

General Fund Analysis

Introduction

The section is not meant to repeat the analysis and discussion contained within the annual audit, but to offer the reader another layer of information regarding the financial position of BBRD in easy to understand “cash accounting” terms. While the audit contains a comprehensive review of all assets and liabilities, this section only deals with cash and assets easily converted to cash (i.e. bank accounts, SBA accounts, short-term receivables, etc.). While the review of an annual budget’s line-items provides the reader granular detail, unless he/she considers the changing nature of the General Fund on a multi-year basis, changes in fund balance can be obscured.

Fund Structure

Historically, BBRD had two Governmental Funds: General and Debt Service. The General Fund is the operations fund in which all non-debt service transactions are budgeted and recorded. Correspondingly, major debt-service payments were made from the Debt Service Fund and revenues were received from inter-fund transfers from the General Fund. The Debt Service Fund was closed after the final debt service payment was made in January 2017. Hence, the remainder of this section will focus on the General Fund.

Within the General Fund are 9 departments for FY18. Typically, all departments except the R&M/Capital Department are used to account for operating revenues/sources and expenditures/uses. The R&M/Capital Department is used for transparency purposes to list where the majority of “projects” are budgeted and expensed. In rare occasions the BOT will instruct staff to budget and expense a significant R&M/capital project in a different department. Additionally, routine R&M projects (i.e. HVAC replacements, minor roof replacements, equipment repairs. etc.) are expensed within the respective departments’ R&M line-items.

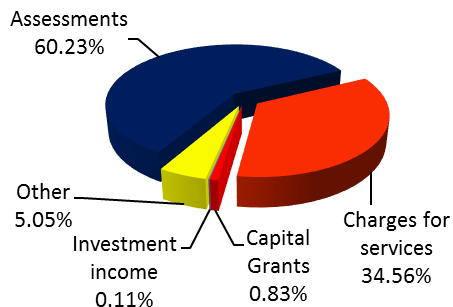
Five of the nine departments approved for FY18 are comprised of personnel who provide varied services to internal customers (i.e. other departments and employees) and residents and visitors. The other four departments historically account for specific functions of interest to the BOT (such as Vehicle Storage, Shopping Center, Stormwater and Capital/R&M Projects). Although each department is budgeted individually, only the General Fund has a balanced budget requirement per Florida Statutes. Some departments generate surplus revenue (such as Administration, Vehicle Storage and Shopping Center) while the other departments (Resident Relations, Food & Beverage, Golf, Property Services, Stormwater and R&M/Capital Projects) operate based on a subsidy generated from the revenue producing departments.

The General Fund Summary provided on the following page is similar to the format used in the FY16 Audit (statement of net position and governmental funds balance sheet, page 11; and statement of activities and governmental funds revenue, expenditures and changes in fund balance on page 12) but adapted to the FY18 Budget line-item format. The fund summary in this section is presented in a cash accounting perspective and is more concise than the 5yrFM&CIP data as presented later in this document. Hence, the reader can opt for a concise overview of the General Fund (FY16 through FY18) within this section, a more detailed and futuristic view found in the 5yrFM&CIP section (FY17-22) or a detailed line-item review (FY16-FY18) found within Budgetary Detail section.

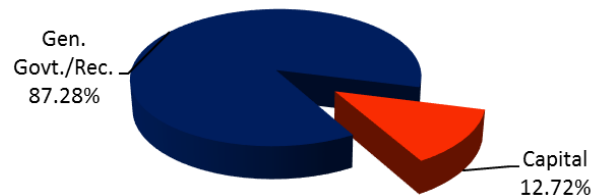
General Fund Summary

	FY16 Actual	FY17 Original Budget	FY17 Est. Year-end	FY18 Base Budget	FY18 Decision Points	FY18 Approved Budget	FY18 Est. Year-end
Beginning Fund Balance	1,579,507	1,645,346	1,939,912	1,365,098	N/A	1,365,098	1,365,098
Revenues/Sources							
Assessments	3,511,560	3,516,480	3,514,320	3,512,880	87,822	3,600,702	3,597,101
Charges for services	1,893,316	2,067,346	1,919,188	1,935,247	157,852	2,093,099	2,090,408
Capital Grants	-	-	198,222	50,000	-	50,000	50,000
Investment income	12,154	3,500	6,500	6,500	-	6,500	6,500
Other	333,948	295,128	285,051	291,858	14,240	306,098	304,290
Debt Issuance	165,000	-	-	-	-	-	-
Total Revenues/Sources	5,915,978	5,882,454	5,923,281	5,796,485	259,914	6,056,399	6,048,299
Total Resources	7,495,485	7,527,800	7,863,193	7,161,583	N/A	7,421,497	7,413,397
Expenditures							
General Govt./Recreation	4,607,541	5,251,954	4,892,501	5,056,728	345,095	5,401,823	5,346,868
Debt Service	5,797	-	34,784	34,784	-	34,784	34,784
Capital	372,235	487,500	1,140,810	-	787,100	787,100	767,588
Total Expenditures	4,985,573	5,739,454	6,068,095	5,091,512	1,132,195	6,223,707	6,149,240
Transfers	570,000	430,000	430,000	-	-	-	-
Total Expenditures/Uses	5,555,573	6,169,454	6,498,095	5,091,512	1,132,195	6,223,707	6,149,240
Undesignated Fund Bal.	1,836,788	1,358,346	1,305,098	2,070,071	N/A	1,197,790	1,204,157
Designated or Committed Fund Balance							
Nonspendable for inventory							
& prepaids	70,902	N/A	45,000	N/A	N/A	N/A	45,000
Committed for CIP	32,222	N/A	15,000	N/A	N/A	N/A	15,000
Ending Fund Balance	1,939,912	1,358,346	1,365,098	2,070,071	N/A	1,197,790	1,264,157

FY18 Revenues/Sources



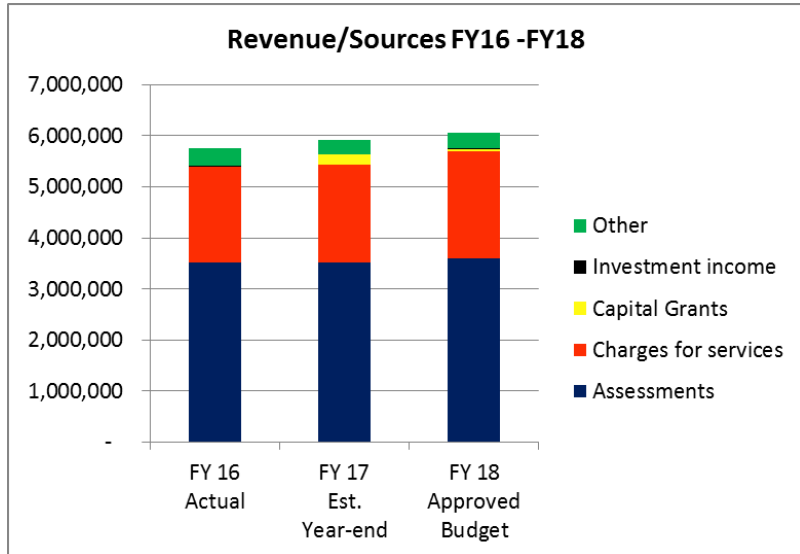
FY18 Expenditures/Uses



Change in Revenues/Sources

Due to the domination of the General Fund's revenues/sources streams by the assessment (60.23%), total revenues/sources tend to be stable without significant fluctuations unless the assessment rate is changed or one-time revenues/sources are received. Three such incidences are in the Fund Summary window:

- Increase in assessment in FY18 by \$1.50 a month to \$61.50.
- Charges for Services are estimated to increase in FY18 due to the following factors:
 - Increase in one-time social membership fee from \$495 to \$750 and minor increases in renters' social membership fees
 - Continued declining Golf memberships offset by 10% increases in membership rates and private golf cart fees
- Receipt of one-time monies from the State of Florida
 - FY17: Reimbursement for the LWCF 50% (community center) grant program completed in calendar year 2015.
 - FY18: Reimbursement for the FRDAP 50% (golf course) grant program scheduled for completion in calendar year 2017.



Said fluctuations in the composition of the General Fund Revenue/Source are demonstrated below:

	FY16 Actual	FY17 Est. Year-end	FY18 Approved Budget	FY18 Est. Year-end
Revenues/Sources by Percentage				
Assessments	59.36%	59.33%	59.45%	59.47%
Charges for services	32.00%	32.40%	34.56%	34.56%
Capital Grants	0.00%	3.35%	0.83%	0.83%
Investment income	0.21%	0.11%	0.11%	0.11%
Other	5.64%	4.81%	5.05%	5.03%
Debt Issuance	2.79%	0.00%	0.00%	0.00%
Total	100.0%	100.0%	100.0%	100.0%

FY18 total revenues/sources are approved at \$6,056,399, a \$173,945 or 2.96% increase over the FY17 originally adopted budget due to

- Projected increase of \$90,095 or 9.95% in Food and Beverage revenue primarily associated with a 2.5% increase in prices starting October 1, 2017 and continued growth in sales (FY16 Actuals were \$238,849 or 39.63% higher than FY11 Actuals excluding the inter-fund transfer in FY11).

- Projected increase of \$112,400 or 43.23% in Property Services revenues due to increases in the one-time social membership fee and social membership costs to renters.
- Projected increase of \$87,712 or 2.48% in Administration primarily due to an approved \$1.50 a month increase in the assessment.
- Projected decrease of \$178,093 or 21.55% in Golf-Pro Shop revenue primarily associated with the FY17 Budget being set prior to a large number of medical related membership cancellations and an over-estimation of growth of green fee rounds played. This decrease is partially off-set by 10% increases in FY18 of golf membership rates and private cart fees.

Long-term total revenues/sources remain relatively constant as the majority of BBRD's revenue is derived from the non-ad valorem assessment that is not sensitive to economic downturns like an ad valorem property tax. The 5yrFM&CIP has only a single increase in the assessment budgeted (\$1.50 a month increase in FY18) thereby, resulting in less than 0.50% annual growth in total revenues/sources except in the year of assessment increase (FY18) and years of or immediately following significant grant reimbursement (FY19 & FY20).

Change in Expenditures/Uses

General Fund expenditures/uses are much more dynamic than revenues/sources due to inflationary factors outside the control of the BOT such as medical insurance premiums, food costs, state mandated annual increases in the minimum wage, etc. FY18 Budget total expenditures/uses are approved at \$6,223,707, a \$54,253 or 0.88% increase over the FY17 originally adopted budget due to FY17 mid-year budget amendments and the following approved decisions points (see Budget Detail section, pages D-60-75 for details):

\$959	MS Office 365 for Senior Staff
\$7,425	Summer Intern (Records Retention)
\$2,690	Florida Association of Special Districts (FASD) Annual Conference (2 trustees)
<\$4,000>	Delete ARCC Volunteer Inspectors' Stipend
\$15,000	Additional Golf R&M Budget
\$41,141	Associate Golf Professional
\$4,680	P. S. Radio System
\$2,200	Lawn Bowling & Softball Field Annual Over Seeding and Nematode Treatment
\$13,500	D/E Emergency Backup Generator
\$1,048,600	R&M/Capital Projects Endorsed by BOT at 5yrFM&CIP Review Workshop

Additionally, anticipated non-decision point increased costs include:

- Medical insurance premiums
- Dental insurance premiums
- Liability insurance premiums
- Employee incentive

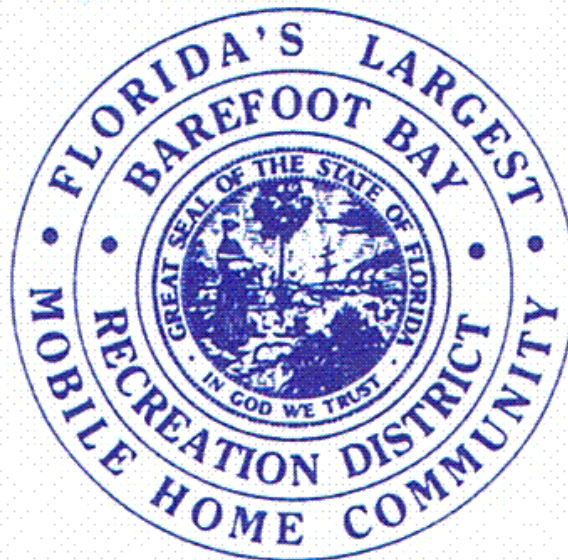
Five-year projected increases in total expenditures/uses are difficult to accurately project given the disproportional impact new capital projects can have on the budget. However, operating expenditures/uses are more readily known. FY22 personnel and operating total expenditures/uses are projected to be \$405,903 or 7.99% higher than FY18 levels due to the following:

- Projected 8% annual growth in medical insurance costs (15% increase anticipated in FY18)
- Projected 3% annual growth in dental insurance costs

- Projected 3% annual employee incentives
- Projected 1% inflationary impact on operating costs
- Additional full-time position (Management Analyst via the management contract with Special District Services, Inc.) starting in FY19
- Addition of electronic access system for pools, pier and other facilities starting in FY20 (procurement cost in FY20 and operating costs thereafter).

Change in Fund Balance

As of 27Jun17, FY18 estimated year-end Total Fund Balance of \$1,264,157 represents a decrease of \$675,755 or 34.83% from the ending FY16 Fund Balance (As of the date of the revision of the document, approximately \$500,000 of planned R&M/capital projects probably will not be completed and possibly be deferred one or more years. Hence, the FY17 year-end Total Fund Balance will probably be significantly higher than illustrated in this document.) The 5yrFM&CIP shows each year of the next five fiscal years ending above the BOT approved minimum fund balance policy of 20% of operating expenses. The adoption of the percentage based minimum fund balance policy in 2016 enables the BOT to use the excess funds within Fund Balance without adversely affecting BBRD's fiscal condition and ability to maintain adequate monies in fund balance in case of emergencies and/or unplanned expenditures.





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