

MIAMI BEACH

OFFICE OF THE CITY MANAGER

LTC NO. 243-2023

LETTER TO COMMISSION

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager 

DATE: May 25, 2023

SUBJECT: Fiscal Year 2023 Second Quarter Analysis

The purpose of this Letter to Commission (LTC) is to provide the Mayor and City Commission with the status of the Fiscal Year (FY) 2023 operating budget as of the second quarter ending March 31, 2023. In addition, this analysis includes projections through the fiscal year ending September 30, 2023.

It is important to note that certain assumptions for both revenues and expenditures have been made in these projections, which will continue to be refined and adjusted as additional information becomes available.

SUMMARY

Based on the second quarter of the current fiscal year (FY 2023), revenue and expenditure projections through September 30, 2023 for the General Fund reflect a year-end surplus of approximately \$11.3 million, which is an increase of \$3.3 million over the surplus projected as of the first quarter of the current fiscal year of \$8.0 million. Similarly, the 2% Resort Tax Fund reflects a projected year-end surplus of approximately \$6.7 million, which is an increase of \$4.6 million over the surplus projected as of the first quarter of the current fiscal year of \$2.1 million.

This analysis is a preliminary projection based on experience during the first six months of the current fiscal year, which is not a definitive indication of the experience for the remainder of the current fiscal year. However, it does provide an initial glance in identifying any potential concerns and/or opportunities later in the fiscal year.

The preliminary FY 2024-2028 Capital Improvement Plan (CIP), as summarized by the City Administration at the FY 2024 Commission Budget Workshop on May 11, 2023, reflected approximately \$1.1 billion in capital project needs over the next five years. In addition, based on the City's adopted financial policies regarding the Capital Reserve Fund and Capital funding, the City Administration is also recommending that funds be set aside for evaluation through the FY 2024 budget process.

As a result, and as presented at the FY 2024 Commission Budget Workshop on May 11, 2023, the City Administration is recommending holding aside as much of the \$11.3 million General Fund surplus as possible for capital funding needs. There have been several priority initiatives identified by the City Commission and City Administration that have significant funding impacts. To the

extent possible, it is recommended that requests, especially those with recurring impacts, be evaluated for funding as part of the FY 2024 budget development process.

Similarly, the City Administration is recommending that the projected 2% Resort Tax Fund year-end surplus of \$6.7 million be set-aside to fund additional tourism-eligible expenditures in the General Fund and one-time enhancements that may be considered during the FY 2024 budget development process, if realized at year-end.

RESERVES

The General Fund reserve as of September 30, 2022 is \$95.7 million, or 25.0%, which equals 3 months of reserves based on the FY 2023 adopted budget. The reserve policy for the General Fund is a required 2 months and a goal of 3 months pursuant to Resolution No. 2019-30954 that was adopted by the City Commission on September 11, 2019.

The Resort Tax reserve as of September 30, 2022 is \$37.8 million, or 50.0%, which equals 6 months of reserves based on the FY 2023 adopted budget. The reserve policy for the 2% Resort Tax Fund is a minimum of 2 months and a goal of 6 months pursuant to Resolution No. 2019-30664 that was adopted by the City Commission on January 16, 2019.

Additional funding requirements for these reserves are being evaluated as part of the FY 2024 budget development process.

ANALYSIS

All General Fund, Enterprise Funds, Internal Services Funds, and Special Revenue Funds budgets are projected to be at or below their current amended budgets as of year-end with revenues projected to be equivalent to or in excess of expenditures, except for specific General Fund departments, the Convention Center Enterprise Fund, and the Risk Management Internal Service Fund that have been detailed further in the forthcoming second quarter analysis.

GENERAL FUND

Second Quarter Status

An analysis of the actual six-month operating revenues and expenses for the period October 1, 2022 through March 31, 2023 reveals an operating budget surplus of approximately \$111.2 million. While the actual surplus as of March 31, 2023 may seem unusual when compared to the projection for the current fiscal year ending September 30, 2023, it should be noted that the City receives a large percentage of its annual ad valorem property tax revenues during the first six months of the fiscal year. For FY 2023, ad valorem property tax revenues represent approximately 59.3% of total budgeted revenues adopted and 70.3% of actual revenues collected during the first six months of the current fiscal year.

As of March 31, 2023, total revenues collected in the General Fund were 71.4% of the current FY 2023 amended budget, or \$286.2 million. Conversely, expenditures were 43.7% of the current FY 2023 amended budget, or \$174.9 million. There are often delays in expenditures until the close-out of the fiscal year.

FY 2023 Budget					
General Fund	Adopted Budget	Amended Budget	1/2 of Amended Budget	Actuals as of 03/31/23	Variance from 1/2 Amended Budget Over / (Under)
Revenues	\$ 382,618,000	\$ 400,587,000	\$ 200,293,500	\$ 286,177,212	\$ 85,883,712
Expenditures	\$ 382,618,000	\$ 400,587,000	\$ 200,293,500	\$ 174,943,098	\$ (25,350,402)
Excess of Revenues Over/(Under) Expenditures				\$ 111,234,115	

Year-End Projections

Year-end operating revenues and expenditures projected through September 30, 2023 provide a more realistic indication of any estimated year-end surpluses or shortfalls as of this point in time. While actual revenues and expenses reflected in this analysis are as of March 31, 2023, these projections incorporate more current information available.

A summary of the preliminary General Fund revenues and expenditures as of March 31, 2023 with projections through September 30, 2023 reflects a projected year-end surplus of approximately \$11.3 million. The Administration recommends these funds be set-aside as follows, as presented at the FY 2024 Commission Budget Workshop on May 11, 2023, if realized at year-end.

FY 2023 Budget					
General Fund	Adopted Budget	Amended Budget	Projected	Difference	% Over / (Under)
Revenues	\$ 382,618,000	\$ 400,587,000	\$ 404,859,000	\$ 4,272,000	1.1%
Expenditures	\$ 382,618,000	\$ 400,587,000	\$ 393,570,000	\$ (7,017,000)	-1.8%
Excess of Revenues Over/(Under) Expenditures			\$ 11,289,000	2.8%	
Mid-Year FY 2023 Appropriations Approved by Commission to date			4,650,000		
Addtl Homeless Trust Set-aside (April 28, 2023 Commission meeting)			1,000,000		
Capital Project Needs, Replacement of Vehicles & Equipment, and General Fund Reserve Requirements			5,639,000		
Excess of Revenues Over/(Under) Expenditures			\$ 0	0.0%	

Operating Revenues

As of March 31, 2023, actual operating revenues collected were approximately 71.4% of the current amended budget, or \$286.2 million, with operating revenues through fiscal year-end September 30, 2023 projected at \$404.9 million, which is approximately 1.1%, or \$4.3 million, above the current amended budget. As previously mentioned, these projections are not only based on experience during the first six months of the fiscal year, but also other more current information available.

Property tax collections for FY 2023 are being projected at 95.0% of total property taxes assessed, which is consistent with the original adopted budget and allows for discounts and a level of adjustment for appeals that is consistent with historical levels. The impact of these appeals and adjustments realized for the FY 2023 budget will be provided by the Miami-Dade County Property Appraiser in July 2023 when the City's certified property values are received.

General Fund revenues by category with projected variances to budget in excess of 10.0%, or \$300,000, are further explained below:

Other Taxes – This category includes franchise taxes for gas and electric, as well as utility taxes for telephone, electricity, and gas and is projected to be above the current amended budget by 3.1%, or \$823,000, primarily due to franchise and utility taxes for electricity, gas, and telephone trending higher than originally anticipated based on current economic activity.

Licenses and Permits – This category includes business tax receipts, licenses/special use permits, and outdoor dining concession program revenues and is projected to be above the current amended budget by 1.9%, or \$362,000, primarily due to increased revenues from the recently approved outdoor dining concession program that was implemented in FY 2023, as well as fire, planning, and public works plans review services that continue to trend higher than anticipated from ongoing real estate and economic development activity.

Charges for Services – This category includes revenues from activities and programs offered by the Parks and Recreation Department such as after school and summer classes, as well as the operations of the Miami Beach and Normandy Shores golf courses, public safety, passport, ambulance/rescue, and lot clearing services, and is projected to be above the current amended budget by 14.4%, or \$2.2 million, primarily due to golf course operations at both the Miami Beach and Normandy Shores golf courses that continue to trend higher than originally anticipated based on current economic and tourism-related activity, as well as administrative fees collected by the City for police off-duty services provided that are trending above prior year levels.

Fines and Forfeits – This category, among other things, includes traffic fines, parking fines, fire department violations and false alarm fees, and code enforcement fines and is projected to be above the current amended budget by 49.4%, or \$625,000, primarily due to code enforcement violations and fire department false alarm fees trending higher than budget and prior years.

Rents and Leases – This category includes revenues from various rentals and leases of City owned properties. FY 2023 collections are projected to be 5.6%, or \$395,000, above the current amended budget primarily due to revenues from several of the City's leases trending higher than budgeted since revenues collected by the City for some of its leases and rentals are based on a percentage of tenants' sales.

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

Operating Expenditures

As of March 31, 2023, actual expenses were 43.7%, or \$174.9 million, of the current amended budget with operating expenditures through fiscal year-end September 30, 2023 projected at \$393.6 million, which is approximately \$7.0 million below the current amended budget. As previously mentioned, these projections are based on an analysis of the first six months of the fiscal year, as well as more current information available.

General Fund expenditures by department projected to exceed budget or with variances to budget in excess of 10.0%, or \$300,000, are further explained below:

City Attorney – The department is projected to be below the current amended budget by 5.9%, or \$448,000, primarily due to projected savings in personnel services expenditures, resulting from vacant positions in the current fiscal year that the City Attorney's Office is in the process of trying to fill with qualified candidates based on current needs.

City Attorney				
	FY 2023 Amended Budget	FY 2023 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 7,654,000	\$ 7,206,000	\$ (448,000)	-5.9%

Parks & Recreation – The department is projected to be 2.9%, or \$1.3 million, below the current amended budget primarily due to projected savings in personnel services expenditures resulting from numerous full-time and part-time budgeted positions that have been and/or remain vacant in the current fiscal year due to challenges in the recruitment of qualified candidates based on current department needs.

Parks & Recreation				
	FY 2023 Amended Budget	FY 2023 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 43,936,000	\$ 42,677,000	\$ (1,259,000)	-2.9%

Public Works – The department is projected to be below the current amended budget by 9.5%, or \$1.6 million, resulting from savings anticipated in grounds maintenance services, as well as personnel services expenditures due to numerous vacancies for budgeted full-time positions within the department's Engineering, Streets and Street Lighting, and Greenspace Management divisions due to challenges in the recruitment of qualified candidates based on current department needs.

Public Works				
	FY 2023 Amended Budget	FY 2023 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 17,021,000	\$ 15,402,000	\$ (1,619,000)	-9.5%

Fire – The department is projected to be above the current amended budget by 2.2%, or \$2.2 million, resulting from additional personnel services expenditures associated with the collective bargaining agreements that were approved by the City Commission. It is important to note that while the department is projected to exceed its current amended budget, funding totaling approximately \$5.7 million was budgeted in a centralized account within the Citywide Accounts budget since approval of all the collective bargaining agreements was pending at the time that the FY 2023 budgets were adopted by the City Commission. Should these projections be realized, an appropriate budget amendment will be recommended at year-end.

Fire				
	FY 2023 Amended Budget	FY 2023 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 102,036,000	\$ 104,267,000	\$ 2,231,000	2.2%

Citywide Accounts – Citywide Accounts are a category of budgeted expenditures related to the City's overall operations that are not readily identifiable to any specific department. These accounts are projected to be 13.4%, or approximately \$3.7 million, below the current amended budget, primarily due to the amount allocated for collective bargaining in the FY 2023 operating budget. With the ratification of all the collective bargaining agreements during FY 2023, the projected expenditures associated with the collective bargaining agreements are

being accounted for in the appropriate General Fund departments' projections.

Citywide Accounts				
	FY 2023 Amended Budget	FY 2023 Projected	Projected vs Amended Budget Variance	% Over / (Under)
Expenditures	\$ 27,417,000	\$ 23,732,000	\$ (3,685,000)	-13.4%

While the above-listed General Fund departments comprise those projected to exceed their current amended budgets or with significant variances to budget in excess of 10.0%, or \$300,000, all other General Fund departments are projected to have savings at year-end that may be realigned within the General Fund to address any department overages projected above, should these projections be realized at year-end. These projections will continue to be further refined as additional information becomes available.

For a detail of General Fund expenditures by department, refer to the attached [Exhibit A](#).

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, Convention Center, and Building operations comprise this category of Proprietary Funds.

An analysis of the actual first six months of operating expenses for the period October 1, 2022 through March 31, 2023 reveals that all Enterprise Funds have actual expenses that are less than one half of their current FY 2023 amended budgets. It is important to note that this is not representative of typical trends for a full fiscal year as there is often a lag in processing of expenditures, particularly those billed by outside entities for services provided.

ENTERPRISE FUNDS							
	Sanitation	Sewer	Storm Water	Water	Parking	Building	Convention Center
FY 2023 Adopted Budget	23,860,000	57,396,000	34,103,000	36,577,000	46,617,000	17,993,000	29,407,000
FY 2023 Amended Budget	24,821,000	59,180,000	36,030,000	39,932,000	47,458,000	18,090,000	29,607,000
1/2 Adopted Budget	11,930,000	28,698,000	17,051,500	18,288,500	23,308,500	8,996,500	14,703,500
1/2 Amended Budget	12,410,500	29,590,000	18,015,000	19,966,000	23,729,000	9,045,000	14,803,500
Revenues as of 03/31/23	12,635,105	29,470,854	16,961,661	19,246,505	25,764,650	8,634,476	18,104,421
Expenditures as of 03/31/23	11,037,652	25,452,225	11,408,238	17,269,404	15,089,045	7,851,467	6,981,774
Expenditures Above/(Below) 1/2 Amended Budget	(1,372,848)	(4,137,775)	(6,606,762)	(2,696,596)	(8,639,955)	(1,193,533)	(7,821,726)
% Variance	-5.5%	-7.0%	-18.3%	-6.8%	-18.2%	-6.6%	-26.4%

Year-end operating revenue and expenditure projections through September 30, 2023 provide a more realistic indication of any anticipated year-end surpluses or shortfalls as of this point in time. While the actual revenues and expenses presented above are as of March 31, 2023, the year-end projections incorporate more current information available.

Revenues for all Enterprise Funds are projected to be equivalent to or in excess of expenditures as of year-end. In addition, all Enterprise Fund budgets are projected to be under budget, except for Convention Center Fund operations. Both revenues and expenditures for the Convention Center Fund are projected to be above budget, as further detailed below.

ENTERPRISE FUNDS							
	Sanitation	Sewer	Storm Water	Water	Parking	Building	Convention Center
FY 2023 Adopted Budget	23,860,000	57,396,000	34,103,000	36,577,000	46,617,000	17,993,000	29,407,000
FY 2023 Amended Budget	24,821,000	59,180,000	36,030,000	39,932,000	47,458,000	18,090,000	29,607,000
FY 2023 Projections:							
Charges for Services	22,445,500	60,728,000	35,155,000	39,396,000	47,928,000	15,534,000	24,131,000
Other	2,262,500	1,924,000	1,267,000	2,435,000	2,395,000	1,579,000	25,534,000
FY 2023 Revenue Projections	24,708,000	62,652,000	36,422,000	41,831,000	50,323,000	17,113,000	49,665,000
\$ Over/(Under) Amended Budget	(113,000)	3,472,000	392,000	1,899,000	2,865,000	(977,000)	20,058,000
% Over/(Under) Amended Budget	-0.5%	5.9%	1.1%	4.8%	6.0%	-5.4%	67.7%
FY 2023 Expenditure Projections							
	24,708,000	58,770,000	36,002,000	39,334,000	45,716,000	17,113,000	33,223,000
\$ Over/(Under) Amended Budget	(113,000)	(410,000)	(28,000)	(598,000)	(1,742,000)	(977,000)	3,616,000
% Over/(Under) Amended Budget	-0.5%	-0.7%	-0.1%	-1.5%	-3.7%	-5.4%	12.2%
Revenues Over/(Under) Expenditures	0	3,882,000	420,000	2,497,000	4,607,000	0	16,442,000

Convention Center – The Convention Center Fund budget is projected to be above the current amended budget by approximately \$3.7 million, or 12.2%, primarily due to an increase in the number of events from 44 that were originally anticipated for FY 2023 when the budget was developed for FY 2023 to 55 currently scheduled to be held this fiscal year. Although expenditures are projected to exceed the current amended budget primarily due to the increase in the number of events, revenues are also projected to exceed the current amended budget resulting in a projected surplus of approximately \$16.4 million that would be available to be set aside for renewal and replacement of Convention Center assets and/or future operating and other expenditure obligations should these projections be realized at year-end. It is important to note that while a portion of the projected surplus is attributed to the projected increase in revenues resulting from the additional events anticipated for the current fiscal year, a significant portion is attributed to the Convention Development Tax (CDT) bonus of \$16.1 million that is anticipated to be received by the City for FY 2023 from a portion of the increased Convention Development Tax receipts collected by Miami-Dade County in accordance with the Amended Interlocal Cooperation Agreement that was approved by the City Commission on November 19, 2014, through Resolution No. 2014-28836. Due to changes in the scheduling of events, the surplus projected as of the second quarter may vary as of year-end; therefore, the Convention Center’s operations will continue to be monitored over the coming months.

These projections will continue to be refined further, as additional information becomes available.

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), Medical and Dental, and the Office of the Inspector General comprise this category of Proprietary Funds.

An analysis of the actual first six months of operating revenues and expenses for the period October 1, 2022 through March 31, 2023 reveals that all Internal Service Funds have actual expenses that are less than one half of their current FY 2023 amended budgets. Similar to the Enterprise Funds, this is not representative of typical trends for a full fiscal year as there is often a lag in processing of expenditures, particularly those billed by outside entities for services provided.

INTERNAL SERVICE FUNDS							
	Central Services	Fleet Management	Information Technology	Inspector General	Property Management	Risk Management	Medical & Dental Insurance
FY 2023 Adopted Budget	1,044,000	17,761,000	19,821,000	1,726,000	12,072,000	23,846,000	46,159,000
FY 2023 Amended Budget	1,064,000	24,928,000	20,694,000	2,180,000	12,849,000	24,862,000	46,159,000
1/2 Adopted Budget	522,000	8,880,500	9,910,500	863,000	6,036,000	11,923,000	23,079,500
1/2 Amended Budget	532,000	12,464,000	10,347,000	1,090,000	6,424,500	12,431,000	23,079,500
Revenues as of 03/31/23	526,790	5,972,526	9,325,571	864,065	5,916,977	11,846,702	21,240,488
Expenditures as of 03/31/23	439,601	3,558,746	8,190,783	809,008	5,077,382	9,089,457	19,864,849
Expenditures Above/(Below) 1/2 Amended Budget	(92,399)	(8,905,254)	(2,156,217)	(280,992)	(1,347,118)	(3,341,543)	(3,214,651)
% Variance	-8.7%	-35.7%	-10.4%	-12.9%	-10.5%	-13.4%	-7.0%

Year-end operating revenue and expenditure projections through September 30, 2023 provide a more realistic indication of any anticipated year-end surpluses or shortfalls as of this point in time. While the actual revenues and expenses presented above are as of March 31, 2023, the year-end projections incorporate more current information available.

Revenues for all Internal Service Funds are projected to be equivalent to or in excess of expenditures as of year-end. In addition, all Internal Service Fund budgets are projected to be under budget, except for the Risk Management that is further detailed below.

INTERNAL SERVICE FUNDS							
	Central Services	Fleet Management	Information Technology	Inspector General	Property Management	Risk Management	Medical & Dental Insurance
FY 2023 Adopted Budget	1,044,000	17,761,000	19,821,000	1,726,000	12,072,000	23,846,000	46,159,000
FY 2023 Amended Budget	1,064,000	24,928,000	20,694,000	2,180,000	12,849,000	24,862,000	46,159,000
FY 2023 Projections:							
Charges for Services	1,016,000	16,936,000	18,565,000	1,724,000	11,772,000	22,721,000	0
Other	33,000	7,731,000	1,857,000	374,000	806,000	4,766,000	45,385,000
FY 2023 Revenue Projections	1,049,000	24,667,000	20,422,000	2,098,000	12,578,000	27,487,000	45,385,000
\$ Over/(Under) Amended Budget	(15,000)	(261,000)	(272,000)	(82,000)	(271,000)	2,625,000	(774,000)
% Over/(Under) Amended Budget	-1.4%	-1.0%	-1.3%	-3.8%	-2.1%	10.6%	-1.7%
FY 2023 Expenditure Projections	1,049,000	24,667,000	20,422,000	2,098,000	12,578,000	27,487,000	45,385,000
\$ Over/(Under) Amended Budget	(15,000)	(261,000)	(272,000)	(82,000)	(271,000)	2,625,000	(774,000)
% Over/(Under) Amended Budget	-1.4%	-1.0%	-1.3%	-3.8%	-2.1%	10.6%	-1.7%
Revenues Over/(Under) Expenditures	0	0	0	0	0	0	0

Risk Management – The City’s actuary has advised that this fund is projected to be 10.6%, or \$2.6 million, above the current amended budget, primarily due to unforeseen increases in tort claims incurred but not reported (IBNR) and case reserves that are trending higher than originally budgeted for the current year based on the most recent actuarial forecasts. This material change in the City’s tort liability exposure in the 2nd quarter of FY 2023 may be largely due to the impacts of HB 837, the comprehensive Tort Reform bill that Governor DeSantis signed into law and which took effect on March 24, 2023. Specifically, just before the law went into effect, the City experienced a wave of approximately 30 new tort cases filed against the City on March 21, 2023, March 22, 2023, and March 23, 2023, including, without limitation, a wrongful death action. This extraordinary, one-time surge in case filings was consistent with the statewide increase in tort case filings by plaintiffs seeking to avoid the application of the new law before it went into effect. Since claims can fluctuate, these trends will continue to be monitored over the coming months and the projections for the current year will be refined accordingly. If the trend continues at the current level for the remainder of the fiscal year, any overage realized at year-end will be addressed with the use of prior year fund balance in the Risk Management Fund that includes in excess of \$40.0 million projected to be set aside for claims IBNR and case reserves in accordance with City’s self-insurance obligations arising under GASB standards and Florida law. In the long-term, the City anticipates that it will benefit

from the prospective limitations set forth in the new Tort Reform bill, and that the new law will reduce the City's tort liability exposure over time.

These projections will continue to be refined as additional information becomes available.

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 Transportation and People's Transportation Plan (PTP) Fund operations, 7th Street Garage operations, 5th & Alton Garage operations, the Tourism and Hospitality Scholarship Program, Information and Communications Technology Fund, Education Compact Fund, Franchise Waste Haulers and Sustainability Contributions, the Residential Housing Program, Red Light Camera Program operations, Emergency 911 Fund, Miami Beach Cultural Arts Council, Normandy Shores and the City's three Security Guard Special Taxing Districts (Biscayne Point, Biscayne Beach, and Allison Island), Miami City Ballet, Art in Public Places (AiPP) operations, Tree Preservation and Commemorative Tree Trust Fund, Beachfront Concession Initiatives Program, Beach Renourishment, Resiliency, Sustainability and Resiliency, and Biscayne Bay Protection Trust Funds, 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 first six months of operating revenues and expenses for the period of October 1, 2022 through March 31, 2023 reveals that all Special Revenue Funds have actual expenses that are less than one half of their current FY 2023 amended budgets primarily due to expenditures that are typically incurred in the latter part of the fiscal year, except for the 5th & Alton Garage Fund and Police Unclaimed Property Fund that incurred one-time costs during the first six months of the fiscal year. Like other funds, it is important to note that actuals incurred through March 31, 2023 are not typically representative of trends for a full fiscal year.

Year-end operating revenue and expenditure projections through September 30, 2023 provide a more realistic indication of any anticipated year-end surpluses or shortfalls as of this point in time. While the actual revenues and expenses presented above are as of March 31, 2023, the year-end projections incorporate more current information available.

Revenues for all Special Revenue Funds are projected to be equivalent to or in excess of expenditures as of year-end. In addition, all Special Revenue Funds are projected to be below budget.

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, MDPL, Orange Bowl, etc.

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

2% Resort Tax

Based on the first six months of actual collections, total two percent Resort Tax revenues for FY 2023 are projected to be 9.7%, or \$7.4 million, above the current amended budget as of year-end, with the remaining months in the current fiscal year conservatively projected at approximately 93.0% of FY 2022 collections based on trends.

Total two percent Resort Tax expenditures are projected to be 0.9%, or \$723,000, above the current amended budget as of year-end, due to a \$881,000 increase in the combined contributions to the Miami Beach Visitor and Convention Authority (VCA) and Greater Miami Convention & Visitors Bureau (GMCVB) that are based on a percentage of two percent Resort Tax collections and projected above budget. This is partially offset by a \$158,000 decrease attributed to personnel-related savings from several vacancies that specific departments funded by the Resort Tax Fund are in the process of trying to fill, as well as other miscellaneous departmental expenditures for tourism-related operations.

1% Resort Tax (Quality of Life)

The proceeds of the one percent bed tax, as adopted through Resolution No. 2018-30512, and continuing in FY 2023, unless amended by the City Commission, 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 bed tax revenues are projected to be 10.3%, or \$1.8 million, above the current 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 the Cultural Arts Council for various arts and cultural programs are based on the one percent bed tax revenues, expenditures are equally projected to be 10.3%, or \$1.8 million, above the current

amended budget as of year-end, of which \$1.1 million is allocated to Transportation initiatives in tourism-related areas, \$540,000 is allocated to North, Middle, and South Beach quality of life projects equally, and \$180,000 is allocated to the Cultural Arts Council for various arts and cultural programs.

1% Resort Tax (Convention Center)

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, are similarly projected to be 10.3%, or \$1.8 million, 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 10.3%, or \$1.8 million, above the current amended budget as of year-end.

Total Resort Tax

Overall, due to actual Resort Tax collections exceeding budget for the six months of the fiscal year and collections for the remaining months of the current fiscal year conservatively projected at approximately 93.0% of FY 2022 collections based on trends, combined Resort Tax revenues are projected to be 9.9%, or \$11.0 million, above the current amended budget as of year-end, while expenditures are projected to be 3.9%, or \$4.3 million, above the current amended budget resulting in a projected surplus of approximately \$6.7 million. The City Administration recommends these funds be set-aside to fund additional tourism-eligible expenditures in the General Fund and one-time enhancements that may be considered during the FY 2024 budget development process, if realized at year-end, as presented at the FY 2024 Commission Budget Workshop on May 11, 2023.

RESORT TAX FUND							
	FY 2023 Adopted Budget	FY 2023 Amended Budget	Actuals as of 03/31/23	% Actual of Amended Budget	FY 2023 Year End Projections	Over/(Under) Amended Budget	% Over/(Under) Amended Budget
Revenues							
2% Resort Tax	71,499,000	71,499,000	35,469,501	49.6%	77,618,000	6,119,000	8.6%
Miscellaneous Revenues	251,000	251,000	361,159	143.9%	1,523,000	1,272,000	506.8%
Fund Balance/Retained Earnings/PY Surplus	3,955,000	4,819,000	0	0.0%	4,819,000	0	0.0%
1% Resort Tax (QOL)	17,372,000	17,372,000	8,542,916	49.2%	19,169,000	1,797,000	10.3%
Additional 1% Resort Tax for Convention Center	17,372,000	17,372,000	8,542,916	49.2%	19,169,000	1,797,000	10.3%
Total Revenues	110,449,000	111,313,000	52,916,492	47.5%	122,298,000	10,985,000	9.9%
Expenditures							
General Fund Contribution	39,227,000	39,227,000	19,613,500	50.0%	39,227,000	0	0.0%
Sanitation Fund Contribution	3,969,000	3,969,000	1,984,500	50.0%	3,969,000	0	0.0%
Contribution to GMCVB	8,864,000	8,864,000	2,968,687	33.5%	9,452,000	588,000	6.6%
Contribution to VCA	3,433,000	3,433,000	1,278,555	37.2%	3,726,000	293,000	8.5%
Contribution to Mt. Sinai	1,000,000	1,000,000	0	0.0%	1,000,000	0	0.0%
Other Operating/Other Uses	19,002,000	19,740,700	7,551,745	38.3%	19,661,400	(79,300)	-0.4%
Marketing	210,000	335,300	43,668	13.0%	256,600	(78,700)	-23.5%
Transfer to NB, MB, SB Capital, Transp, and Arts (QOL)	17,372,000	17,372,000	8,542,916	49.2%	19,169,000	1,797,000	10.3%
Add'l 1% Conv. Center Debt Service & Cap. Ren & Repl.	17,372,000	17,372,000	0	0.0%	19,169,000	1,797,000	10.3%
Total Expenditures	110,449,000	111,313,000	41,983,572	37.7%	115,630,000	4,317,000	3.9%
Excess of Revenues Over/(Under) Expenditures	0	0	10,932,920		6,668,000	6,668,000	

CONCLUSION

All General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds budgets are projected to be at or below their current amended budgets as of year-end with revenues projected to be equivalent to or in excess of expenditures, except for the specific General Fund Departments, the Convention Center Enterprise Fund, and Risk Management Internal Service Fund detailed further in the analysis above.

The current year budgets will continue to be proactively monitored between now and the development of the third quarter projections, as well as during the continuing development of the FY 2024 budget.

ATH/JG/TOS

EXHIBIT A

GENERAL FUND							
	FY 2023 Adopted Budget	FY 2023 Amended Budget	Actuals as of 03/31/23	% Actual of Amended Budget	FY 2023 Year End Projection	Over/(Under) Amended Budget	% Over/(Under) Amended Budget
REVENUES							
Ad Valorem Taxes	220,605,000	220,605,000	195,091,184	88.4%	220,605,000	0	0.0%
Ad Valorem Taxes - Pay-As-You-Go Capital	3,974,000	3,974,000	3,974,000	100.0%	3,974,000	0	0.0%
Ad Valorem Taxes - Capital Renewal & Replacement	1,944,000	1,944,000	1,944,000	100.0%	1,944,000	0	0.0%
Ad Valorem Taxes - Normandy Shores	282,000	282,000	282,000	100.0%	282,000	0	0.0%
Other Taxes	25,010,000	26,660,000	11,540,513	43.3%	27,483,000	823,000	3.1%
Licenses and Permits	18,040,000	18,843,000	12,292,427	65.2%	19,205,000	362,000	1.9%
Intergovernmental	14,175,000	14,225,000	5,742,586	40.4%	14,228,000	3,000	0.0%
Charges for Services	14,489,000	15,022,000	10,434,941	69.5%	17,178,000	2,156,000	14.4%
Fines and Forfeitures	1,264,000	1,264,000	1,016,509	80.4%	1,889,000	625,000	49.4%
Interest	5,577,000	5,577,000	6,624,971	118.8%	5,674,000	97,000	1.7%
Rents and Leases	6,967,000	7,067,000	4,176,243	1.0%	7,462,000	395,000	5.6%
Miscellaneous	15,566,000	15,753,000	6,762,837	42.9%	15,564,000	(189,000)	-1.2%
Other-Resort Tax Contribution	39,227,000	39,227,000	19,613,500	50.0%	39,227,000	0	0.0%
Other-Non-Operating Revenues	13,905,000	13,905,000	6,681,500	48.1%	13,905,000	0	0.0%
Fund Balance/Retained Earnings/PY Surplus	1,593,000	16,239,000	0	0.0%	16,239,000	0	0.0%
TOTAL REVENUES	382,618,000	400,587,000	286,177,212	71.4%	404,859,000	4,272,000	1.1%
EXPENDITURES							
Mayor & Commission	2,809,000	2,809,000	1,304,883	46.5%	2,768,000	(41,000)	-1.5%
City Manager	4,290,000	4,290,000	1,839,882	42.9%	4,112,000	(178,000)	-4.1%
Marketing and Communications	2,913,000	2,983,000	1,236,634	41.5%	2,975,000	(8,000)	-0.3%
Office of Management and Budget	1,678,000	1,678,000	703,238	41.9%	1,531,000	(147,000)	-8.8%
Org. Dev Performance Initiatives	1,944,000	3,346,000	796,156	23.8%	3,276,000	(70,000)	-2.1%
Finance	7,768,000	8,042,000	3,788,908	47.1%	7,939,000	(103,000)	-1.3%
Procurement	3,015,000	3,101,000	1,353,009	43.6%	2,939,000	(162,000)	-5.2%
Human Resources/Labor Relations	3,124,000	3,124,000	1,315,415	42.1%	2,954,000	(170,000)	-5.4%
City Clerk	1,914,000	2,081,000	894,711	43.0%	2,053,000	(28,000)	-1.3%
City Attorney	7,010,000	7,654,000	2,981,162	38.9%	7,206,000	(448,000)	-5.9%
Housing & Community Services	4,291,000	6,148,000	1,794,798	29.2%	5,853,000	(295,000)	-4.8%
Planning	5,790,000	6,074,000	2,426,904	40.0%	5,810,000	(264,000)	-4.3%
Environment & Sustainability	2,139,000	2,386,000	465,942	19.5%	2,362,000	(24,000)	-1.0%
Tourism and Culture	3,566,000	3,661,000	1,303,548	35.6%	3,653,000	(8,000)	-0.2%
Economic Development	2,571,000	2,993,000	843,995	28.2%	2,898,000	(95,000)	-3.2%
Code Compliance	6,872,000	6,886,000	3,394,851	49.3%	6,795,000	(91,000)	-1.3%
Parks & Recreation (including Golf courses)	42,998,000	43,936,000	17,733,724	40.4%	42,677,000	(1,259,000)	-2.9%
Property Management	3,698,000	3,848,000	1,794,144	46.6%	3,770,000	(78,000)	-2.0%
Public Works	16,086,000	17,021,000	6,622,622	38.9%	15,402,000	(1,619,000)	-9.5%
Capital Improvement Projects	5,838,000	6,003,000	2,632,984	43.9%	5,745,000	(258,000)	-4.3%
Police	130,195,000	133,070,000	63,268,206	47.5%	132,853,000	(217,000)	-0.2%
Fire	100,220,000	102,036,000	51,408,439	50.4%	104,267,000	2,231,000	2.2%
Citywide (net of individual items below):	15,389,000	19,817,000	3,938,944	19.9%	16,132,000	(3,685,000)	-18.6%
Normandy Shores	282,000	282,000	0	0.0%	282,000	0	0.0%
Capital Renewal & Replacement	1,944,000	1,944,000	0	0.0%	1,944,000	0	0.0%
Info & Comm Technology Fund	300,000	300,000	0	0.0%	300,000	0	0.0%
Capital Reserve Fund	0	1,100,000	1,100,000	100.0%	1,100,000	0	0.0%
Pay-As-You-Go Capital Fund	3,974,000	3,974,000	0	0.0%	3,974,000	0	0.0%
TOTAL EXPENDITURES	382,618,000	400,587,000	174,943,098	43.7%	393,670,000	(7,017,000)	-1.8%
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	0	0	111,234,116	27.8%	11,289,000	11,289,000	