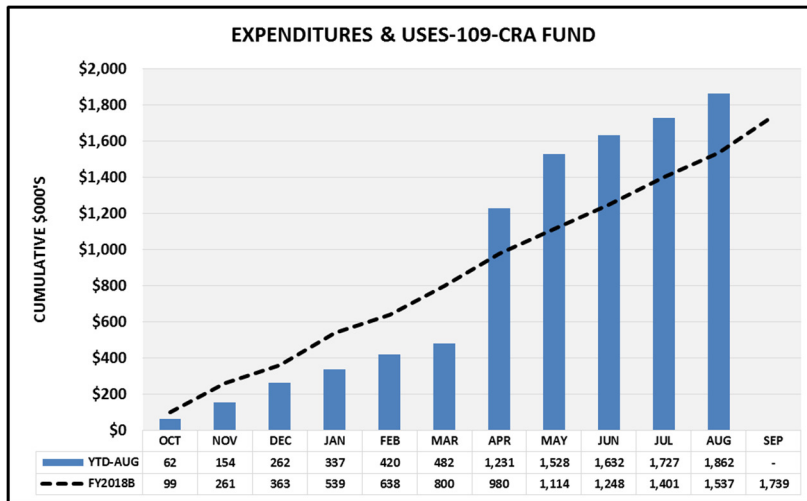
**Revenues** – Include City and County tax increment funding - proceeds from increases in the taxable assessed value of the CRA District. These revenues total \$2,462,434 year-to-date and annualize in line with budget.



**Personal Services** – Personal services (wages, health/dental/life insurance, retirement, Social Security and Medicare taxes, and worker’s compensation) total \$341,735 year-to-date and annualize \$17,460 over budget due to police over-time exceeding budget estimates.



**Operations & Maintenance** – This category includes expenses related to the operation and maintenance of the CRA area, including the grounds maintenance contract totals \$648,056 year-to-date and annualizes \$109,420, due to City Council planned fund balance use.

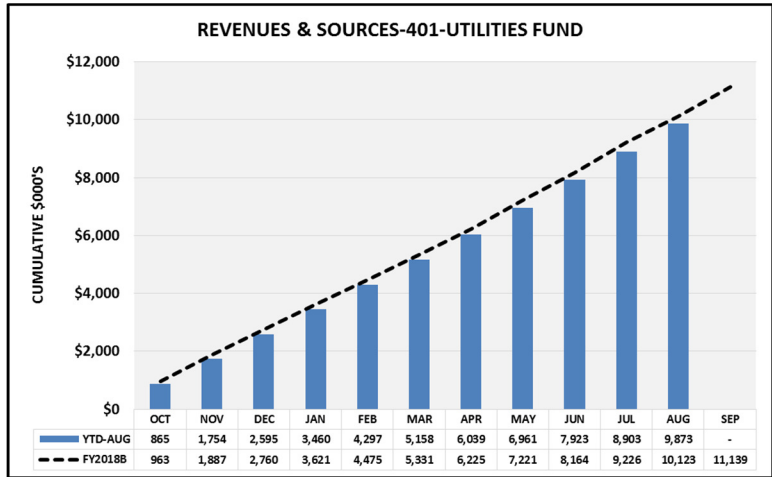


Community Redevelopment Agency Fund expenditures exceed revenues by \$600,211 year-to-date, and expenditures are expected to exceed revenues by \$3397,478 due to the planned and approved use of fund balance by City Council.

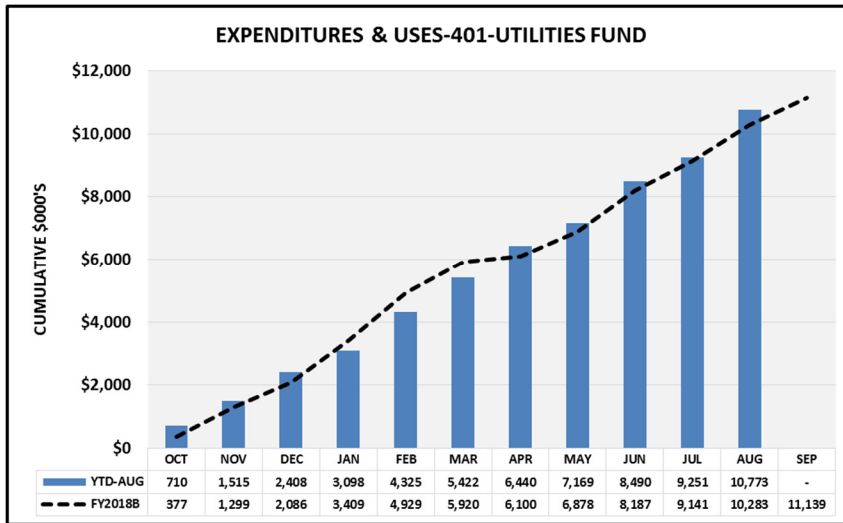
UTILITIES FUND



**Revenues** – Water and Sewer revenues (including service, connection and impact fees) total \$9,872,645 year-to-date and annualize \$437,444 under budget, however, due to the timing of billing cycles. This should even out as we close the fiscal year.

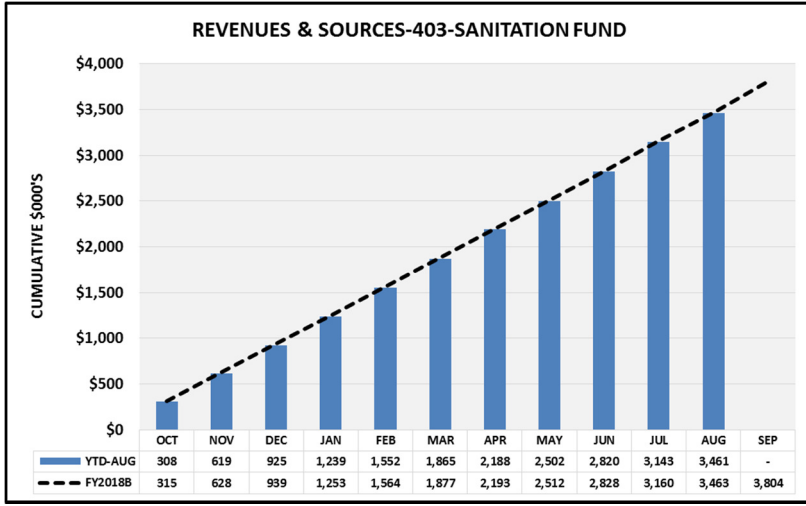


**Expenses** – This category totals \$10,773,423 year-to-date and annualizes \$1,111,150 under budget, due to savings in wastewater treatment and vacant positions.



Utilities Fund expenses exceed revenues by \$900,778 year-to-date. The Fund is forecast to increase net assets by \$673,705 at year end (net gain).

SANITATION FUND



Under Budget 6.8%

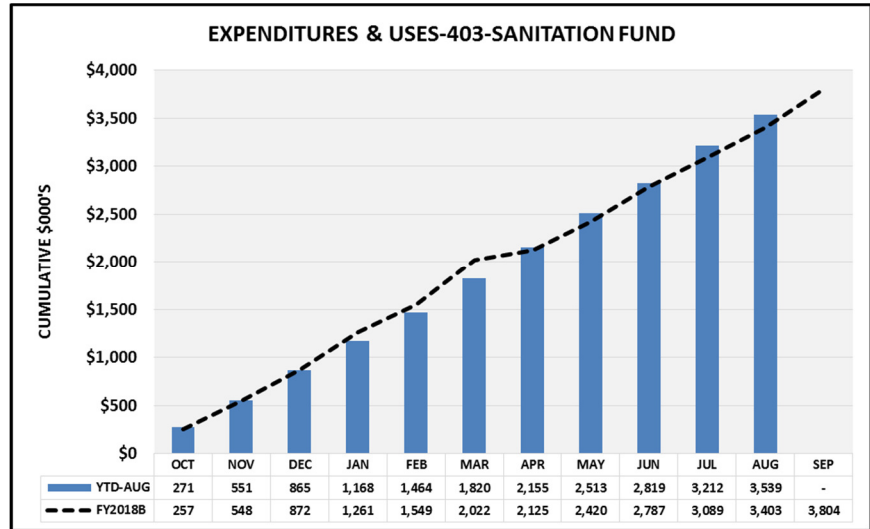
**Garbage Fees** –

Includes residential and commercial garbage collection, tipping, and recycling fees. Revenues total \$3,460,533 year-to-date and annualize \$31,950 under budget, due to a decrease in residential tipping fees.

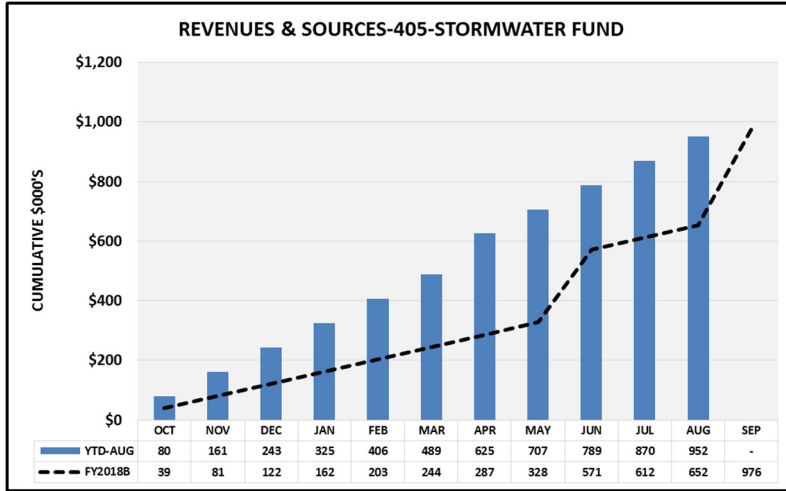
Under Budget 6.5%

**Expenses** - Expenses total \$3,538,520 year-to-date and annualize \$78,102 under budget, due to attrition of long-term personnel and lower than anticipated landfill fees.

Sanitation Fund expenses exceed revenues by \$77,987 year-to-date, however, the fund is forecast to increase net assets by \$46,152 at year end (net gain).



**STORMWATER FUND**



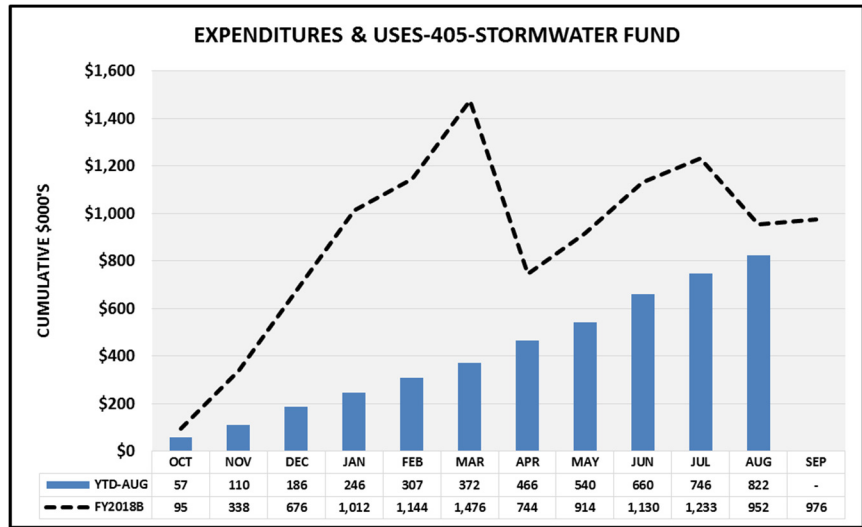
Under Budget  
37.2%

**Revenues** – Residential and commercial fees total \$952,105 year-to-date and annualize \$279,975 under budget, due to planned use of net assets that was not needed.

Over Budget  
3.0%

**Expenses** – Expenses total \$821,830 year-to-date, and annualize \$444,625 under budget, due to the timing of capital projects.

Stormwater Fund revenues exceed expenses by \$130,275 year-to-date, and the fund is forecast to increase net assets by \$104,866 at year end (net gain). The City has worked diligently to build up net assets in the Fund in order to complete more projects that are detailed in the Stormwater master plan.

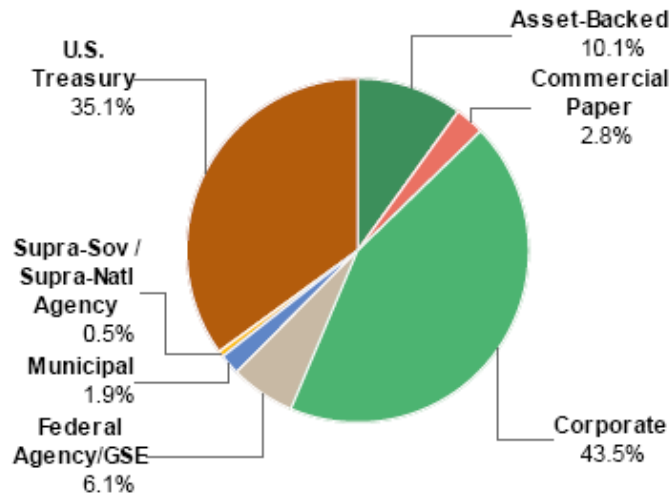


INVESTMENTS

Portfolio Statistics

As of June 30, 2018

Sector Allocation



Par Value:	\$22,655,078
Total Market Value:	\$22,428,291
Security Market Value:	\$22,277,022
Accrued Interest:	\$133,317
Cash:	\$15,952
Amortized Cost:	\$22,628,024
Yield at Market:	2.81%
Yield at Cost:	2.14%
Effective Duration:	2.38 Years
Duration to Worst:	2.44 Years
Average Maturity:	2.69 Years
Average Credit: *	AA