

MEMORANDUM

Date: September 15, 2018

To: To Whom It May Concern

From: Terry Henley, Assistant Budget Director



RE: Memorandum for Record

The purpose of this memo is to document recent events concerning the Budget and the City of North Miami.

On August 2, I requested cuts from every Department Head to reduce their budgets by a specific dollar and percentage amount. The total savings, if achieved, would have been \$3M. This was necessary considering the budget deficit I have been warning Management about for more than a year. Enclosed, for example, is one of the emails sent to Derrick Corker, Parks Director, requesting \$292,000 in expenditure reductions. The Parks Director said that the City Manager told him he does not have to cut anything other than the events expenses that were already cut. This was also the case for the Code Manager, Krystal Cordo, who told me that I would have to get any cuts from the City Manager as she was instructed to not reduce anything. Most of the Departments did not comply with the request and the Budget deficit lingered. See Exhibit One Synopsis of Budget Deficit.

On September 11, The Deputy City Manager and the City Manager requested Temporary Contract Employee (TEC) Reports from me. I sent them the status reports. I was later called and asked for expenditure reduction plans for the TECs. I told them that the Departments did not comply with my earlier requests for expenditure reductions and I could not make that determination of who was necessary to keep. I had previously attempted to do that with the Human Resources Director, but he agreed it should be up to the Department Heads. Considering the City Manager was telling Departments not to cut and the Deputy City Manager was telling me to make cuts, it was a losing situation. I explained this to the Deputy City Manager over the phone and he told me it was my responsibility. I asked why management did not support my earlier effort to make cuts and why this is last minute. The Deputy hung up on me.

My enclosed email to Larry Spring and Arthur Sorey on August 9, 2018 explains when and why the cuts were requested. After this conversation on September 9, the Deputy City Manager did not speak to me and used note passing through the Budget Analyst, Roy Brown, to get budget information for the next couple days.

Yesterday, September 14 at 5pm, after the budget was balanced and I submitted memorandums to the City Manager's office for posting, Arthur Sorey finally spoke with me. He called me to his office and told me "Larry was not happy" with him and me and they had to write me up again for the TEC report. I told him I knew what this was about and I am not surprised. This write up is not about a TEC report, I said. It's about the stated plan (Arthur Sorey) told to me months earlier that I was going to be the "fall guy" for the city's financial situation and I was going to be terminated if Larry wasn't fired first. I asked the Deputy if he remembered that conversation and he gave me a

yes shrug. Then I said thank you and walked out of his office. The letter said I was subject to termination.

EXHIBIT

18

1 | Page

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MEMORANDUM

The General Fund budget is 2% less in FY19 than it was in FY18 but City expenses increased significantly with 25 new police officers and 16 additional positions throughout the general fund. Pension and contractual obligations also increased but the proposed Budget is balanced and less than last year. In brief, the City Manager's FY18-19 Budget is balanced on the surface but in reality, the budget being proposed is a lie or unrealistic, exaggerated financial plan that is hiding a true deficit ranging from \$5 to 20M. I have been threatened, harassed, and discriminated against as I aggressively seek additional legal and ethical opinions on how best to proceed.

Exhibit One Synopsis of Budget Deficit

Planning and managing FY18 budget

- Started last year with the mandated inclusion of speculative one-time (non-reoccurring) revenue budgeted to balance reoccurring operating expenses in the amount of \$5M. I was directed not to disclose this to the Council.
- This preceding problem was exacerbated as \$3M of the \$5M in non-reoccurring revenue was not collected. The other \$2m that was received was also an agenda item that the CM said he recommended it go to the reserve. The council said to return it to the developer. The city did not since it's used to balance the budget.

Planning FY19 Budget

- The deficit has fluctuated throughout the year. Considering a budget deficit of roughly \$11M on August 9, the factors that contributed to this were:
 - Shortfall in FY18 revenue
 - Over budget spending in FY18 and prior years (this reduced the perianal amount of surplus revenue or reserve to carry into the new year)
 - FY19 contractual obligations or increased expenses in staffing, contracts, pension, etc.
- To plug the deficit while not reducing planned expenses, the City Manager and Deputy mandated me though a written reprimand "fix errors" or underestimate FY18 expense projections and inflate projected revenue in FY18 year-end and FY19 revenue forecasts. This included \$1.6M in surplus rev, \$1.5M in Gasb 63 deferred revenue as directed by Arthur Sorey,
- Cut expense reserve by \$3M but leave it in the corresponding revenue budget, as directed by Larry Spring.
- Create contra expenses in non-departmental
- Hurricane Irma Expenses estimated between \$6 and \$7M are not included in the deficit since the City Manager directed Finance to record the expenses in a Special Revenue Fund that will be reimbursed later.