

MIAMI BEACH

OFFICE OF THE CITY MANAGER

LTC# **100-2019**

LETTER TO COMMISSION

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: February 22, 2019

SUBJECT: FY 2018/19 First Quarter Analysis



The purpose of this Letter to Commission (LTC) is to provide the Mayor and members of the City Commission with the status of the FY 2018/19 operating budget to actual revenues and expenses incurred for the first quarter ending December 31, 2018, with projections through fiscal year-end September 30, 2019. The City's Charter requires that "the City Manager shall make public a quarterly report showing the actual expenditures during the quarter just ended against one quarter of the proposed annual expenditures set forth in the budget."

The first quarter of any fiscal year does not necessarily provide the clearest indication of the experience for the remainder of the fiscal year, but does, however, provide a first glance in identifying any potential issues forthcoming. Certain assumptions for both revenues and expenditures have been made that will be further refined and adjusted for in later projections as additional data and information becomes available. These assumptions, along with our continued efforts at managing the City's resources and ongoing adjustments to line item revenues and expenditures throughout the year, will impact projections going forward.

The operating budgets for the General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds for Fiscal Year (FY) 2018/19 were approved on September 26, 2018 with the adoption of Resolution 2018-30512.

The First Amendment to the FY 2018/19 operating budget adopted by the City Commission on November 14, 2018, as amended, through Resolution No. 2018-30608, recognized a preliminary FY 2017/18 year-end surplus of approximately \$12.8 million in the General Fund. It is important to note that of this preliminary surplus, \$3.6 million was attributed to a one-time loan repayment from the Water and Sewer Fund to the General Fund for funds originally borrowed to cover reserve requirements as set forth in Resolution 2006-26175. An additional \$1.9 million was attributed to a one-time reclassification of revenues from the City's General Obligation (G.O.) Debt Service Fund which resulted from an analysis that was conducted of the City's ad-valorem tax allocation based on previously levied millage rates for debt service.

Based on the preliminary surplus of \$12.8 million in the General Fund, the Administration recommended that it be allocated for the following: \$1.4 million to be carried forward into FY 2018/19 to fund goods and/or services that were procured, but not received in FY 2017/18 due to timing issues between fiscal years; \$2.8 million to be carried forward into FY 2018/19 for projects that were originally budgeted in FY 2017/18, but not completed due to timing issues between fiscal years; \$1.1 million to be set-aside to fund "one-time" expenditures adopted in the FY 2018/19 General Fund budget, as allowable in accordance with Resolution No. 2006-26341;

\$5.1 million to be set-aside to achieve the City's goal of maintaining an additional 6 percent (%) contingency reserve in the General Fund; \$935,000 to be carried forward into FY 2018/19 for additional one-time expenditures; \$729,000 to be set-aside as General Fund contingency in the FY 2018/19 operating budget for funding of temporary storm water pumps; and \$729,000 to be carried forward and transferred to the Pay-As-You-Go Capital Fund to provide for additional funding capacity of unforeseen and/or unanticipated capital projects during FY 2018/19.

FY 2017/18	
Estimated General Fund Year-End Surplus:	\$ 12,757,000
Carryforward of FY18 to FY19 Encumbrances	\$ (1,383,000)
Carryforward of FY18 to FY19 Appropriations	\$ (2,786,000)
Use of Fund Balance for One-Time Items Budgeted in FY19	\$ (1,073,000)
Transfer to Reserve to Fund Additional 6% Contingency Goal	\$ (5,122,000)
Additional One-Time Use of FY18 Year End Surplus	\$ (935,000)
Set-Aside for Temporary Storm Water Pumps	\$ (729,000)
Transfer to Pay-As-You-Go Capital Fund	\$ (729,000)
Total	\$ 0

The first quarter projections include the projected \$212,000 impact of the labor agreement reached between the City and the Communications Workers of America (CWA) for the period of October 1, 2016 to September 30, 2018, which was ratified by the CWA on November 9, 2018 and subsequently adopted by the City Commission through Resolution 2018-30614, providing for a cost of living adjustment of 1% to be made commencing the first full pay period after October 1, 2018. As part of this agreement, the parties also agreed to provide additional cost of living adjustments in the amount of 2% and 1% to be made on the first full pay periods after October 1, 2019 and October 1, 2020, respectively.

Secondly, these projections also include the savings realized from the hiring freeze that was declared by the Administration effective June 1, 2018, in an effort to identify significant one-time savings to offset diminishing increases in taxable property values.

GENERAL FUND

General Fund First Quarter Status

An analysis of the actual three-month operating revenues and expenses for the period October 1, 2018 through December 31, 2018 reveals an operating budget surplus of \$101.6 million. While the actual surplus as of December 31, 2018 may seem unusual as compared to the projection for the current fiscal year ending September 30, 2019, it should be noted that the City receives a larger percentage of its ad valorem property taxes during the first quarter of the fiscal year as compared to subsequent quarters during the same fiscal year. Ad valorem property tax revenues represent approximately 52.8% of total budgeted revenues adopted in FY 2018/19 and 75.5% of actual revenues received during the first quarter of the fiscal year.

As of December 31, 2018, total revenues collected were approximately 50.2% of the current amended budget, or \$177.0 million. Conversely, expenditures were approximately 21.4% of the current amended budget, or \$75.5 million. It is, however, important to note that there are often delays in expenditures during the first quarter of the fiscal year.

FY 2018/19 Budget					
General Fund	Adopted Budget	Amended Budget	1/4 of Amended Budget	Actuals as of 12/31/18	Variance from 1/4 Amended Budget Over / (Under)
Revenues	\$ 345,645,000	\$ 352,582,000	\$ 88,145,500	\$ 177,046,663	\$ 88,901,163
Expenditures	\$ 345,645,000	\$ 352,582,000	\$ 88,145,500	\$ 75,457,883	\$ (12,687,617)
Excess of Revenues Over/(Under) Expenditures				\$ 101,588,780	

General Fund Year-End Projections

Year-end operating revenues and expenditures projected through September 30, 2019 provide a more realistic indication of any estimated year-end surpluses or shortfalls as of this point in time. Further, while actual revenues and expenses presented are as of December 31, 2018, these projections have incorporated more recent information, if available.

A summary of the preliminary General Fund revenues and expenditures projected through September 30, 2019 reflects a year-end surplus of \$1.6 million. It should be noted that this analysis is a preliminary projection based on experience during the first quarter of the fiscal year, which is not a definitive indication of the experience over the remainder of the current fiscal year. It does, however, provide a first glance in identifying any potential concerns later in the fiscal year.

FY 2018/19 Budget					
General Fund	Adopted Budget	Amended Budget	Projected	Difference	% Over / (Under)
Revenues	\$ 345,645,000	\$ 352,582,000	\$ 352,048,000	\$ (534,000)	-0.2%
Expenditures	\$ 345,645,000	\$ 352,582,000	\$ 350,425,000	\$ (2,157,000)	-0.6%
Excess of Revenues Over/(Under) Expenditures			\$ 1,623,000		

General Fund Operating Revenues

Property tax collections for FY 2018/19 are being projected at approximately 95.0% of total property taxes assessed, which is consistent with the original adopted budget allowing for discounts, as well as a level of adjustment for appeals consistent with historical levels. The realized impact of these appeals and adjustments for the FY 2018/19 budget will be provided by the Miami-Dade County Property Appraiser in July 2019 when the City's certified property values are received.

As of December 31, 2018, actual revenues were approximately 50.2% of the current amended budget, or \$177.0 million. As of December 31, 2018, revenues through fiscal year-end September 30, 2019 are projected to be \$352.0 million, which is approximately 0.2%, or \$534,000, below the current FY 2018/19 amended budget. As in prior years, significant variances to budget in excess of 10%, or \$300,000, by revenue category are explained below:

Other Taxes – This category includes franchise and utility taxes on electricity, gas, fuel, cable-television and telephones. Collections are projected to be 4.0%, or \$1.0 million, below the current amended budget due to usage rates, particularly those for electricity, which are trending lower than budget.

Licenses and Permits – This category includes business tax receipts, licenses/building/special use permits, and sidewalk café fee revenues and is projected to be above the current amended budget by 1.6%, or \$498,000, primarily due to revenues collected from business tax receipts, right-of way permits, and fire inspections, as well as planning

and fire plans review activities trending higher than budget by approximately \$1.4 million. These projected revenues are, however, projected to be partially offset by a decrease in building permit revenues of \$852,000 due to a reduction in the number of building permits issued, the recently implemented private provider discounts, and diminishing job size valuations that directly impact permit revenues.

For a detail of General Fund revenues by category, refer to the attached Schedule A.

General Fund Operating Expenditures

As of December 31, 2018, actual expenses were approximately 21.4% of the current FY 2018/19 amended budget, or \$75.5 million. As of December 31, 2018, expenditures through fiscal year-end September 30, 2019 are projected to be \$350.4 million, which is approximately 0.6%, or \$2.2 million, below the current FY 2018/19 amended budget. These projections are based on an analysis of the first quarter, as well as any additional information available.

A comparison of actual expenses and projected expenditures to budget by department, as of December 31, 2018, is provided in the attached Schedule A. As in prior years, departments projected to exceed budget, or with significant variances to budget in excess of 10%, or \$300,000, are explained below:

Building – The department is projected to be 5.9%, or \$904,000, below the current amended budget due to a slowdown in the number of building permits being issued. As a result of this, net savings of \$443,000 are projected in operating expenditures driven primarily by a decline in the need for outside inspection and engineering services of \$464,000 offset slightly by an increase in miscellaneous operating expenditures of \$21,000. The department is also projected to have savings of \$461,000 in personnel services costs due to numerous vacancies, as well as a reorganization of positions to better align the current staffing needs of the department with current operations.

Building				
	Amended Budget	Projected	Variance Projected vs Amended Budget	% Over / (Under)
Expenditures	\$ 15,250,000	\$ 14,346,000	\$ (904,000)	-5.9%

Communications – The department is projected to be 2.4%, or \$62,000, above the current amended budget, primarily due to staffing changes within the department as part of the department’s ongoing effort to meet the City’s demands for enhanced and diversified marketing, advertising, and media promotions. We will continue to monitor these expenses and amend the department’s budget at year-end, if necessary.

Communications				
	Amended Budget	Projected	Variance Projected vs Amended Budget	% Over / (Under)
Expenditures	\$ 2,589,000	\$ 2,651,000	\$ 62,000	2.4%

Police – In addition, while the Police Department’s projections through September 30, 2019 do not meet the previously mentioned criteria requiring an explanation, it is important to note

that the department’s projected savings of 0.05%, or \$53,000, as of year-end includes \$256,000 of un-reimbursable overtime incurred related to the FDOT MacArthur Causeway project, as well as \$242,000 of reimbursable overtime related to Hurricane Michael deployments. Without these unbudgeted overtime costs, the projected department savings as of year-end would have been 0.5%, or \$551,000, below the current FY 2018/19 amended budget.

ENTERPRISE FUNDS

The City accounts for those goods and services provided by a particular department to external users for which a fee is charged as Enterprise Funds. The City’s Sanitation, Water, Storm Water, Sewer, Parking, and Convention Center operations comprise this category of proprietary funds.

An analysis of the actual three-month operating expenses for the period October 1, 2018 through December 31, 2018, reveals that all Enterprise Funds have expenses less than one-quarter of their current FY 2018/19 amended budgets. As previously mentioned, this is not representative of typical trends for a full fiscal year, as there is often a lag in expenditures, particularly those billed by outside entities.

ENTERPRISE FUNDS						
	Sanitation	Sewer	Storm Water	Water	Parking	Convention Center
FY 2018/19 Adopted Budget	22,392,000	50,679,000	29,390,000	34,555,000	53,609,000	19,374,000
Budget Amendment - 11/14/18	155,000	1,643,000	384,000	1,635,000	456,000	321,000
FY 2018/19 Amended Budget	22,547,000	52,322,000	29,774,000	36,190,000	54,065,000	19,695,000
1/4 Adopted Budget	5,598,000	12,669,750	7,347,500	8,638,750	13,402,250	4,843,500
1/4 Amended Budget	5,636,750	13,080,500	7,443,500	9,047,500	13,516,250	4,923,750
Revenues as of 12/31/18	4,606,708	11,763,589	6,873,783	8,032,269	11,697,899	1,764,403
Expenditures as of 12/31/18	4,464,936	11,101,880	3,543,686	7,398,424	7,979,082	1,599,697
Expenditures Above/(Below) 1/4 Amended Budget	-1,171,814	-1,978,620	-3,899,814	-1,649,076	-5,537,168	-3,324,053
% Variance	-5.2%	-3.8%	-13.1%	-4.6%	-10.2%	-18.9%

Year-end operating revenue and expenditure projections through September 30, 2019 provide a more realistic indication of any anticipated year-end surpluses or shortfalls as of this point in time. In addition, while the actual revenues and expenses presented above are as of December 31, 2018, the year-end projections incorporate more recent information available.

As reflected below, revenues for all Enterprise Funds are projected to be equivalent to or in excess of expenditures as of year-end. It is, however, important to note that as part of the FY 2018/19 Sanitation operating budget, the City’s policy of “not utilizing one-time, non-recurring revenue to subsidize recurring personnel, operating, and maintenance costs” was waived for FY 2018/19, as adopted by Resolution 2018-30512, appropriating \$2.9 million of prior year fund balance in the Sanitation Fund to fund recurring expenditures in FY 2018/19. The projections below include the use of approximately \$2.3 million of prior year fund balance from the Sanitation Fund to fund recurring costs projected in FY 2018/19.

ENTERPRISE FUNDS						
	Sanitation	Sewer	Stormwater	Water	Parking	Convention Center
FY 2018/19 Adopted Budget	22,392,000	50,679,000	29,390,000	34,555,000	53,609,000	19,374,000
Budget Amendment - 11/14/18	155,000	1,643,000	384,000	1,635,000	456,000	321,000
FY 2018/19 Amended Budget	22,547,000	52,322,000	29,774,000	36,190,000	54,065,000	19,695,000
FY 2018/19 Projections						
Charges for Services	14,589,000	51,021,000	30,512,000	35,348,000	48,377,000	7,254,000
Other	7,619,000	1,301,000	0	715,000	3,999,000	11,246,000
FY 2018/19 Revenue Projections	22,208,000	52,322,000	30,512,000	36,063,000	52,376,000	18,500,000
\$ Over/(Under) Amended Budget	-339,000	0	738,000	-127,000	-1,689,000	-1,195,000
% Over/(Under) Amended Budget	-1.5%	0.0%	2.5%	-0.4%	-3.1%	-6.1%
FY 2018/19 Expenditure Projections						
	22,208,000	52,322,000	29,774,000	36,063,000	52,376,000	18,500,000
\$ Over/(Under) Amended Budget	-339,000	0	0	-127,000	-1,689,000	-1,195,000
% Over/(Under) Amended Budget	-1.5%	0.0%	0.0%	-0.4%	-3.1%	-6.1%
Excess of Revenues Over/(Under) Expenditures	0	0	738,000	0	0	0

Departments projected to exceed budget, or with significant variances to budget in excess of \$300,000, or 10 percent, are explained below:

Sanitation – Expenditures are projected to be 1.5%, or \$339,000, below the current amended budget, primarily due to projected savings in personnel costs of \$592,000 resulting from several vacant positions that the department has been unable to fill or is in the process of filling, including the Sanitation Director position. These projected personnel costs savings are, however, anticipated to be partially offset by additional operating expenditures of \$253,000 for usage of outside temporary labor necessary to supplement permanent department staffing resulting from the current vacancies in the department.

Parking – Expenditures are projected to be 3.1%, or \$1.7 million, below the current amended budget, primarily due to a decrease in the amount available to be set-aside for capital renewal and replacement of existing Parking Department assets in the amount of approximately \$1.4 million. This decrease is directly related to the diminished demand and usage of on-street and off-street parking adversely impacted by private on-demand ride booking services. Additional savings of \$306,000 are also projected for the Parking Department’s transportation subsidy based on a projected increase in contributions from the 1% Quality of Life Resort Tax subsidy that also funds transportation operations.

Convention Center – Expenditures are projected to be 6.1%, or \$1.2 million, below the current amended budget, primarily due to the loss of 18 different shows and events, including the Home Show, South Florida Boat Show, and Condo and HOA Expo, as reported by Spectra, the company currently contracted by the City for management of the Miami Beach Convention Center. The projected reduction in expenditures resulting from the loss of these shows, combined with the \$4.8 million Convention Development Tax (CDT) bonus projected to be received from Miami-Dade County for FY 2018/19, are projected to provide an additional \$664,000 to be set-aside for future renewal and replacement of existing Convention Center capital assets.

INTERNAL SERVICE FUNDS

The City accounts for goods and services provided by one department to other departments citywide on a cost reimbursement basis as Internal Service Funds. Central Services, Fleet Management, Information Technology, Property Management, Risk Management (Self Insurance), and Medical and Dental comprise this category of proprietary funds.

An analysis of the actual three-month operating revenues and expenses for the period October

1, 2018 through December 31, 2018, reveals that all Internal Service Funds, except Central Services, have expenses less than one-quarter of their current FY 2018/19 amended budgets. This is primarily due to expenditures typically incurred later in the fiscal year. In contrast, Central Services has expenses greater than one-quarter of its current FY 2018/19 amended budget due to the annual payments for metered postage services that are made at the beginning of each fiscal year.

INTERNAL SERVICE FUNDS						
	Central Services	Fleet Management	Information Technology	Property Management	Risk Management	Medical & Dental Insurance
FY 2018/19 Adopted Budget	1,101,000	11,492,000	16,614,000	9,733,000	19,460,000	37,938,000
Budget Amendment - 11/14/18	12,000	40,000	110,000	316,000	1,166,000	0
FY 2018/19 Amended Budget	1,113,000	11,532,000	16,724,000	10,049,000	20,626,000	37,938,000
1/4 Adopted Budget	275,250	2,873,000	4,153,500	2,433,250	4,865,000	9,484,500
1/4 Amended Budget	278,250	2,883,000	4,181,000	2,512,250	5,156,500	9,484,500
Revenues as of 12/31/18	263,261	2,741,942	3,959,140	2,407,000	4,719,713	8,807,002
Expenditures as of 12/31/18	313,132	2,284,905	3,225,932	1,458,015	2,352,425	6,670,676
Expenditures Above/(Below) 1/4 Amended Budget	34,882	(598,095)	(955,068)	(1,054,235)	(2,804,075)	(2,813,824)
% Variance	3.1%	-5.2%	-5.7%	-10.5%	-13.6%	-7.4%

Year-end operating revenue and expenditure projections through September 30, 2019 provide a more realistic indication of any anticipated year-end surpluses or shortfalls as of this point in time. Furthermore, while the actual revenues and expenses presented above are as of December 31, 2018, the year-end projections incorporate additional information available.

As reflected below, revenues for all Internal Service Funds are projected to be equivalent to or in excess of expenditures as of year-end.

INTERNAL SERVICE FUNDS						
	Central Services	Fleet Management	Information Technology	Property Management	Risk Management	Medical & Dental Insurance
FY 2018/19 Adopted Budget	1,101,000	11,492,000	16,614,000	9,733,000	19,460,000	37,938,000
Budget Amendment - 11/14/18	12,000	40,000	110,000	316,000	1,166,000	0
FY 2018/19 Amended Budget	1,113,000	11,532,000	16,724,000	10,049,000	20,626,000	37,938,000
FY 2018/19 Projections						
Charges for Services	1,059,000	11,108,000	15,862,000	9,693,000	18,540,000	0
Other	43,000	404,000	828,000	164,000	2,086,000	35,375,000
FY 2018/19 Revenue Projections	1,102,000	11,512,000	16,690,000	9,857,000	20,626,000	35,375,000
\$ Over/(Under) Amended Budget	(11,000)	(20,000)	(34,000)	(192,000)	0	(2,563,000)
% Over/(Under) Amended Budget	-1.0%	-0.2%	-0.2%	-1.9%	0.0%	-6.8%
FY 2018/19 Expenditure Projections	1,102,000	11,512,000	16,690,000	9,857,000	20,626,000	35,375,000
\$ Over/(Under) Amended Budget	(11,000)	(20,000)	(34,000)	(192,000)	0	(2,563,000)
% Over/(Under) Amended Budget	-1.0%	-0.2%	-0.2%	-1.9%	0.0%	-6.8%
Excess of Revenues Over/(Under) Expenditures	0	0	0	0	0	0

Departments projected to exceed budget, or with significant variances to budget in excess of \$300,000, or 10 percent, are explained below:

Medical and Dental – Expenditures are projected to be 6.8%, or \$2.6 million, below the current amended budget due to medical claims trending lower than budgeted in FY 2018/19 based on current claims experience and adjusted actuarial forecasts as of the end of the first quarter of FY 2018/19. It is important to note that despite the better-than-anticipated claims experience realized during the first quarter, claims can fluctuate significantly throughout the year; therefore, we will continue to monitor trends over the coming months.

SPECIAL REVENUE FUNDS

Special Revenue Funds consist of revenues and expenditures which are legally restricted or

committed for specific purposes other than debt service and/or capital projects. Special Revenue Funds include Resort Tax, as well as 7th Street Garage Operations, 5th & Alton Garage Operations, Tourism and Hospitality Scholarship Program, Tree Preservation and Commemorative Tree Trust Fund, Waste Hauler and Sustainability Contributions, Education Compact Fund, Red Light Camera Program, Emergency 911 Fund, Residential Housing Program, Information and Communications Technology Fund, People’s Transportation Plan (PTP) Fund, Miami Beach Cultural Arts Council, Police Unclaimed Property and Crash Report Sales Funds, Police Confiscation Trust Funds (Federal and State), Police Training and School Resources Fund, and the Adopt-a-Bench Program.

An analysis of the actual three-month operating revenues and expenses for the period October 1, 2018 through December 31, 2018, reveals that all Special Revenue Funds, except the 5th & Alton Garage, Police Unclaimed Property, Waste Hauler, and Police Training Fund have expenses less than one-quarter of their current FY 2018/19 amended budgets due primarily to expenditures that are typically incurred in the latter part of the fiscal year. The Police Unclaimed, Police Training, and 5th & Alton Garage Funds have expenses that are more than one-quarter of their current FY 2018/19 amended budgets due to one-time expenses such as equipment, training, insurance, etc. being incurred during the first quarter of the fiscal year. The actuals incurred for these funds through December 31, 2018 are not representative of typical trends for a full fiscal year.

While all Special Revenue Funds are projected to be at or below their current FY 2018/19 amended budgets as of year-end, departments projected to exceed budget, or with significant variances to budget in excess of 10%, or \$300,000, are further explained below:

Red-Light Camera – This fund is projected to be 40.4%, or \$532,000, below the current amended budget due to delays in the installation of an additional five red light cameras originally anticipated to be installed and fully operational by January 2019, as well as revenues generated from the existing red-light cameras trending lower than budgeted, which includes one existing camera that is offline. Overall, expenditures are projected to exceed revenues by \$103,000. This shortfall will be offset by the use of the Red-Light Camera’s fund balance.

Red Light Camera				
	Amended Budget	Projected	Variance Projected vs Amended Budget	% Over / (Under)
Expenditures	\$ 1,316,000	\$ 784,000	\$ (532,000)	-40.4%

RESORT TAX FUND

The City’s Resort Tax Fund is primarily supported by 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 tourism 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.

Typically, 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/Enforcement provided to respond to evening entertainment area violations and staffing of special events
- Other Code Compliance/Enforcement activities in tourism and visitor related facilities/areas
- Tourism and Cultural Development 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 4th, Visitor Center funding, Holiday Lights, Festival of the Arts, Jewish Museum, MDPL, Orange Bowl, Monuments, etc.

These allowable uses have led to increased tourism-related activities, such as special events including Art Basel, Air and Sea Show, and various concerts.

Two percent Resort Tax collections are projected to be 0.8%, or \$449,000, above the current FY 2018/19 amended budget as of year-end, which was originally adopted assuming a conservative 1.0% increase over FY 2017/18 collections.

Total two percent Resort Tax expenditures are projected to be 0.04%, or \$22,000, above the current FY 2018/19 amended budget as of year-end resulting from an increase in the projected contribution to the Miami Beach Visitor and Convention Authority (VCA), which is based on a percentage of total two percent collections.

The proceeds of the one percent bed tax commencing FY 2018/19, as adopted by the City Commission through Resolution 2018-30512, are to be utilized as follows: 60% allocated for Transportation initiatives in tourist-related areas; 10% allocated equally among North Beach, Middle Beach and South Beach for capital projects that enhance Miami Beach’s tourist related areas; and 10% allocated to various arts and cultural programs.

One percent Resort Tax operating revenues are projected to be 0.6%, or \$82,000, above the amended budget as of year-end. Concurrently, since transfers for Transportation initiatives in tourism-related areas, North, Middle, and South Beach quality of life projects, and various arts and cultural programs are directly based on the proceeds of the one percent tax, one percent Resort Tax expenditures are equally projected to be 0.6%, or \$82,000, above the current amended budget as of year-end.

Lastly, the proceeds of the additional one percent bed tax levied solely for the purposes of expanding, enlarging, renovating, and/or improving the Miami Beach Convention Center, including debt service related thereto, as well as providing Capital Renewal and Replacement funding for the Miami Beach Convention Center, is projected to be 0.6%, or \$82,000, above the

current amended budget as of year-end. Since the proceeds of the additional one percent bed tax must first provide for the payment of debt service and any excess, based on proceeds, be set-aside for Capital Renewal and Replacement funding for the Miami Beach Convention Center, additional one percent bed tax expenditures are also projected to be 0.6%, or \$82,000, above the current amended budget as of year-end.

Overall, combined Resort Tax revenues are projected to be 0.2%, or \$186,000, above the current amended budget as of year-end, while expenditures are simultaneously projected to be 0.2%, or \$186,000, above the current amended budget as of year-end as well. These projections will be further refined as additional information and data becomes available.

RESORT TAX FUND							
	FY 2018/19 Adopted Budget	Amended FY 2018/19 Budget	Actuals as of 12/31/18	% Actual of Amended Budget	FY 2018/19 Year End Projections	Over/(Under) Amended Budget	% Over/(Under) Amended Budget
Revenues							
2% Resort Tax	59,628,000	59,628,000	8,060,079	13.5%	60,077,000	449,000	0.8%
Miscellaneous Revenues	343,000	343,000	16,767	4.9%	352,000	9,000	2.6%
Transfer In from Fund Balance	651,000	1,101,000	0	0.0%	665,000	(436,000)	-39.6%
1% Resort Tax (QOL)	14,421,000	14,421,000	1,839,491	12.8%	14,503,000	82,000	0.6%
Additional 1% for Convention Center	14,421,000	14,421,000	1,839,491	12.8%	14,503,000	82,000	0.6%
Total Revenues	89,464,000	89,914,000	11,755,829	13.1%	90,100,000	186,000	0.2%
Expenditures							
General Fund Contribution	35,836,000	35,836,000	8,959,000	25.0%	35,836,000	0	0.0%
Sanitation Fund Contribution	1,812,000	1,812,000	453,000	25.0%	1,812,000	0	0.0%
Contribution to GMCVB	6,651,000	6,651,000	931,793	14.0%	6,651,000	0	0.0%
Contribution to VCA	2,862,000	2,862,000	186,359	6.5%	2,884,000	22,000	0.8%
Contribution to Mt. Sinai	1,000,000	1,000,000	0	0.0%	1,000,000	0	0.0%
Other Operating/Other Uses	12,261,000	12,711,000	2,227,110	17.5%	12,711,000	0	0.0%
Marketing	200,000	200,000	12,083	6.0%	200,000	0	0.0%
Transfer to NB, MB, SB Capital, Transp. and Arts (QOL)	14,421,000	14,421,000	1,839,491	12.8%	14,503,000	82,000	0.6%
Add'l 1% Conv. Center Debt Service & Cap. Ren & Repl.	14,421,000	14,421,000	0	0.0%	14,503,000	82,000	0.6%
Total Expenditures	89,464,000	89,914,000	14,608,834	16.2%	90,100,000	186,000	0.2%
Excess of Revenues Over/(Under) Expenditures	0	0	(2,853,006)		0		

CONCLUSION

This analysis of budget to actual operating revenues and expenses as of December 31, 2018, with projections through September 30, 2019, provides the status of the current amended FY 2018/19 budget for the first three months of the fiscal year. Although the first quarter of any fiscal year is not necessarily the most definitive indication of the experience for the remainder of the fiscal year, it does provide a first glance in identifying any potential issues.

Based on preliminary first quarter projections, the General Fund is anticipated to have a surplus totaling \$1.6 million as of year-end. All funds will continue to be monitored over the coming months and projections will be further refined as the fiscal year progresses and additional data and information becomes available.

JLM/JW/TOS

SCHEDULE A

CITY OF MIAMI BEACH FY 2018/19 GENERAL FUND 1ST QUARTER							
	FY2018/19 Adopted Budget	FY2018/19 Amended Budget	Actuals as of 12/31/18	% Actual of Amended Budget	FY2018/19 Year End Projections	Over/(Under) Amended Budget	% Over/(Under) Amended Budget
REVENUES							
Ad Valorem Taxes	179,020,000	179,020,000	130,289,914	72.8%	179,020,000	0	0.0%
Ad Valorem Taxes - Pay-As-You-Go Capital	2,400,000	2,400,000	2,400,000	100.0%	2,400,000	0	0.0%
Ad Valorem Taxes - Capital Renewal & Replacement	748,000	748,000	748,000	100.0%	748,000	0	0.0%
Ad Valorem Taxes - Normandy Shores	165,000	165,000	165,000	100.0%	165,000	0	0.0%
Other Taxes	25,262,000	25,262,000	4,294,186	17.0%	24,253,000	(1,009,000)	-4.0%
Licenses and Permits	31,454,000	31,829,000	12,873,701	40.4%	32,327,000	498,000	1.6%
Intergovernmental	12,115,000	12,115,000	2,081,816	17.2%	11,950,000	(165,000)	-1.4%
Charges for Services	12,503,000	12,503,000	2,841,224	22.7%	12,726,000	223,000	1.8%
Fines and Forfeitures	1,860,000	1,860,000	459,242	24.7%	1,841,000	(19,000)	-1.0%
Interest	3,617,000	3,617,000	2,383,909	65.9%	3,320,000	(297,000)	-8.2%
Rents and Leases	5,899,000	5,899,000	2,070,446	35.1%	6,182,000	283,000	4.8%
Miscellaneous	14,116,000	14,116,000	2,574,076	18.2%	14,056,000	(60,000)	-0.4%
Other-Resort Tax Contribution	35,836,000	35,836,000	8,959,000	25.0%	35,836,000	0	0.0%
Other-Non-Operating Revenues	19,577,000	19,577,000	4,906,149	25.1%	19,589,000	12,000	0.1%
Fund Balance/Retained Earnings	1,073,000	1,073,000	0	0.0%	1,073,000	0	0.0%
Prior Year-End Surplus Carryover	0	6,562,000	0	0.0%	6,562,000	0	0.0%
TOTAL REVENUES	345,645,000	352,582,000	177,046,663	50.2%	352,048,000	(534,000)	-0.2%
EXPENDITURES							
Building	15,243,000	15,250,000	3,160,839	20.7%	14,346,000	(904,000)	-5.9%
Capital Improvement Projects	5,227,000	5,227,000	1,055,968	20.2%	5,052,000	(175,000)	-3.3%
City Attorney	5,818,000	6,124,000	1,207,597	19.7%	6,101,000	(23,000)	-0.4%
City Clerk	1,755,000	1,765,000	368,984	20.9%	1,750,000	(15,000)	-0.8%
City Manager	4,129,000	4,129,000	996,749	24.1%	4,119,000	(10,000)	-0.2%
Code Compliance	6,215,000	6,353,000	1,293,867	20.4%	6,202,000	(151,000)	-2.4%
Communications	2,339,000	2,589,000	517,737	20.0%	2,651,000	62,000	2.4%
Emergency Management	1,513,000	0	0	-	0	0	-
Environment & Sustainability	1,462,000	1,492,000	279,253	18.7%	1,472,000	(20,000)	-1.3%
Finance	6,714,000	6,933,000	1,478,589	21.3%	6,875,000	(58,000)	-0.8%
Fire	87,551,000	89,625,000	20,516,613	22.9%	89,596,000	(29,000)	0.0%
Housing & Comm Services	3,624,000	3,700,000	680,090	18.4%	3,641,000	(59,000)	-1.6%
Human Resources/Labor Relations	3,003,000	3,105,000	600,095	19.3%	3,049,000	(56,000)	-1.8%
Mayor and Commission	2,416,000	2,416,000	515,438	21.3%	2,350,000	(66,000)	-2.7%
Internal Audit	832,000	1,100,000	132,339	12.0%	1,075,000	(25,000)	-2.3%
Office of Budget & Performance Improv	1,875,000	1,880,000	417,352	22.2%	1,850,000	(30,000)	-1.6%
Office of Inspector General	484,000	484,000	0	0.0%	484,000	0	0.0%
Org Development & Perf Initiatives	893,000	1,059,000	153,106	14.5%	1,035,000	(24,000)	-2.3%
Parks and Recreation	38,680,000	39,076,000	8,805,374	22.5%	38,970,000	(106,000)	-0.3%
Planning	4,686,000	5,513,000	1,100,469	20.0%	5,503,000	(10,000)	-0.2%
Police	112,094,000	112,708,000	26,081,287	23.1%	112,655,000	(53,000)	0.0%
Procurement	2,550,000	2,692,000	544,733	20.2%	2,615,000	(77,000)	-2.9%
Public Works	15,176,000	15,349,000	2,715,838	17.7%	15,221,000	(128,000)	-0.8%
Tourism, Culture, & Economic Development	5,373,000	5,373,000	1,128,444	21.0%	5,300,000	(73,000)	-1.4%
Citywide Accounts & Operating Contingency	12,292,000	14,210,000	1,707,122	12.0%	14,083,000	(127,000)	-0.9%
Citywide-Normandy Shores	253,000	253,000	0	0.0%	253,000	0	0.0%
Citywide-Transfers-Info & Comm Technology Fund	300,000	300,000	0	0.0%	300,000	0	0.0%
Citywide-Transfers-Pay-As-You Go Capital Fund	2,400,000	3,129,000	0	0.0%	3,129,000	0	0.0%
Citywide-Transfers-Capital Renewal & Replacement	748,000	748,000	0	0.0%	748,000	0	0.0%
TOTAL EXPENDITURES	345,645,000	352,582,000	75,457,883	21.4%	350,425,000	(2,157,000)	-0.6%
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	0	0	101,588,780		1,623,000		