



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: November 18, 2016

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE FIRST AMENDMENT TO THE GENERAL FUND, ENTERPRISE FUND, INTERNAL SERVICE FUND AND SPECIAL REVENUE FUND BUDGETS FOR FISCAL YEAR (FY) 2016/17**

ADMINISTRATION RECOMMENDATION

Adopt the resolution amending the FY 2016/17 General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets.

KEY INTENDED OUTCOME SUPPORTED

Ensure expenditure trends are sustainable over the long term.

GENERAL FUND ANALYSIS

The preliminary year-end analysis for FY 2015/16 shows that the General Fund has a preliminary operating budget surplus of \$4.5 million or 1.5 percent of the amended General Fund operating budget. The detailed year-end analysis will be distributed by LTC on the second week of December.

FY15/16 General Fund Budget				
	Adopted Budget as amended through November, 2016		Preliminary FY 2015/16 Year-End	
				Difference
Revenues	\$	306,411,000	\$	301,576,000 \$ (4,835,000)
Expenditures	\$	306,411,000	\$	297,018,000 \$ (9,393,000)
Surplus/(Deficit)			\$	4,558,000

The City's financial policies require that an 11 percent Emergency Reserve is funded in the General Fund and recommends that an additional 6 percent of optional Emergency Reserves are also funded. As of the end of FY 2015/16, the Emergency Reserve totaled 15.8 percent.

General Fund					
	Position at 9-30-15	Requirement at 9-30-16	Difference		Percent
11% Required Reserve	\$ 30,917,577	\$ 33,147,827	\$ (2,230,250)		10.3%
6% Optional Reserve	\$ 16,554,324	\$ 18,021,240	\$ (1,466,916)		5.5%

Allocating \$2,230,250 of the year-end surplus will keep the 11 percent Emergency Reserves fully funded to match the proportional growth in the General Fund budget during FY 2015/16. This item will be reflected in the City's Financial Statements and no appropriation is necessary in this budget amendment.

The City's financial policies 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 Administration recommends that the Capital Reserve transfer requirement be waived and instead allocate funds to the 6 percent optional reserve.

Of the \$4.5 million surplus, it is proposed to roll-over \$851,000 into FY 2016/17 to cover purchase orders that were encumbered, but not spent during FY 2015/16 due to timing issues between fiscal years.

Similarly, it is proposed to roll-over \$241,000 for projects that were budgeted, but not completed during FY 2015/16, to carry forward the appropriation for these projects into FY 2016/17.

The remainder of the year-end funds, \$1,235,750, are proposed to be added to the 6 percent of optional Emergency Reserves.

General Fund - Reserve Proposal					
	Position at 9-30-15		Funding Proposal		Total
					Funded Percent
11% Required Reserve	\$	30,917,577	\$	2,230,250	\$ 33,147,827
6% Optional Reserve	\$	16,554,324	\$	1,235,750	\$ 17,790,074

The following tables summarize the proposed changes in appropriations to the General Fund:

Projected Surplus	\$ 4,558,000
(excluding non-cash impact of losses on investments)	
Changes in Expenditure Appropriations	
Reserve - Encumbrances	851,000
Reserve - Set Aside for FY 2015/16 Projects in FY 2016/17	241,000
Reserve - Contribution for 11% Required Emergency Reserves	2,230,250
Reserve - Contribution for 6% Optional Emergency Reserves	1,235,750
Revised Net Surplus	\$ -

GENERAL FUND	FY 2016/17 Adopted Budget	Carryforward Encumbrances from FY 2015/16	Carryforward Appropriations from FY 2015/16	Other	FY 2016/17 Amended Budget
REVENUES					
Operating Revenues					
Ad Valorem Taxes	\$ 159,950,000				\$ 159,950,000
Ad Valorem Taxes- S Pte Costs	\$ -				\$ -
Ad Valorem Cap. Renewal & Replacement	\$ 662,000				\$ 662,000
Ad Valorem Taxes- Normandy Shores	\$ 169,000				\$ 169,000
Other Taxes	\$ 23,732,000				\$ 23,732,000
Licenses and Permits	\$ 30,348,000				\$ 30,348,000
Intergovernmental	\$ 11,439,000				\$ 11,439,000
Charges for Services	\$ 12,174,000				\$ 12,174,000
Fines & Forfeits	\$ 1,799,000				\$ 1,799,000
Rents and Leases	\$ 6,426,000				\$ 6,426,000
Miscellaneous	\$ 12,575,000				\$ 12,575,000
Resort Tax Contribution	\$ 37,609,000				\$ 37,609,000
Other	\$ 20,369,000				\$ 20,369,000
Fund Balance/ Retained Earnings	\$ -	851,000	241,000		\$ 1,092,000
Total General Fund	\$ 317,252,000	\$ 851,000	\$ 241,000	\$ -	\$ 318,344,000
	FY 2016/17 Adopted Budget	Carryforward Encumbrances from FY 2015/16	Carryforward Appropriations from FY 2015/16	Other	FY 2016/17 Amended Budget
APPROPRIATIONS					
Department					
Mayor and Commission	\$ 2,093,000				\$ 2,093,000
City Manager	\$ 3,625,000	5,000			\$ 3,630,000
Communications	\$ 1,995,000				\$ 1,995,000
Budget & Performance Improvement	\$ 2,499,000		159,000		\$ 2,658,000
Org Dev & Performance Initiative	\$ 629,000				\$ 629,000
Finance	\$ 5,746,000	45,000			\$ 5,791,000
Procurement	\$ 2,258,000	30,000			\$ 2,288,000
Human Resources/Labor Relations	\$ 2,780,000				\$ 2,780,000
City Clerk	\$ 1,560,000	2,000			\$ 1,562,000
City Attorney	\$ 5,370,000				\$ 5,370,000
Housing & Comm. Development	\$ 2,798,000				\$ 2,798,000
Building	\$ 15,146,000	17,000			\$ 15,163,000
Environment & Sustainability	\$ 1,064,000		59,000		\$ 1,123,000
Code Compliance	\$ 5,845,000	102,000			\$ 5,947,000
Planning	\$ 4,156,000	24,000			\$ 4,180,000
Tourism, Culture, and Econ. Development	\$ 3,680,000				\$ 3,680,000
Parks & Recreation	\$ 31,934,000				\$ 31,934,000
Public Works	\$ 14,698,000				\$ 14,698,000
Capital Improvement Projects	\$ 5,051,000				\$ 5,051,000
Police	\$ 104,470,000	259,000			\$ 104,729,000
Fire	\$ 71,938,000				\$ 71,938,000
Emergency Management	\$ 9,509,000				\$ 9,509,000
Citywide Accounts-Other	\$ 13,376,000	367,000	23,000		\$ 13,766,000
Citywide Accounts-Operating Contingency	\$ 1,318,000				\$ 1,318,000
Citywide Accounts-Normandy Shores	\$ 257,000				\$ 257,000
Subtotal General Fund	\$ 313,795,000	\$ 851,000	\$ 241,000	\$ -	\$ 314,887,000
TRANSFERS					
Capital Renewal & Replacement	\$ 662,000				\$ 662,000
Capital Investement Upkeep Account	\$ -				\$ -
Info & Comm Technology Fund	\$ 395,000				\$ 395,000
Pay-As-You-Go Capital Fund	\$ 2,400,000				\$ 2,400,000
Capital Reserve Fund	\$ -				\$ -
Building Reserve	\$ -				\$ -
Subtotal Transfers	\$ 3,457,000	\$ -	\$ -	\$ -	\$ 3,457,000
Total General Fund	\$ 317,252,000	\$ 851,000	\$ 241,000	\$ -	\$ 318,344,000

ENTERPRISE, INTERNAL SERVICE, AND SPECIAL REVENUE FUNDS FY 2016/17 BUDGET AMENDMENT

There are \$1,806,000 of encumbrances in the Enterprise Funds, \$257,000 in Internal Service Fund encumbrances, and \$766,000 in Special Revenue Fund encumbrances, for goods or services which were procured in FY 2015/16, but not yet received and expended, which are recommended to be carried over to the respective FY 2016/17 operating budgets.

Similarly, it is proposed to carry forward appropriation of \$116,000 in the Enterprise Funds, and \$3,092,000 in the Special Revenue Funds into FY 2016/17 for projects that were budgeted, but not completed during FY 2015/16. Prior year appropriations fully fund the encumbrances and projects.

ENTERPRISE FUNDS	FY 2016/17 Adopted Budget	Carryforward Encumbrances from FY 2015/16	Carryforward Appropriations from FY 2015/16	Other	FY 2016/17 Amended Budget
REVENUE/APPROPRIATIONS					
Convention Center	\$ 11,038,000				\$ 11,038,000
Parking	\$ 60,815,000	437,000	116,000		\$ 61,368,000
Sanitation	\$ 20,624,000	262,000			\$ 20,886,000
Sewer Operations	\$ 54,156,000	516,000			\$ 54,672,000
Stormwater Operations	\$ 28,334,000	198,000			\$ 28,532,000
Water Operations	\$ 34,402,000	393,000			\$ 34,795,000
Total Enterprise Funds	\$ 209,369,000	\$ 1,806,000	\$ 116,000	\$ -	\$ 211,291,000

INTERNAL SERVICE FUNDS	FY 2016/17 Adopted Budget	Carryforward Encumbrances from FY 2015/16	Carryforward Appropriations from FY 2015/16	Other	FY 2016/17 Amended Budget
REVENUE/APPROPRIATIONS					
Central Services	\$ 1,015,000				\$ 1,015,000
Fleet Management	\$ 9,547,000	50,000			\$ 9,597,000
Information Technology	\$ 16,828,000	202,000			\$ 17,030,000
Property Management	\$ 8,409,000				\$ 8,409,000
Risk Management	\$ 17,580,000	5,000			\$ 17,585,000
Medical and Dental Insurance	\$ 30,532,000				\$ 30,532,000
Total Internal Service Funds	\$ 83,911,000	\$ 257,000	\$ -	\$ -	\$ 84,168,000

SPECIAL REVENUE FUNDS	FY 2016/17 Adopted Budget	Carryforward Encumbrances from FY 2015/16	Carryforward Appropriations from FY 2015/16	Other	FY 2016/17 Amended Budget
REVENUE/APPROPRIATIONS					
Resort Tax	\$ 86,722,000	221,000	1,510,000		\$ 88,453,000
Transportation	\$ 10,187,000	461,000	797,000		\$ 11,445,000
People's Transportation Plan Fund	\$ 3,766,000	42,000			\$ 3,808,000
7th Street Garage	\$ 2,320,000				\$ 2,320,000
5th & Alton Garage	\$ 771,000				\$ 771,000
Art In Public Places	\$ 473,000				\$ 473,000
Tourism and Hospitality Scholarship Prgm	\$ 184,000				\$ 184,000
Information and Communitation Tech Fund	\$ 534,000	34,000	235,000		\$ 803,000
Education Compact	\$ 235,000				\$ 235,000
Sustainability Fund	\$ 350,000		30,000		\$ 380,000
Residential Housing	\$ 771,000				\$ 771,000
Red Light Camera Fund	\$ 1,516,000				\$ 1,516,000
E-911 Fund	\$ 351,000				\$ 351,000
Cultural Arts Council	\$ 1,679,000		350,000		\$ 2,029,000
Normandy Shores	\$ 257,000				\$ 257,000
Tree Preservation	\$ 90,000				\$ 90,000
Police Confiscation	\$ 336,000	8,000	170,000		\$ 514,000
Police Special Revenue	\$ 105,000				\$ 105,000
Police Training	\$ 30,000				\$ 30,000
Waste Haulers Add Serv & Public Benefit	\$ 70,000				\$ 70,000
Total Special Revenue Funds	\$ 110,747,000	\$ 766,000	\$ 3,092,000	\$ -	\$ 114,605,000

CONCLUSION

The resolution amending FY 2016/17 budgets will allow the first amendment to the departmental appropriations within the General Fund, Enterprise Funds, Internal Service Funds and Special Revenue Fund budgets to be enacted. This action is necessary to allow for the funding of encumbrances for good and services procured, but not yet received and expended at the end of FY 2015/16, as well as projects that were budgeted in FY 2015/16, but had not been expended or encumbered. The amendment also adds \$3,466,000 to the General Fund reserves.

JLM/CGR

A handwritten signature in blue ink, appearing to be 'JLM/CGR', located below the typed name.