

**RESOLUTION NO. 2012-27827**

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF  
THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE  
SECOND AMENDMENT TO THE FY 2010/11 GENERAL FUND  
BUDGET AND THE FIRST AMENDMENT TO THE ENTERPRISE,  
INTERNAL SERVICE AND RESORT TAX FUNDS BUDGETS FOR  
FISCAL YEAR (FY) 2010/11**

**WHEREAS**, certain departments reflect additional expenses in excess of the budget, primarily due to increased pension contributions, increased payments to Miami-Dade County for purchase of wholesale water, increased contributions for "Other Post Employment Benefits" (OPEB) based on actuarial requirements, increased fuel costs, increases in certain Resort Tax Fund expenditures which are based on a percent of revenues received; and

**WHEREAS**, these additional expenses are offset by increased revenues and expenditure savings in other areas; and

**WHEREAS**, the Administration has performed a review of preliminary year-end actual and it is anticipated that the General Fund will have an overall initial operating budget surplus of \$3.66 million; and

**WHEREAS**, the City's financial policies adopted pursuant to Resolution 2006-26341 and Resolution 2002-24764 require one time revenues (such as the year-end surplus) must be used for non-recurring expenses, and that at least half of each annual year-end surplus must be allocated to the City's Capital Reserve Fund; and

**WHEREAS**, however, the City's Capital Reserve was established in FY 2005/06 at a time when the industry was at a peak, with project bids often coming in significantly higher than budgeted; today is a very different market, with construction bids being received significantly under project budgets; and the Capital Reserve has accumulated approximately \$12 million in funding; and

**WHEREAS**, as a result, it is recommended that the Commission waive the policy that requires that at least half of the FY 2010/11 year-end surplus be used to fund the City's Capital Reserve Fund; and

**WHEREAS**, the transfer of an additional \$2 million from the Resort Tax Fund to the General Fund in FY 2010/11 is recommended, resulting in the same level of transfers as budgeted for FY 2011/12; and

**WHEREAS**, \$275,281 in General Fund encumbrances from FY 2010/11 for goods or services which have been procured but not yet received and expended, needs to be set-aside for re-appropriation in FY 2011/12; and

**WHEREAS**, FY 2010/11 General Fund appropriations totaling approximately \$427,000 not expended or encumbered in FY 2010/11 is recommended to be set aside for appropriation and expenditure in FY 2011/12; and

**WHEREAS**, the FY 2012/13 budget will have an initial shortfall as the \$3.6 million surplus set-aside from prior years for FY 2011/12 will not be available for FY 2012/13; and

**WHEREAS**, it is recommended that the remaining \$3.4 million surplus be reserved as a set aside for the FY 2012/13 General Fund Budget and

**WHEREAS**, Florida Statutes prohibit the over expenditure of departmental budgets and funds.

**NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA**, that the policy is waived for FY 2010/11 requiring that fifty percent of year-end surplus in the General Fund be used to increase funding in the City's Capital Reserve Fund; and that the second amendment to the FY 2010/11 General Fund budget, and the first amendment to the Enterprise Funds, Internal Service Funds, and Resort Tax Fund budgets are adopted as shown on the following pages:

<b>GENERAL FUND</b>	<b>FY 2010/11 Amended Budget as of 2- 9-11</b>	<b>Changes in Rev/Exp Appropriation</b>	<b>Recommended Changes in Appropriations</b>	<b>FY 2010/11 Amended Budget</b>
<b>REVENUES</b>				
<b>OPERATING REVENUES</b>				
Property Tax	\$ 100,222,022	\$ (1,514,587)	\$ -	\$ 98,707,435
Property Tax - South Pointe Tax	\$ 10,145,339	(153,320)		9,992,019
Property Tax - Capital R & R	1,777,254	(26,858)	0	1,750,396
Property Tax - Norm Shores	100,517	(1,519)	0	98,998
Other Taxes	25,417,600	(1,343,274)	0	24,074,326
Licenses and Permits	15,506,204	2,928,877	0	18,435,081
Intergovernmental	9,618,140	353,564	0	9,971,704
Charges for Services incl. Golf Courses	10,348,050	(52,375)	0	10,295,675
Fines and Forfeits	3,211,263	(557,017)	0	2,654,246
Interest	3,552,000	(1,223,535)	0	2,328,465
Rents and Leases	4,892,352	587,378	0	5,479,730
Miscellaneous	11,393,221	(1,060,070)	0	10,333,151
Other - Resort Tax	24,465,000	0	2,000,000	26,465,000
Reserves - Building Department Operations	1,546,709	0	(1,546,709)	0
Other - Non-Operating	11,665,443	0	0	11,665,443
FY 09 Year-end surplus set aside	3,657,000	0	0	3,657,000
Fund Balance	1,950,550	0	0	1,950,550
<b>Total General Fund</b>	<b>\$ 239,468,664</b>	<b>\$ (2,062,736)</b>	<b>\$ 453,291</b>	<b>\$ 237,859,219</b>

GENERAL FUND	FY 2010/11 Amended Budget As of 2- 9-11	Changes in Rev/Exp Appropriation	Recommended Additional Appropriation	FY 2010/11 Amended Budget
<b>APPROPRIATIONS</b>				
<b>Department</b>				
MAYOR & COMMISSION	\$ 1,534,322	\$ (53,223)		\$ 1,481,099
CITY MANAGER	2,350,894	(219,000)		2,131,894
Communications	878,482	(33,592)		844,890
BUDGET & PERFORMANCE IMPROVE	1,820,829	(50,770)		1,770,059
FINANCE	4,124,205	(83,532)		4,040,673
Procurement	969,238	(17,899)		951,339
HUMAN RESOURCES/LABOR RELATIONS	1,697,128	(34,834)		1,662,294
CITY CLERK	1,500,597	(132,937)		1,367,660
CITY ATTORNEY	4,002,642	(4,131)		3,998,511
REAL ESTATE, HOUSING & COMM. DEV	776,768	(39,382)		737,386
Community Services	430,093	1,582		431,675
Homeless Services	759,337	(70,783)		688,554
BUILDING	9,316,891	71,981		9,388,872
Code Compliance	4,146,931	17,893		4,164,824
PLANNING	3,113,588	(109,244)		3,004,344
TOURISM & CULTURAL DEVELOPMENT	2,643,624	(88,184)		2,555,440
PARKS & RECREATION	27,772,711	(800,282)		26,972,429
PUBLIC WORKS	6,372,884	(861,028)		5,511,856
CAPITAL IMPROVEMENT PROJECTS	4,520,748	(671,210)		3,849,538
POLICE	88,920,529	<u>(759,952)</u>		88,160,577
FIRE	56,115,331	<u>(211,256)</u>		55,904,075
Citywide Accounts-Other	9,578,508	(228,520)		9,349,988
Citywide Accounts - Operating Contingency	1,321,902	(1,321,902)		-
Citywide Accounts-Normandy Shores	157,678			157,678
<b>Sub Total General Fund</b>	<b>\$ 234,825,860</b>	<b>\$ (5,700,205)</b>	<b>\$ -</b>	<b>\$ 229,125,655</b>
<b>TRANSFERS</b>				
Capital Reserve Fund	\$ -			\$ 0
Pay-As-You-Go Capital Fund	-			-
Capital Investment Upkeep Account	200,000	(11,521)		188,479
Info & Comm Technology Fund	715,000			715,000
Reserve Future Building Dept Needs	-			-
Reserve - FY 2011/12 Budget Shortfalls	1,950,550			1,950,550
Reserve - FY 2012/13 Budget Shortfalls	-		3,400,000	3,400,000
Reserve- Carryforward of FY 2010/11 Appropriations	-		<u>427,000</u>	427,000
Reserve - Encumbrances	-		275,281	275,281
CAPITAL RENEWAL & REPLACEMENT	1,777,254			1,777,254
<b>Sub Total Transfers</b>	<b>\$ 4,642,804</b>	<b>\$ (11,521)</b>	<b>\$ 4,102,281</b>	<b>\$ 8,733,564</b>
<b>Total General Fund</b>	<b>\$ 239,468,664</b>	<b>\$ (5,711,726)</b>	<b>\$ 4,102,281</b>	<b>\$ 237,859,219</b>

	FY 2010/11 Adopted Budget	Changes in Rev/Exp Appropriation	Rec. Additional Appropriation	FY 2010/11 Amended Budget
<b>ENTERPRISE FUNDS</b>				
<b>REV/EXP APPROPRIATIONS</b>				
Convention Center	\$ 12,832,911	\$ 0	\$ 0	\$ 12,832,911
Parking	38,446,850	0	0	38,446,850
Sanitation	16,562,258	0	0	16,562,258
Sewer Operations	40,024,931	0	0	40,024,931
Stormwater Operations	16,893,083	0	0	16,893,083
Water Operations	31,030,070	3,026,271	0	34,056,341
<b>Total Enterprise Funds</b>	<b>\$ 155,790,103</b>	<b>\$ 3,026,271</b>	<b>\$ 0</b>	<b>\$ 158,816,374</b>
<b>INTERNAL SERVICE FUNDS</b>				
<b>REV/EXP APPROPRIATIONS</b>				
Central Services	\$ 856,355	\$ 28,709	\$ 0	\$ 885,064
Fleet Management	8,375,372	205,399	0	8,580,771
Information Technology	14,427,730	0	0	14,427,730
Property Management	8,233,171	0	0	8,233,171
Risk Management	20,542,249	0	0	20,542,249
<b>Total Internal Service Funds</b>	<b>\$ 52,434,877</b>	<b>\$ 234,108</b>	<b>\$ 0</b>	<b>\$ 52,668,985</b>
<b>SPECIAL REVENUES</b>				
<b>REV/EXP APPROPRIATIONS</b>				
Resort Tax	\$ 41,278,981	\$ 1,782,285	\$ 3,166,986	\$ 46,228,252
7th Street Garage Operations	2,300,000	0	0	2,300,000
5th & Alton Garage-City's Share of Shortfall	186,760	0	0	186,760
Art in Public Places	2,350,304	0	0	2,350,304
Information and Communications Technology Fund	586,593	0	0	586,593
<b>Total Special Revenues</b>	<b>\$ 46,702,638</b>	<b>\$ 1,782,285</b>	<b>\$ 3,166,986</b>	<b>\$ 51,651,909</b>


Passed and adopted this 11th day of January, 2012.

  
Mayor

ATTEST:

  
City Clerk

**APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION**

  
City Attorney

1-20-12  
Date

**Condensed Title:**

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE SECOND AMENDMENT TO THE FY 2010/11 GENERAL FUND BUDGET AND THE FIRST AMENDMENT TO THE ENTERPRISE, INTERNAL SERVICE AND RESORT TAX FUNDS BUDGETS FOR FISCAL YEAR (FY) 2010/11

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE FIRST AMENDMENT TO THE GENERAL FUND, ENTERPRISE, INTERNAL SERVICE AND SPECIAL REVENUE FUNDS BUDGETS FOR FISCAL YEAR (FY) 2011/12 TO APPROPRIATE ENCUMBRANCES AND PRIOR APPROPRIATIONS CARRIED FORWARD FROM FY 2010/11 AND TO APPROPRIATE FUNDS CARRIED FORWARD FOR SPECIAL REVENUE BUDGETS

**Key Intended Outcome Supported:**

Ensure expenditure trends are sustainable over the long term

Improve the City's overall financial health and maintain overall bond rating

**Supporting Data (Surveys, Environmental Scan, etc.):**

The \$3.6 million in prior year surplus set-aside for FY 2011/12 will not be available for FY 2012/13, immediately creating a gap that will need to be addressed in FY 2012/13.

**Issue:**

Whether to adopt the amendments to the FY 2010/11 and FY 2011/12 operating budgets.

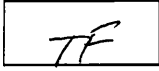
**Item Summary/Recommendation:**

Overall, there is a General Fund operating budget surplus of \$3,658,538 (1.5% of budget). This surplus is despite an estimated revenue shortfall of approximately \$2.1 million and pension contributions in excess of budget by approximately \$665,000 as explained in prior quarterly projection reports. Combined, this represents the absorption of nearly \$2.8 million in deviations from budget, once again reflecting the pro-active initiatives taken by the City to reduce expenses below the adopted budget. Further, an additional \$2 million in Resort Tax transfer is recommended for FY 2010/11, consistent with the level of transfer included in the FY 2011/12 budget, and supported by increased Resort Tax revenues. However, the \$1,546,709 previously budgeted Building Reserves to help offset FY 2010/11 Building Department expenses is recommended not be used for FY 2010/11, given the preliminary actual revenues and expenditures of the Building Department in FY 2010/11. Instead it is recommended that those funds remain available for future years.

In addition, there are \$275,281 in encumbrances from FY 2010/11 for goods or services which have been procured but not yet received and expended, which will need to be re-appropriated in FY 2011/12 and \$426,704 in FY 2010/11 General Fund appropriations not expended or encumbered in FY 2010/11 be set aside for appropriation and expenditure in FY 2011/12. The resulting impact of these changes is a revised net surplus of \$3,409,844.

An amendment to the FY 2011/12 budget is also needed to provide the authorization necessary for departments to expend \$275,281, \$77,344 and \$307,069 in General, Enterprise and Internal Service Funds encumbrances, respectively from FY 2010/11 for goods or services which were procured but not received and expended as of September 30, 2011; re-appropriates \$426,704 in FY 2011/12 for General Fund items appropriated but not expended or encumbered in FY 2010/11 and \$199,895 in Special Revenue Fund appropriations for Education Compact Funds appropriated in prior years to be used for teacher development programs and fees to the International Baccalaureate Organization; Green/Sustainability Funds and Waste Hauler Additional Services and Public Benefit Contributions Funds.

**Financial Information:**

Source of Funds:	Amount		Account
	FY 2010/11		
 OBPI		(\$ 1,609,445)	General Fund
		3,026,271	Enterprise Funds
		4,949,271	Resort Tax Fund
		234,108	Internal Service Funds
	FY 2011/12	\$701,985	General Fund
		77,344	Enterprise Funds
		307,069	Internal Service Funds
		199,895	Special Revenue Funds

**Financial Impact Summary:****Sign-Offs:**

Department Director	Assistant City Manager	City Manager
		



MIAMI BEACH

AGENDA ITEM R7B  
DATE 1-11-12



# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: January 11, 2012

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE SECOND AMENDMENT TO THE FY 2010/11 GENERAL FUND BUDGET AND THE FIRST AMENDMENT TO THE ENTERPRISE, INTERNAL SERVICE AND RESORT TAX FUNDS BUDGETS FOR FISCAL YEAR (FY) 2010/11**

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE FIRST AMENDMENT TO THE GENERAL FUND, ENTERPRISE, INTERNAL SERVICE AND SPECIAL REVENUE FUNDS BUDGETS FOR FISCAL YEAR (FY) 2011/12 TO APPROPRIATE ENCUMBRANCES AND PRIOR APPROPRIATIONS CARRIED FORWARD FROM FY 2010/11 AND TO APPROPRIATE FUNDS CARRIED FORWARD FOR SPECIAL REVENUE BUDGETS**

### **ADMINISTRATION RECOMMENDATION**

Adopt the resolution amending the FY 2010/11 General Fund, Enterprise Funds, Internal Service Funds and Resort Tax Fund Budgets, appropriating funds to cover prior year encumbrances, and amend certain department budgets.

Adopt the resolution amending the FY 2011/12 General Fund Budget, appropriating encumbrances carried forward from FY 2010/11 and appropriating special revenue funds carried forward from FY 2010/11 to FY 2011/12.

### **GENERAL FUND ANALYSIS**

The year-end budget to preliminary actual comparisons are presented in the following pages.

These comparisons show that, overall, there is an operating budget surplus of \$3,658,538 (1.5%) in the General Fund. A summary of the preliminary General Fund Revenues and Expenditures as of September 30, 2011 is as follows:

<b>General Fund</b>	<b>Budget FY 2010/11 As Amended</b>	<b>Preliminary Actual FY 2010/11</b>	<b>Budget/ Actual Over/ (Under)</b>
Revenues*	\$ 239,468,664	\$ 237,405,928	\$ (2,062,736)
Expenditures	239,468,664	233,747,390	(5,721,274)
<b>Surplus/ (Deficit)</b>	<b>\$ 0</b>	<b>\$ 3,658,538</b>	<b>\$ 3,658,538</b>

Note: \* The amended budget reflected above includes the budget amendment that was adopted February, 2011. This amendment authorized the use of \$1.95 million in reserves to be set aside for the FY 2011/12 budget, and had no net impact on revenues versus expenditures

It is important to note that this is despite an estimated revenue shortfall of approximately \$2.1 million and pension contributions in excess of budget by approximately \$665,000 as explained in prior quarterly projection reports. Combined, this represents the absorption of nearly \$2.8 million in deviations from budget, once again reflecting the pro-active initiatives taken by the City to reduce expenses below the adopted budget. These initiatives included the continuation of a modified hiring freeze, delayed hiring of other positions, re-bidding of contracts where appropriate to take advantage of the more competitive economic environment, close scrutiny of major purchases, and continuous evaluation of opportunities to reduce costs in all departments.

Further, given how we ended the year in the Resort Tax Fund and the fact that Resort Tax related expenses in the General Fund are estimated to be above the level of the budgeted transfer, I am recommending that the Resort Tax transfer to the General Fund for FY 2010/11 be increased by \$2 million, consistent with the level of transfer included in the FY 2011/12 budget.

At the same time, I am recommending that the \$1,546,709 previously budgeted Building Reserves to help offset FY 2010/11 Building Department expenses not be used at for FY 2010/11, but rather continue to be held in reserve for future years given the uncertainty in the construction industry. As you may recall, the General Fund Revenue Budget included the use of the \$1,546,709 in Building Department Reserves. Given the preliminary actual revenues and expenditures of the Building Department in FY 2010/11, the use of this reserve is not needed. Instead those funds will remain available for future years.

In addition, there are \$275,281 in encumbrances from FY 2010/11 for goods or services which have been procured but not yet received and expended, which will need to be re-appropriated in FY 2011/12. Further, it is recommended that the following FY 2010/11 General Fund appropriations totaling \$426,704 not expended or encumbered in FY 2010/11 be set aside for appropriation and expenditure in FY 2011/12. These funds need to be set aside in order to ensure that they are available for re-appropriation in FY 2011/12 when it is anticipated that the goods and/or services will be received.

- \$66,143 of the remaining balance of funds previously set aside for transportation of senior citizens. This fund was created several years ago with initial funding of \$150,000. Setting the remaining balance aside will ensure that it is available for re-appropriation and expenditure in FY 2011/12.
- \$132,000 for ongoing assessments of City buildings – these assessments were deferred in FY 2010/11 but are needed in FY 2011/12 to continue to ensure major components of City Building are replaced in a timely manner.

- \$200,000 for the FY 2011/12 elections – in FY 2010/11 we began funding for elections in level annual amounts each year rather than funding every other year when elections occur. In order for these funds to be available in FY 2011/12 for the November 12 elections, they should be set aside in FY 2010/11.
- \$28,561 for purchase of tough books by the Public Works Department – these were planned for FY 2010/11 but will occur in FY 2011/12.

The resulting impact of these changes would be a revised net surplus of \$3,409,844.

Preliminary Year End Suplus	\$ 3,658,538
<b>Changes in Revenue Appropriations</b>	
Additional Resort Tax Transfers to the General Fund	\$ 2,000,000
Reserve for Building Department Operations	(1,546,709)
Total Additional Revenue Appropriations	<u>\$ 453,291</u>
<b>Changes in Expenditure Appropriations</b>	
Reserve - Encumbrances	275,281
Reserve- Carryforward of FY 2010/11 Appropriations	426,704
Total Additional Expenditure Appropriations	<u>\$ 701,985</u>
Revised Year-end Surplus	<u>\$ 3,409,844</u>

The City's financial policies adopted pursuant to Resolution 2006-26341 and Resolution 2002-24764 require that ***one time revenues (such as the year-end surplus) must be used for non-recurring expenses***, and that ***at least half of the annual year-end surplus must be allocated to the City's Capital Reserve Fund***. However, the City's Capital Reserve was established in FY 2005/06 at a time when the industry was at a peak, and project bids were often coming in significantly higher than budgeted. The market for the last couple of years, however, has been very different, with construction bids being received significantly under projects budgets, and at the same time, the Capital Reserve has accumulated approximately \$12 million in funding. Therefore, I am recommending that the Capital Reserve transfer requirement again be waived for the FY 2010/11 year-end surplus similar to what was done last year.

Further, as in FY 2008/09 and FY 2009/10, no use of the General Fund surplus is recommended to address the City's FY 2010/11 accrued liability for post employment benefits (primarily health insurance) pursuant to recently enacted reporting requirements of Governmental Accounting Standards Board Statement #45 (GASB 45).

The City's budgets for the last several years have been extremely challenging due to the recession and declining property values. In response to declining revenue in several categories, the City has responded with substantial reductions totaling \$49 million and 269 positions over 5 years. In addition, employee "give-backs" totaled approximately \$12 million in savings in FY 2010/11 and almost \$15 million between FY 2009/10 and FY 2010/11, representing **almost \$64 million in combined "givebacks" and reductions over 5 years.**



The FY 2010/11 budgets included the use of \$3.7 million in FY 2008/09 surplus and the FY 2011/12 budget included the use of \$3.6 million set aside between FY 2009/10 and FY 2010/11. Since prior year surpluses are one-time revenue that will not be available for FY 2012/13, this creates a gap that will need to be addressed in FY 2012/13, unless other revenues increase to offset this amount or expenditures decrease. At this time, the outlook for FY 2012/13 property tax revenues remains uncertain; and, as an example, a 5% change in property values represents \$5 million in property tax revenues, if tax rates remain unchanged. Further, additional pension increases are anticipated for FY 2012/13 as poor investment experience from FY 2007/08 and FY 2008/09 continues to be recognized along with poor investment experience in FY 2010/11 (although these may be somewhat mitigated by recent changes to the pension plans and salary freezes). For this reason, I am once again recommending that the FY 2010/11 General Fund budget be amended to set aside \$3.4 million in a reserve for possible use to address potential shortfalls in the FY 2012/13 budget, very similar to the amount budgeted for in FY 2011/12.

## **GENERAL FUND OPERATING REVENUE AND EXPENDITURE VARIANCES**

### **Revenues**

Preliminary year-end actual revenues are approximately 99% of the original budget or 237,405,928.

Detailed comments on those revenue categories with significant variances over \$300,000 are shown in the following section.

1. **Ad Valorem Property Taxes** – Year-end collections of \$98,707,435 are 1.5% under budget, creating a net shortfall of \$1,514,587. This is primarily due to higher than anticipated property value appeals approved by Miami-Dade County.
2. **Other Taxes** - This category includes franchise and utility taxes on services. As projected from early in the fiscal year, actual collections of \$24,074,326 resulted in a shortfall of \$1.3 million, or 5%, at year-end. This is primarily due to decrease in revenues from electric and telephone utility taxes.
3. **Licenses and Permits** - This category is comprised of licenses and building and special use permits. In total, the actual collections for Licenses and Permits exceeded budget by \$2.9 million, or 9.7%. This is slightly above third quarter projections. The majority of this increase was from building development process fee revenues, as a result of an increased number of permits and larger projects reflecting the improving economy.
4. **Intergovernmental Revenues** - Year-end collections are above budget by 3.7% or \$0.35 million. This is primarily due to increases in the local government ½ cent sales tax revenues, also reflecting the improving economy.
5. **Fines and Forfeits** - Year-end collections are below budget by 17.3% or \$0.56 million. This is mainly due to lower than budgeted fines from red light cameras. As reported to you at the March 2011 Commission meeting and quarterly projection reports throughout the fiscal year.

6. **Interest** - Year-end collections are below budget by 34% or \$1.2 million. This is mainly due to reduced investment returns from long term investment vehicles that matured in the current fiscal year and are reinvested at prevailing interest rates which are much lower in this investment climate, as well as approximately \$0.6 million in "Unrealized Losses on Investments" which have a non-cash impact for FY 2010/11. Governmental Accounting Standards Board Statement #31 (GASB 31), implemented in 1997, requires the City to report its investments at fair market value as if they were immediately liquidated on September 30 each year, and to recognize these as "unrealized gains or losses in investments", although the actual cash impact is not felt until future years. By comparison, in FY 2008/09 and FY 2009/10, the City had a gain of \$2.3 million and a loss of \$1.95 million, respectively. Although this is a non-cash impact, it will still reflect on the financials as a loss for FY 2010/11, however, given there remains a year-end surplus for the General Fund overall, thereby mitigating this loss.
7. **Rents and Leases** – As anticipated in prior quarterly projection reports, year-end revenues are above budget by \$0.6 million, or 12%. This is due primarily to increased revenues from various leases.
8. **Miscellaneous** – This category includes concessions, planning fees, and other reimbursements. Year-end revenues are 9% below budget or approximately \$1 million. As explained in prior quarterly projection reports, this is due primarily to lower than anticipated revenues from the Commercial Pole Banner Program and corporate sponsorships which are still being pursued and negotiated as well as decreased reimbursement from capital projects for the Capital Improvement Office due to vacancies. This decrease in revenues is offset by a decrease in expenditures in the Capital Improvements Office.

### **Operating Expenditures**

Preliminary year-end actual expenditures are approximately 98% of the original budget or \$233,747,390.

It is important to note that, at the time of adoption of the FY 2010/11 budget, the City was at impasse with the Communication Workers of America (CWA) bargaining unit, and the budget included the impact of several initiatives that would have significantly reduced expenditures related to CWA employees through contracting, conversion to part-time schedules for more efficient scheduling, etc. (Plan B). The first-year savings from these initiatives amounted to over \$200,000 in the General Fund across various departments. Not being able to anticipate the outcome of these negotiations at the time of adopting the budget, an increased operating contingency was budgeted under the Citywide Accounts. Subsequent to the adoption, an agreement was reached with CWA that included several employee give-backs that fully met our budgeted savings in exchange for a no-layoff provision. Therefore the proposed Plan B initiatives were not implemented and, while most departments were able to still remain below budget at year-end, three departments exceeded their budget by less than one percent, at least in part due to these reasons.

No department exceeded its budget by more than \$300,000. Additionally, several departments were more than \$300,000 under budget as shown on the following pages.

**1. Parks and Recreation – Excluding Golf Courses**

	Amended Budget	Preliminary Actual	Budget/ Prelim. Actual	% Over/ (Under)
Expenditures	\$ 21,648,891	\$ 21,072,041	\$ (576,850)	-2.7%

Approximately \$0.6 million in savings (2.7% of budget) was achieved in the Parks and Recreation Department from the rebidding and continued management of contracted landscaping cycles, as well as salary savings and savings across multiple operating accounts in the Recreation division.

**2. Public Works**

	Amended Budget	Preliminary Actual	Budget/ Prelim. Actual	% Over/ (Under)
Expenditures	\$ 6,372,884	\$ 5,511,856	\$ (861,028)	-13.5%

Approximately \$0.9 million in savings (13.5 % of budget) was achieved in the Public Works Department in the General Fund primarily due to salary savings associated with vacant positions, as well savings in operating accounts including the Building assessments as discussed previously in this memo, and contingency contracts for streets and streetlight repairs.

**3. Capital Improvements Program Office**

	Amended Budget	Preliminary Actual	Budget/ Prelim. Actual	% Over/ (Under)
Expenditures	\$ 4,520,748	\$ 3,849,538	\$ (671,210)	-14.8%

Consistent with prior quarterly projections, there are \$0.7 million (14.8% of budget) in expenditures savings in the Capital Improvements Program Office primarily due to vacancies and resulting salary savings.

**4. Police**

	Amended Budget	Preliminary Actual	Budget/ Prelim. Actual	% Over/ (Under)
Expenditures	\$ 88,920,529	\$ 88,151,029	\$ (769,500)	-0.9%

Consistent with prior quarterly projections, there are \$0.8 million (0.9% of budget) in expenditures savings in the Police Department primarily due to vacancies and resulting savings in personnel costs (although these savings are partially offset by increased court overtime) and significant savings in professional services primarily due to savings in recruitment costs contributed to the Department being under budget.

## 5. Citywide Accounts – Including Contingency and Transfers

	Amended Budget	Preliminary Actual	Budget/ Prelim. Actual	% Over/ (Under)
Expenditures	\$ 15,700,892	\$ 14,138,949	\$ (1,561,943)	-9.9%

Approximately \$1.6 million in savings (17% of budget) was achieved in Citywide accounts, primarily due to unspent contingency of \$1.3 million, deferral of the Community Satisfaction Survey to FY 2011/12 as directed by the Commission, carry forward of \$200,000 in funds budgeted annually for elections, \$75,000 in savings from funds budgeted for a local government lobbyist, and \$67,170 encumbered for special studies but not yet spent.

## GENERAL FUND BUDGET FY 2010/11 AMENDMENT

Although the total General Fund expenditure is below budget, Florida Statutes require that the actual expenditures not exceed budget at the level at which the budget is adopted, which in Miami Beach is at the Department level. Therefore a budget amendment is required for departments that overspent their appropriation and to allow the transfer to the Set Aside amounts for FY 2011/12 and FY 2012/13. A summary of the resulting increases and decreases to revenues and expenditures and the resulting proposed amended budget for FY 2010/11 is provided below and on the following pages.

GENERAL FUND	FY 2010/11 Amended Budget	Changes in Rev/Exp Appropriation	Rec. Additional Appropriation	FY 2010/11 Amended Budget
<b>REVENUES</b>				
<b>OPERATING REVENUES</b>				
Property Tax (5.5472)	\$ 100,222,022	\$ (1,514,587)	\$ 0	\$ 98,707,435
Property Tax (5.5472)-So Pt Costs	10,145,339	(153,320)	0	9,992,019
Property Tax (0.1083)-Capital R & R	1,777,254	(26,858)	0	1,750,396
Property Tax - Norm Shores (0.8567)	100,517	(1,519)	0	98,998
Other Taxes	25,417,600	(1,343,274)	0	24,074,326
Licenses and Permits	15,506,204	2,928,877	0	18,435,081
Intergovernmental	9,618,140	353,564	0	9,971,704
Charges for Services incl. Golf Courses	10,348,050	(52,375)	0	10,295,675
Fines and Forfeits	3,211,263	(557,017)	0	2,654,246
Interest	3,552,000	(1,223,535)	0	2,328,465
Rents and Leases	4,892,352	587,378	0	5,479,730
Miscellaneous	11,392,781	(1,060,070)	0	10,332,711
Other - Resort Tax	24,465,440	0	2,000,000	26,465,440
Other - Non Operating revenues	8,065,443	0	0	8,065,443
Reserves - Building Department Revenues	1,546,709	0	(1,546,709)	0
FY 09 Year-End Surplus Set Aside	3,657,000	0	0	3,657,000
Prior Yr Surplus from Parking Oper Fd	3,600,000	0	0	3,600,000
Fund Bal-Resrv Future Budget Shortfalls	1,950,550	0	0	1,950,550
<b>Total General Fund</b>	<b>\$ 239,468,664</b>	<b>\$ (2,062,736)</b>	<b>\$ 453,291</b>	<b>\$ 237,859,219</b>

Second Amendment to the FY 2010/11 General Fund Budget and First Amendment to the FY 2010/11 Enterprise, Internal Service and Resort Tax Budgets  
First Amendment to the FY 2011/12 General Fund Budget and Special Revenue Budgets  
Page 8

GENERAL FUND	FY 2010/11 Amended Budget As of 2- 9-11	Changes in Rev/Exp Appropriation	Rec. Additional Appropriation	FY 2010/11 Amended Budget
<b>APPROPRIATIONS</b>				
<b>Department</b>				
MAYOR & COMMISSION	\$ 1,534,322	\$ (53,223)	\$ -	\$ 1,481,099
CITY MANAGER	2,350,894	(219,000)	-	2,131,894
Communications	878,482	(33,592)	-	844,890
BUDGET & PERFORMANCE IMPROVE	1,820,829	(50,770)	-	1,770,059
FINANCE	4,124,205	(83,532)	-	4,040,673
Procurement	969,238	(17,899)	-	951,339
HUMAN RESOURCES/LABOR RELATIONS	1,697,128	(34,834)	-	1,662,294
CITY CLERK	1,500,597	(132,937)	-	1,367,660
CITY ATTORNEY	4,002,642	(4,131)	-	3,998,511
REAL ESTATE, HOUSING & COMM. DEV	776,768	(39,382)	-	737,386
Community Services	430,093	1,582	-	431,675
Homeless Services	759,337	(70,783)	-	688,554
BUILDING	9,316,891	71,981	-	9,388,872
Code Compliance	4,146,931	17,893	-	4,164,824
PLANNING	3,113,588	(109,244)	-	3,004,344
TOURISM & CULTURAL DEVELOPMENT	2,643,624	(88,184)	-	2,555,440
PARKS & RECREATION	27,772,711	(800,282)	-	26,972,429
PUBLIC WORKS	6,372,884	(861,028)	-	5,511,856
CAPITAL IMPROVEMENT PROJECTS	4,520,748	(671,210)	-	3,849,538
POLICE	88,920,529	(769,500)	-	88,151,029
FIRE	56,115,331	(211,256)	-	55,904,075
Citywide Accounts-Other	9,578,508	(228,520)	-	9,349,988
Citywide Accounts - Operating Contingency	1,321,902	(1,321,902)	-	-
Citywide Accounts-Normandy Shores	157,678	-	-	157,678
<b>Sub Total General Fund</b>	<b>\$ 234,825,860</b>	<b>\$ (5,709,753)</b>	<b>\$ -</b>	<b>\$ 229,116,107</b>
<b>TRANSFERS</b>				
Capital Reserve Fund	\$ -	\$ -		\$ 0
Pay-As-You-Go Capital Fund	-	-		-
Capital Investment Upkeep Account	200,000	\$ (11,521)		188,479
Info & Comm Technology Fund	715,000	-		715,000
Reserve Future Building Dept Needs	-	-		-
Reserve - FY 2011/12 Budget Shortfalls	1,950,550	-		1,950,550
Reserve - FY 2012/13 Budget Shortfalls	-	-	3,409,844	3,409,844
Reserve- Carryforward of FY 2010/11 Appropriations	-	-	426,704	426,704
Reserve - Encumbrances	-	-	275,281	275,281
CAPITAL RENEWAL & REPLACEMENT	1,777,254	-	-	1,777,254
<b>Sub Total Transfers</b>	<b>\$ 4,642,804</b>	<b>\$ (11,521)</b>	<b>\$ 4,111,829</b>	<b>\$ 8,743,112</b>
<b>Total General Fund</b>	<b>\$ 239,468,664</b>	<b>\$ (5,721,274)</b>	<b>\$ 4,111,829</b>	<b>\$ 237,859,219</b>

### **ENTERPRISE FUNDS FY 2010/11 BUDGET AMENDMENT**

The City accounts for proprietary operations in Enterprise Funds. Convention Center, Parking, Sanitation, Sewer, Stormwater, and Water in this grouping. As highlighted in prior quarterly projections, the Water Fund requires a budget amendment for increased payments to Miami-Dade County for wholesale water and increased funding for renewal and replacement, although partially offset by contingency savings. However, these increased payments are offset by increased revenues from water sales to City customers.

<b><u>ENTERPRISE FUNDS</u></b>		
		<b>Water</b>
<b>Revenue Appropriation</b>		
Charges for Service	\$	3,026,271
<b>Total Revenue Increase</b>	<b>\$</b>	<b>3,026,271</b>
<b>Expenditure Appropriation</b>		
Payroll and Fringes	\$	54,741
Operating Costs		399,664
Funded for Future Renewal & Replacement		602,719
Water Purchase		2,770,865
Operating Contingency		(925,551)
Internal Service Charges		22,577
Capital and Debt		101,256
<b>Total Expenditure Increase</b>	<b>\$</b>	<b>3,026,271</b>

### **INTERNAL SERVICE FUNDS FY 2010/11 BUDGET AMENDMENT**

The City accounts for those goods and services provided by one department to other departments citywide on a cost reimbursement basis. Central Services, Fleet Management, Information Technology, Property Management, and Risk Management (Self Insurance) are included in this grouping.

Despite absorbing the pension contribution increases as described above all Internal Service Funds are anticipated to be under budget, except Central Services and Fleet Management. Central Services is anticipated to have expenditures in excess of budget by \$28,709 of which \$1,625 is due to additional pension contributions. The balance is due to health and life insurance increases to more accurately reflect current costs, and increases in contributions for "Other Post Employment Benefits" (OPEB) based on prior year actuarial requirements. Fleet Management is anticipated to have expenditures in excess of budget by \$205,399 primarily due to increases in contributions for "Other Post Employment Benefits" (OPEB) and increased fuel costs.

**INTERNAL SERVICE FUNDS**

	<b>CENTRAL SERVICES</b>	<b>FLEET MANAGEMENT</b>
<b>Additional Revenue Appropriation</b>		
Interdepartmental Revenues	\$ 28,709	\$ 205,399
<b>Total Revenue Increase</b>	<b>\$ 28,709</b>	<b>\$ 205,399</b>
<b>Additional Expenditure Appropriation</b>		
Payroll and Fringes	\$ 40,387	58,018
Operating Costs	2,282	148,582
Internal Services	(15,068)	(2,800)
Depreciation	1,987	-
Capital & Debt	(879)	1,599
<b>Total Expenditure Increase</b>	<b>\$ 28,709</b>	<b>\$ 205,399</b>

**RESORT TAX FUND FY 2010/11 BUDGET AMENDMENT**

The City's Resort Tax Fund is primarily supported by resort taxes collected pursuant to Chapter 67-930 (Section 6) of the Laws of Florida, as amended, and Section 5.03 of the City of Miami Beach Charter, as amended. This legislation authorizes the use of resort taxes for the promotion of the tourist industry, which includes, but is not restricted to the following: Publicity, advertising, news bureau, promotional events, convention bureau activities, capital improvements and the maintenance of all physical assets in connection therewith; and for the payment of the reasonable and necessary expenses of collecting, handling and processing of said tax.

The City imposes a two percent tax on the rent of rooms in any hotel, motel, rooming house or apartment house. This two percent tax is also levied upon the total sales price of all food and beverages (including alcoholic beverages). In addition to funding collection of the tax, contributions to the Miami Beach Visitor and Convention Authority, and the Greater Miami Visitor and Convention's Bureau, the City has considered the following services as "Services related to the promotion of tourism":

- Police officers serving entertainment areas
- A portion of fire rescue services from Fire Stations 1&2
- Ocean rescue services
- Sidewalk pressure cleaning in south, middle and north beach visitor areas
- South Beach sanitation
- Enhanced code compliance provided to respond to evening entertainment area violations and staffing of special events
- Other code compliance activities in tourism and visitor related facilities/areas
- Tourism and Culture Department and the Cultural Arts Council
- Museums and Theatres (Garden Center, Bass Museum, Colony and Byron Carlyle Theatres)
- Golf courses (net of revenues)
- Memorial Day and other special event costs
- Homeless services
- July 4<sup>th</sup>, Visitor Center funding, Holiday Lights, Festival of the Arts, Jewish Museum, MDPL, Orange Bowl, Monuments, etc.

These allowable uses have led to increased tourist activities, such as special events, Art Basel, and various concerts.

An additional one percent resort tax is levied on room rent. The proceeds of the additional one percent (1%) tax are used as follows. Fifty percent of the amount earned is committed to the payment of a portion of the debt service on the Miami Beach Redevelopment Agency City Center/ Bonds. The remaining fifty percent is allocated equally among North Beach, Middle Beach, and South Beach for capital projects that enhance Miami Beach's tourist related areas and various arts and cultural programs. Actual revenues from the additional one percent that exceed budget are automatically allocated to these categories, and, therefore, any revenues collected in excess of budget, result in expenditures in excess of budget, thereby requiring a budget amendment.

The Resort Tax Fund operating revenues, including both one percent and two percent resort tax revenues, are in excess of budget by approximately \$8.3 million and, as a result certain expenditures which are based on a percent of revenues are projected to exceed budget. The preliminary year-end actual expenditures are approximately \$1.8 million above budget, resulting is a surplus of \$6.6 million.

I am, therefore, recommending that an additional \$2 million transfer be made to the General Fund consistent with the increased level funded for the FY 2011/12 budget. Further, revenues collected from the North Shore special assessment are deposited into the 2 percent Resort Tax Fund. Per a reconciliation performed by the Finance Department, the Resort Tax Fund has collected approximately \$3.6 million in special assessments from the North Shore district between 2003 and 2011 and \$4.4 million in special assessments from the Lincoln Road district between 2003 and 2011, of which \$616,315 should be transferred to the North Shore Community Area Improvements Project and \$550,671 should be transferred to the Lincoln Road Improvements Fund to address prior year deficits in those districts. I am therefore recommending that these additional transfers be made also.

#### **RESORT TAX FUND**

##### **Additional Revenue Appropriation**

2% Resort Tax	\$	3,132,916
1% Resort Tax		1,761,871
Other Revenues		54,484
<b>Total Revenue Increase</b>	<b>\$</b>	<b>4,949,271</b>

##### **Additional Expenditure Appropriation**

General Fund Contribution	\$	2,000,000
Other Operating/Other Uses		166,830
Transfer to Service and Special Improvement Districts Funds		1,166,986
Contributions to VCA and GMCVB		359,962
Marketing		(171,793)
Contingency		(400,730)
2% Debt Service		-
1% Debt Service		914,008
Transfer to Capital and the Arts (1%)		914,008
<b>Total Expenditure Increase</b>	<b>\$</b>	<b>4,949,271</b>

<b>Additional 2% Resort Tax Revenues (Surplus)</b>	<b>\$</b>	<b>3,399,824</b>
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The resulting recommended changes above result in a revised surplus of approximately \$3.4 million.

It is important to note that, as of September 30, 2010, the two percent Resort Tax Fund had only \$1.3 million in available funds, equivalent to approximately 4% of the operating budget, and far short of the desired 17 percent goal. Therefore, I am recommending that this \$3.4 million remain in the Resort Tax Fund, thereby increasing the reserve in the Resort Tax Fund to \$4.7 million, or 15 percent, assuming no balance sheet changes.

### **FY 2011/12 BUDGET AMENDMENT**

Also, accompanying this agenda item is a separate resolution amending the General Fund FY 2011/12 budget to appropriate the \$275,281 in encumbrances from FY 2010/11 that are being carried forward to FY 2011/12; to appropriate \$426,704 for the items described above so that these funds can be expended in FY 2011/12; and to appropriate the following balances for Special Revenue funds so that they can be expended in FY 2011/12.

- \$129,560 in Education Compact Funds appropriated in prior years to be used for teacher development programs and fees to the International Baccalaureate Organization.
- \$6,335 in Green/Sustainability Funds to educate and promote the City's sustainability efforts. These funds were contributed in 2009 by businesses who participated in the City's South Florida Green Lodging Workshop.
- \$64,000 in Waste Hauler Additional Services and Public Benefit Contributions Funds for sanitation related services including monthly "Wasteful Weekends" bulk drop off site expenses, twice yearly hazardous waste drop-off site expenses, and purchase of recycling containers.

The resolution also appropriates \$77,344, and \$307,069 in encumbrances for Enterprise and Internal Revenue Funds, respectively, for goods and services procured in FY 2010/11 that will not be received and expended until FY 2011/12.

### **CONCLUSION**

It should be noted that this actual is preliminary in nature due to the fact that the City's financial records will not be closed until after the external auditors complete their review. Historically, this occurs in April, with the City's Comprehensive Annual Financial Report (CAFR) For the Year Ended September 30, 2011, usually available in May and the External Auditor's Report available in July. However, this analysis has considered all year-end entries to date and, typically, any additional changes are minor in nature.

The resolution amending FY 2010/11 budgets will allow the second amendment to the departmental appropriations within the General Fund, and the first amendment to the Enterprise Funds, Internal Service Funds and Resort Tax Fund budgets to be enacted. This action is necessary to comply with Florida Statutes which stipulate that we may not expend more than our appropriations provide.

The resolution amending FY 2011/12 budgets will provide the authorization necessary for departments to expend \$275,281, \$77,344 and \$307,069 in General, Enterprise and Internal Service Funds encumbrances, respectively from FY 2010/11 for goods or services which were procured but not received and expended as of September 30, 2011. Further, it re-appropriates \$426,704 in FY 2011/12 for General Fund items appropriated but not expended or encumbered in FY 2010/11 and \$199,895 in Special Revenue Fund appropriations.

JMG/KOB

A handwritten signature in black ink, appearing to be 'JMG' or similar, written over the printed text 'JMG/KOB'.

## Cardillo, Lilia

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**From:** Parcher, Robert  
**Sent:** Friday, January 20, 2012 7:39 AM  
**To:** Cardillo, Lilia  
**Subject:** FW: FY 2010/11 Year-end Budget Resolution

Lilia, I would like a copy of this email placed with the resolution.

Thanks

Bob

### MIAMIBEACH

**Robert Parcher, City Clerk**  
CITY CLERK'S OFFICE  
1700 Convention Center Drive, Miami Beach, FL 33139  
Tel: 305-673-7411 / Fax: 305-673-7254 / [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

*We are committed to providing excellent public service and safety to all who live, work and play in our vibrant, tropical, historic community.*

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**From:** Brooks, Kathie  
**Sent:** Thursday, January 19, 2012 6:26 PM  
**To:** Parcher, Robert  
**Cc:** Aguila, Raul; Finch, Timothy  
**Subject:** FY 2010/11 Year-end Budget Resolution

Bob: I discussed the typos with Raul and he agrees that they were not relevant to the substance of the amendment so that we can go ahead and make the change. I am leaving a revised resolution for him to form approve.

Kathie

### MIAMIBEACH

**Kathie G. Brooks Director**  
Office of Budget and Performance Improvement  
1700 Convention Center Drive, Miami Beach, FL 33139  
Tel: 305-673-7010 / Fax: 305-673-7782/ [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

*We are committed to providing excellent public service and safety to all who live, work and play in our vibrant, tropical, historic community.*