

MEMORANDUM

Date: November 14, 2017
 To: To Whom It May Concern
 From: Terry Henley, Assistant Budget Director *TH*
 RE: Memo for Record

To whom it may concern:

The purpose of this memo is to document concerning events and decisions that occurred during the budget development process from June to October 2017.

On 6/6/17, the City Manager, Deputy City Manager and my two Budget Analysts met to discuss revenues for the upcoming fiscal year budget. At the conclusion of the meeting, I expressed my concern that reoccurring revenues would not be sufficient to support the pace of the growing operating expenditures. I recommended that a cut of 10% be exercised to balance this upcoming year's budget. Management ignored what I said. The next month of meetings resulted in an unbalanced budget where expenditures exceeded revenues by approximately \$4 million in the general fund. I repeatedly expressed this concern to my staff, the City Manager, and the Deputy City Manager over the course of the summer.

On 8/27/17, I sent an e-mailed to the Deputy City Manager detailing a "Plan to Balance" the FY18 Budget. The plan, which is enclosed, included a number of strategies to cut expenses and review alternative revenue sources. The City Manager made it known to me not to e-mail him sensitive information. Management ignored the communication.

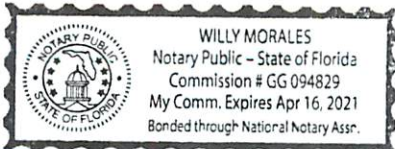
On 8-31-17, The Deputy City Manager came to my office and directed me to add \$4,900,000 in one-time revenue from the sale of city owed land (SoleMia/Biscayne Landing) to support ongoing operations for FY18. I admonished the Deputy City Manager that this was a poor management decision and this deficit will be here in the following year. Please see the screen shots below of the entry of this revenue into the financial management system.

Account #	Title	2016 Actuals	FY17 AMENDED	FY17 YTD EXPENSES	2018 FY18 YEE	FY17-18 BUDGET
Column totals		107,568,550.00	183,270,044.00	104,323,487.00	100,032,053.00	166,561,156.00

Line #	Quantity	Units	Unit Cost	Amount	One-time	Description
1			282,000.00	70,500 * 4 = 282,000		
2			1,500,000.00			costco rev - Verbal Direction from Sorey to add \$1.9M on 8-31-17

EXHIBIT
7

[Handwritten signature]



Terry Henley
TH

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Account #	Title	2016 Actuals	FY17 AMENDED	FY17 YTD EXPENSES	2018 FY16-17 YEE	FY17-18 BUDGET
Column Totals		107,568,550.00	183,270,044.00	104,323,487.00	100,032,059.00	166,561,156.00

Line #	Quantity	Units	Unit Cost	Amount	One-time	Description
1				815,686.00	<input type="checkbox"/>	got from MM on 5-30-17
2				3,000,000.00	<input type="checkbox"/>	\$3M buy out solera - verbal instruction to budget this from Sorey on 8-31-17 at 5:30pm.

In the days leading up to the first budget hearing, I was told not to discuss how the one-time revenue and instead focus on the other revenue sources that increased. The presentation to and discussion with Council never disclosed this information.

This financial impact, other financial decisions, as well as hiring practices in my department and others, are concerning. Note that I was promoted to Assistant Budget Director on 7/27/15 and I have been serving as the acting department head since this date as well.

Enclosed:

FY18 Plan to Balance (4 pages)

Willy Morales

WILLY MORALES
 Notary Public - State of Florida
 Commission # GG 094829
 My Comm. Expires Apr 16, 2021
 Bonded through National Notary Assn.

Terry Henley
T. Henley