



MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC # 353-2013

LETTER TO COMMISSION

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

FROM: Jimmy Morales, City Manager

DATE: September 26, 2013

SUBJECT: ANALYSIS OF BUDGET TO ACTUAL REVENUES AND EXPENSES FOR THE NINE MONTHS ENDING JUNE 30, 2013, WITH OPERATING BUDGET PROJECTIONS THROUGH SEPTEMBER 30, 2013

The purpose of this LTC is to provide the Mayor and Commission with the status of the FY 2012/13 budget and a comparison of actual revenue and expenses reflected at the end of the third quarter with projections through September 30, 2013.

At this stage of projecting the fiscal year end, there are issues still to be determined. The first 9 months of any fiscal year do not provide a definitive indication of where we will be at the end of the year. However, with nine full months of data we have a good idea of what the issues are. With nine full months of data we have a better idea of year end results. Certain assumptions on both revenue and expenditures were made that are still developing, particularly related to property tax collections. Those assumptions, as well as our continued effort at managing the City's expenditures, will affect our final results.

The FY 2011/12 year-end budget amendment adopted by the City Commission in November, 2012, identified approximately \$1.4 million in encumbrances and set asides for projects budgeted in FY 2011/12 that will instead be spent in FY 2012/13. The FY 2012/13 budget amendment adopted in April, 2013 reflected the carry forward of these unspent funds. Accordingly, the projections presented below are compared to the April budget amendment.

GENERAL FUND

Upon review, it is projected that the General Fund revenues will exceed expenditures by approximately \$62,000, an improvement from the second quarter projection of a \$2 million shortfall.

Both the first and second quarter shortfalls were driven by projected employee givebacks that had not been achieved to date, particularly in the Fraternal Order of Police (FOP) and the International Federation of Fire Fighters (IAFF) bargaining units, as well as accumulated leave payouts related to the previously negotiated changes in the Fire and Police Pension Plan that amended the timeframe for eligibility to purchase prior creditable service. However, the third quarter projection reflects improvement due to higher projected revenues based on actuals, salary savings in part due to several high-level positions that were held vacant pending my appointment, as well as the savings resulting from unspent contingency.

General Fund Overview

An analysis of the actual nine-month operating revenues and expenditures for the period October 1, 2012 through June 30, 2013, reveals an operating budget surplus of \$23.1 million. While the surplus as of June 30th seems unusual as compared to the projection for the fiscal year ending on September 30th, it should be noted that the City receives a greater percentage of ad valorem taxes during the first three quarters, (historically 95 percent). Ad valorem tax revenues represent approximately 45 percent of total budgeted revenues and represent 53 percent of the revenues received in the first three quarters of the fiscal year.

As of June 30, 2013, total General Fund revenues collected were approximately 79 percent of the amended budget or \$204.3 million. This year, 94 percent of the budgeted property tax revenue was received in the first three quarters, as compared to the historical level of 95 percent as noted above. The remaining 55 percent of revenues are at approximately 37 percent of the adopted budget as of June 30, 2013, as compared to approximately 39 percent in FY 2011/12.

This is primarily due to interest earning revenues which are reflected as negative \$2.8 million for the first nine months. This is due to an accounting reversal of "Unrealized Gains on Investments" which was accounted for at the end of FY 2011/12. This is a non-cash impact, and, if the City's investment status is similar at the end of FY 2012/13 as it was in FY 2011/12, there will be a similar offsetting accounting entry for a net gain/loss of \$0 at year-end. In addition, the actuals do not reflect the budgeted use of prior year carryover. If revenues are adjusted for these items, actuals would be 39 percent of budget

Further, it is important to note that a significant portion of the surplus is due to Building Department revenues in excess of budget by \$2.0 million, resulting in a surplus of \$2.073 million attributable to Building rather than a loss of \$1.7 million as budgeted. As a result, it is not recommended to transfer the \$1.5 million from Building Reserves into the General Fund and revising the projected Building surplus to \$573,000. We will continue to refine the estimate and present an update once the year-end close-out process is complete, typically in the March timeframe.

Expenditures are approximately 71 percent of the FY 2012/13 amended budget, slightly lower than the 73 percent expended in the same period during FY 2011/12.

FY 2012/13 Budget				
General Fund	Amended Budget 2013	3/4 of Amended Budget	Actual as of 06/30/13	Variance from 3/4 Amended Budget Over/ (Under)
Revenues	\$ 257,670,000	\$ 193,252,500	\$ 204,347,981	\$ 11,095,481
Expenditures	\$ 257,670,000	\$ 193,252,500	\$ 184,071,995	\$ (9,180,505)
Surplus/(Deficit)	\$ 0	\$ 0	\$ 20,275,986	\$ 20,275,986

General Fund Year-End Projections

The projected year-end operating revenues and expenditures through September 30, 2013, provide a more realistic snapshot of anticipated year-end shortfalls or surpluses at this point in time. Further, while the actual revenues and expenditures presented are as of June 30, 2013, some of the projections have incorporated more recent information, as available.

A summary of preliminary projected General Fund Revenues and Expenditures as of September 30, 2013, is as follows and reflects revenues in excess of expenditures by approximately \$62,000, assuming no additional contingency is spent for the remainder of the year.

FY 2012/13 Budget

General Fund	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
Revenues	\$ 257,670,000	\$ 256,756,000	\$ (914,000)
Expenditures*	257,670,000	256,694,000	(976,000)
Surplus/(Deficit)	\$ -	\$ 62,000	\$ 62,000
Operating Contingency	\$ -	\$ -	\$ -
Net surplus (Deficit)	\$ -	\$ 62,000	\$ 62,000

* Prior to Expenditure of Operating Contingency

Status of Employee Givebacks

The FY 2012/13 General Fund budget includes nearly \$3 million of General Fund employee givebacks. At the time of budget development, the \$3 million in employee givebacks were allocated across all salary groups proportionate to salaries. Subsequently targets were developed for each salary group proportionate to each group's share of the City's total pension and health costs, since these have been the major cost drivers of personnel costs in recent years. The initial budget assumed merit and step increases for all seven (7) salary groups. However, it was anticipated that a large share of the employee givebacks for FY 2012/13 would be achieved through negotiating merit and step freezes, adherence to the Fair Labor Standards Act (FLSA) for the purposes of calculating overtime, as well as a reduction or elimination of various "extra" pays for those employees covered by the FOP and the IAFF.

The reality is that employees covered by the FOP and the IAFF have not experienced a freeze in their step increases in the last four (4) years, while the American Federation of State, County and Municipal Employees (AFSCME) and the Government Supervisors Association of Florida (GSAF) experienced a freeze on merit increases for two (2) years. Merits for employees covered by GSAF were reinstated effective October 1, 2012 and merits for employees covered by AFSCME have been reinstated effective April 1, 2013; however, the maximum merit increase was reduced from four percent to two percent once reinstated. In comparison, this is the third year of no merit increases for employees covered by the Communication Workers Association (CWA) as it is a "status quo" provision in the CWA collective bargaining agreement. Furthermore, this is the fourth straight year that employees in the "Unclassified"

and "Other" salary groups have not received any merit increases. These assumptions are utilized for the projections throughout the remainder of the fiscal year.

The chart below provides a summary of the budgeted employee givebacks by salary group, the target employee givebacks by salary group and the employee givebacks achieved to date. There are no changes in any of the collective bargaining agreements throughout the remainder of the fiscal year.

The Administration has been successful in negotiating some significant changes through the collective bargaining process, totaling \$4,635,000 to the General Fund in FY 2013/14. Implementation of long term pension changes for current and future employees are projected to result in savings of \$5,664,000 to the General Fund (CWA \$120,000, IAFF \$2,152,000 and FOP \$3,392,000). CWA impacts for three percent merit eligibility, eleven percent extension of the salary range for Lifeguard II and Lieutenants, changes to holiday pay and increase of union time bank hour resulting in \$507,000 increase in salaries, and a \$30,000 increase for reinstated shift differential. IAFF impacts for increase on-call supplement for Fire Investigators and PIO's, and increase paramedic recertification pay resulting in an increase in salaries of \$57,000 and increase of \$80,000 in capital and debt for take-home vehicle assignments. FOP impacts for implementation of voluntary annual physical fitness assessment incentive resulting in an increase in benefits of \$355,000.

SALARY GROUP	Target	General Fund Budgeted Givebacks	General Fund Givebacks Achieved -- current status	Difference from Budget
AFSCME	\$ 322,000	\$ 119,000	\$ -	\$ (119,000)
CWA*	\$ 417,000	\$ 291,000	\$ 183,000	\$ (108,000)
FOP	\$ 1,396,000	\$ 1,342,000	\$ -	\$ (1,342,000)
GSA	\$ 74,000	\$ 32,000	\$ -	\$ (32,000)
IAFF	\$ 900,000	\$ 900,000	\$ -	\$ (900,000)
Unclassified/ Others	\$ 673,000	\$ 499,000	\$ 735,000	\$ 236,000
Total	\$ 3,782,000	\$ 3,183,000	\$ 918,000	\$ (2,265,000)

*CWA includes \$183,000 of givebacks built into the FY2012/13 CSL Budget

In addition, other savings have been achieved by senior management positions which had been held vacant in anticipation of the hiring of a new City Manager. All General Fund Department expenditures are projected to be below budget, with the exception of the City Attorney's Office and Police Department are forecasted to be over budget by \$183,000 and \$1.5 million, respectively.

Accumulated Leave

The accumulated leave payout budget for FY 2012/13 is \$1.9 million and was developed based on experience in the prior year. Expenditures are projected to be \$6 million, a difference of \$4.1 million. The most significant portion of this increase was due to an increase in leave payments used for Fire and Police pension buybacks.

As explained in the FY 2011/12 year-end agenda item and the first quarter LTC, this is primarily driven by the 2010 Fire and Police Pension Plan changes that became effective on

June 27, 2012, with the Third District Court of Appeal's unanimous decision that the collective bargaining process set out in the Public Employee Relations Act is the final word on implementing the collective bargaining rights guaranteed by the Florida Constitution. Included in the negotiated pension changes was the ability for a member to exercise their right to buy back prior creditable service upon vesting (ten years of service) compared to the previous pension benefit that provided the ability for a member to buy back prior creditable service upon twenty years of creditable service with the City.

The 225 members that had ten or more years of creditable pension service time as of September 30, 2010, were notified that they have until September 30, 2013, to exercise their right to purchase these buybacks. As a result, there continues to be an influx of members who are exercising this right and purchasing creditable pension service time following the Third District Court of Appeal's decision. The members have until September 30, 2013, to elect this option. The buyback and leave payouts through June 30, 2013, totaled \$3.9 million. Based on actual amounts already paid to date, known requests which have not yet been processed and a contingency for others who may elect to use their eligible payout by 9/30/13, an additional \$2.1 million has been incorporated in the projection as of September 30, 2013.

Medical Insurance

It is important to note that as of the third quarter projection, no transfers are projected to the health self-insurance plan.

As of September 2012, the City's benefits consultant, Gallagher Benefit Services, projected a loss for FY 2012/13, with a 12 percent premium increase, of \$309,000. The City's budget for FY 2012/13 assumed a 10 percent increase in the City's share of premium costs. However, premium increases for FY 2012/13 were subsequently deferred pending review of the entire health plan structure by the City's Budget Advisory Committee.

Fortunately, plan expenditures declined significantly during the first quarter of FY 2012/13 as compared to the first quarter of FY 2011/12, and, in fact, claim expenditure per plan member for calendar year 2012 declined overall by 9 percent as compared to calendar year 2011. This trend has continued through the third quarter, with FY 2012/13 YTD claims declining by 10.9 percent to date as compared to FY 2011/12. As of September 2013, Gallagher Benefit Services is projecting premiums slightly in excess of claims for FY 2012/13.

General Fund Operating Revenues

For a detail of General Fund Revenues by category, see attached Schedule A.

At this time, we are projecting property tax collections for FY 2012/13 at 99 percent of total budgeted property taxes revenues. The adopted budget includes 95 percent of total property taxes assessed, thereby allowing adjustments for discounts, as well as a level of adjustments due to appeals similar to long-term historical levels. It is important to note that, in the last two (2) years, property tax collections have been significantly below prior year levels due to higher levels of appeals and adjustments. The impact of appeals and adjustments for the FY 2012/13 budget provided by the Miami-Dade County Property Appraiser in July, 2013 reflect a 4.6 percent reduction in property tax values.

Overall revenues are projected to be approximately \$0.9 million above the amended budget. However Building Development Process Fee revenues (Licenses and Permits), are projected to exceed the budget by approximately \$3.2 million (16 percent). This increase is projected to be offset by significant declines in Interest Earnings, Electricity Franchise and Communications tax revenues, a continuing trend in recent years.

As in prior years, significant variances to budget in excess of \$300,000 or 10 percent by revenue category are explained below:

Other Taxes – This category includes franchise and utility taxes and is projected to be below budget by \$1.28 million primarily due to lower than projected electricity franchise and telephone utility tax revenues, which are derived from customer usage.

Licenses and Permits – This category includes business tax receipts, licenses/building/special use permits, and sidewalk café fee revenues and is projected to be in excess of budget by \$3.2 million (16 percent above the amended budget) primarily due to increases in Building Development Process Revenues, reflecting continuing improvement in the economy.

Fines & Forfeits – This category is projected to be in above budget by \$0.4 million (approximately 19 percent above the amended budget), primarily due to building code violation revenues projected to be above budget by \$611,000.

Rents & Leases – This category is projected to be in above budget by \$0.3 million (approximately 4.8 percent above the amended budget), primarily due to the Miami Beach Marina rental revenue projected to be above budget by \$233,000 which includes an additional true-up from FY 2010/11.

Miscellaneous Revenues – This category is projected to be below budget by \$0.4 million and includes the Capital Improvement Projects (CIP) department's allocation, which is based on the projected expenses for CIP at year end. The department is projected to be under budget by \$0.7 million.

Building Department Reserve – The budgeted included \$1.5 million to be transferred in from the Building department reserve to cover budgeted operating losses in that department. This is not being recommended to be transferred since building revenues are projected to be in excess of operating expenditures.

General Fund Operating Expenditures

As of June 30, 2013, actual expenditures were approximately 80 percent of budget or \$184 million. Year-end projections through September 30, 2013, indicate that expenditures will be \$255 million, approximately \$2.1 million (1 percent) under the amended budget.

Citywide Accounts are projected to be above budget by approximately \$1 million due to leave liability payouts (driven by an influx of Fire and Police Pension Plan buybacks) projected to be above budget by approximately \$3.1 million, as explained above. This is offset by savings in various accounts.

A comparison of actual and projected expenditures to budget by Department is provided in Schedule A. The other major drivers of expenditures above budget are the City Attorney's Office and the Police departments. As in prior years, Departments with significant variances to budget in excess of \$300,000 or 10 percent are explained below:

City Attorney's Office – Is projected to be \$225,000 or 5.2% above the amended budget primarily due charges for outside legal fees. The Office has experienced higher than budgeted expenses for outside legal fees directly related to labor/union negotiations for the City's five labor unions whose contracts were up for renewal.

	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
City Attorney Expenditures	4,318,000	4,543,000	225,000

Office and Budget and Performance Improvement (OBPI) – In part due to the additional employee givebacks from Unclassified employees as explained above, but also due to a number of vacancies for most of the year, including the Director and the Budget Officer, the OBPI department is projected to be approximately \$398,000 below the amended budget (approximately 18 percent).

	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
OBPI Expenditures	2,160,000	1,762,000	(398,000)

Human Resources/Labor Relations – In part due to the additional employee givebacks from Unclassified employees as explained above, but also due to turnover of a number of positions including the Director and positions that were held vacant, pending the hiring of the City Manager position. The Human Resources/Labor Relations department is projected to be approximately \$217,000 below the amended budget (approximately 12 percent).

	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
HR/Labor Expenditures	1,827,000	1,610,000	(217,000)

Planning – In part due to the additional employee givebacks from Unclassified employees as explained above, but also due to a number of vacancies for most of the year including the Planning Director, the Human Resources/Labor Relations department is projected to be approximately \$391,000 below the amended budget (approximately 11 percent).

	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
Planning			
Expenditures	3,419,000	3,028,000	(391,000)

Real Estate Housing and Community Development (REHCD) – In part due to additional employee givebacks from Unclassified employees as explained above, as well as various vacancies including the REHCD Director, the department as a whole is projected to be approximately \$356,000 (14.2%) below the amended budget

	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
REHCD			
Expenditures	2,507,000	2,151,000	(356,000)

Capital Improvements Projects Office (CIP) – In part due to additional employee givebacks from Unclassified employees explained above, as well as numerous vacancies including the CIP Director, the department is projected to be approximately \$771,000 (15.9%) below the amended budget. This savings is also reflected as a reduction in reimbursements to the General Fund for capital projects for this department.

	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
CIP			
Expenditures	4,858,000	4,087,000	(771,000)

Parks & Recreation – Is projected to be \$448,000 or 2% above the amended budget primarily due to the realignment of the internal service charge for janitorial, elevator, and other service contracts from the Normandy Shores Golf Club (NSGC) to Recreation to more accurately reflect charges incurred. This overage is offset by savings in the Golf Courses.

	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
Parks			
Expenditures	22,179,000	22,627,000	448,000

Police Department– Is projected to be approximately \$1,553,000 or 1.6% above the amended budget. In addition to the \$1.4 million in budgeted employee givebacks that have not been achieved, General Fund overtime costs are projected to be \$663,000 over the FY 2012/13 budget amount.

Note that Police overtime is also budgeted in other funds (RDA, etc.). Across all funds, combined Police overtime is projected to be \$1.5 million over budget.

	Amended Budget 2012/13 (April Amendment)	Projected	Projected/ Amended Budget
Police			
Expenditures	94,970,000	96,523,000	1,553,000

Fire – The Fire Department is projected to be \$1,479,000 or 2.4% below the amended budget. This is mostly attributable to various vacancies throughout the year including the vacancies indicated on the LTC Vacancy Report submitted to the Commission on 9/5/13. It should be noted that the department recently conducted a recruitment class and hired eight new Firefighters on 9/3/13 and anticipates another recruitment class in the second quarter of FY 2013/14. The department will also be conducting a promotional Lifeguard exam to fill vacancies within the Ocean Rescue division during the first quarter of FY 2013/14.

	Amended Budget 2012/13 (April Amendment)	Projected	Variance Projected/ Amended Budget
Fire			
Expenditures	62,263,000	60,784,000	(1,479,000)

ENTERPRISE FUNDS

The City accounts for proprietary operations in Enterprise Funds. Convention Center, Parking, Sanitation, Sewer, Stormwater, and Water are included in this grouping. The expenditures for

these funds are budgeted to be fully offset by charges for services.

An analysis of the actual nine-month operating expenditures for the period October 1, 2012 through June 30, 2013, reveals that all funds except Convention Center have expenditures less than three-quarters of their budget. However, this is not representative, as there is often a lag in expenditures, particularly related to those billed by outside entities.

ENTERPRISE FUNDS	Sanitation	Sewer	Stormwater	Water	Parking	Convention Center
Budget Amendment (April 2013)	17,328,000	37,730,000	11,984,000	34,684,000	47,702,000	12,702,000
3/4 of Amended Budget	12,996,000	28,297,500	8,988,000	26,013,000	35,776,500	9,526,500
Expenditures as of 6/30/13	11,245,723	27,005,386	8,433,676	22,027,858	28,767,164	10,026,117
Expenditure Above/(Below) 3/4 of Amended Budget	(1,750,277)	(1,292,114)	(554,324)	(3,985,142)	(7,009,336)	499,617

The projected year-end operating revenues and expenditures through September 30, 2013, is, however, a more realistic snapshot of anticipated surplus or shortfall at this point in time. In addition, while the actual revenues and expenditures presented are as of June 30, 2013, the projections have incorporated more recent information, as available.

As represented below, for all funds, revenues are projected to be equivalent or in excess of expenditures, with the exception of Sewer and Stormwater. Further, while Convention Center is projected to be over budget, primarily due to expenditures related to the Convention Center Development project, some of which may be reimbursed by the Miami-Dade County General Obligation Bond.

Sewer

Projected expenditures are anticipated to exceed the amended budget by \$805,000 due to higher than anticipated sewer treatment costs and a reallocation of debt service expenses from Water to Sewer, based on updated data provided by the Finance department. Overall, projected revenues are higher than the amended budget due to increased demand that is projected to offset the additional expenditures above budget.

Sanitation

The Sanitation fund expenses are projected to be below budget by \$0.496 million. This is due primarily to projected salary savings of \$124,000; savings in temporary labor of \$75,000; savings in other contractual services of \$55,000; and capital items budgeted but not projected to be purchased in the amount of \$76,000.

Water

The Water fund expenses are projected to be below budget by \$4.8 million. This is mainly due to water for resale expenses projected to be approximately \$0.7 below budget, a Miami Dade County True-Up credit of \$1.8 million, \$0.9 million in unused contingency as well as a \$0.8 million reallocation of debt service expenses from Water to Sewer, based on updated data provided by the Finance department.

Convention Center

The Convention Center is projected to have a surplus of approximately \$0.9 million and be over budget by approximately \$1.8 million. This is primarily due to an increase in the number of events, which is offset by revenues being projected over budget.

	Sanitation	Sewer	Stormwater	Water	Parking	Convention Center
REVENUES						
Projected Revenues						
Charges for Service	\$ 16,453,500	\$ 35,184,000	\$ 11,611,000	\$ 32,820,000	35,898,000	9,619,451
Other	\$ 378,500	\$ 574,000	161,000	\$ 353,000	\$ 11,555,000	5,825,067
Total Projection	\$ 16,832,000	\$ 35,758,000	\$ 11,772,000	\$ 33,173,000	\$ 47,453,000	\$ 15,444,518
EXPENDITURES						
Projected Expenditures						
	\$ 16,831,400	\$ 38,535,000	\$ 12,502,000	\$ 29,810,000	\$ 47,453,000	\$ 14,494,000
Surplus/(Shortfall)	\$ 600	\$ (2,777,000)	\$ (730,000)	\$ 3,363,000	\$ -	\$ 950,518
Projected Rate Stabilization Revenue	\$ -	\$ 2,777,000	\$ 730,000	\$ -	\$ -	\$ -
Surplus/(Shortfall) Net of Budgeted Rate Stabilization	\$ 600	\$ -	\$ -	\$ 3,363,000	\$ -	\$ 950,518
Variance from Expenditure Amended Budget - Over/ (Under)	\$ (496,600)	\$ 805,000	\$ 518,000	\$ (4,874,000)	\$ (249,000)	\$ 1,792,000

In addition, despite expenditures being close to budget, Parking is anticipated to have a surplus of approximately \$0.7 million due to increased revenues. Together with the \$4.8 million budgeted to be used to increase reserves, this should provide year-end available cash balance funding towards the annual transfer of \$8.4 million to the General Fund in FY 2013/14.

INTERNAL SERVICE FUNDS

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.

An analysis of the actual nine-month operating expenditures for the period October 1, 2012 through June 30, 2013, reveals that all funds have expenditures less than three-quarters of the Amended Budget. However, as with Enterprise Funds, this is not representative since there is often a lag in expenditures, particularly related to those billed by outside entities.

INTERNAL SERVICE FUNDS	CENTRAL SERVICES	FLEET MGT	INFORMATION TECHNOLOGY	PROPERTY MGT	RISK MGT
Amended Budget (April 2013)	\$ 906,000	\$ 9,723,000	\$ 16,656,000	\$ 9,004,000	\$ 23,500,000
3/4 of Amended Budget	\$ 679,500	\$ 7,292,250	\$ 12,492,000	\$ 6,753,000	\$ 17,625,000
Expenditures as of 6/30/13	\$ 655,007	\$ 4,608,403	\$ 9,927,985	\$ 5,162,757	\$ 14,370,434
Expenditure Above/(Below) 3/4 of Amended Budget	\$ (24,493)	\$ (2,683,847)	\$ (2,564,015)	\$ (1,590,243)	\$ (3,254,566)

Based on the more realistic projection of year-end operating revenues and expenditures through September 30, 2013, and incorporating more recent information as available, all Internal Service Funds, are expected to have revenues equal to or in excess of expenditures. As illustrated below, Property Management's expenses are expected to be below budget by \$0.57 million. This is primarily due to a projected \$232,000 salary savings based on staff turnover; a \$206,000 projected savings in contract maintenance; and a \$125,000 saving in repairs and maintenance. We will continue to monitor this and address during the year end process.

The Risk Management expenses are expected to be below budget by \$110,000. This is primarily due to savings in salaries and benefits as a result of turnover within the department.

	CENTRAL SERVICES	FLEET MGT	INFORMATION TECHNOLOGY	PROPERTY MGT	RISK MGT
REVENUES					
Projected Revenues					
Charges for Service	1,040,000	9,205,000	14,604,000	8,455,000	22,734,000
Other	2,000	541,000	1,931,000	306,000	856,000
Total Projected Revenues	\$ 1,042,000	\$ 9,746,000	\$ 16,535,000	\$ 8,761,000	\$ 23,590,000
EXPENDITURES					
Projected Expenditures	\$ 905,200	\$ 9,465,790	\$ 16,510,000	\$ 8,427,000	\$ 23,019,000
Surplus/(Shortfall)	\$ 136,800	\$ 280,210	\$ 25,000	\$ 334,000	\$ 571,000
Variance from Expenditure Amended Budget - Over/ (Under)	\$ (800)	\$ (257,210)	\$ (146,000)	\$ (577,000)	\$ (481,000)

RESORT TAX FUND

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.

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, Cultural and Economic Development Department and the Cultural Arts Council
- Museums and Theatres (Garden Center, Bass Museum, and Colony)
- Golf courses (net of revenues)
- Memorial Day and other special event costs
- Homeless services

- 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, Art Basel, and various concerts.

The 2 percent Resort Tax Fund operating revenues are projected to be in excess of budget by approximately \$2.6 million and, as a result, payments to the Visitor's Convention Authority (VCA), which are based on a percent of revenues, are projected to exceed budget. In addition, savings are projected in salaries due to staff turnover and the use of contingency is projected to be below budget.

In addition to the uses listed above, the proceeds of the additional one percent (1 percent) 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. The 1 percent Resort Tax Fund operating revenues are projected to be in excess of budget by approximately \$1.5 million and, as a result, the debt service and transfers to North Beach, Middle Beach, and South Beach for capital projects and the transfers to the arts and cultural programs are projected to exceed budget as represented below.

In total, the projected revenues are estimated to be in excess of budget by \$4.1 million and expenditures in excess of budget by approximately \$1.1 million for the reasons described above. This results in a net operating surplus of approximately \$2.9 million. No surplus is projected for the 1 percent revenues.

RESORT TAX FUND						
	FY 2012/13 Adopted Budget	FY 2012/13 Amendment	FY 2012/13 Amended	6/30/13 Actual	FY 2012/13 Projection	Over/(Under)
Revenues						
2% Resort Tax	\$ 44,132,000		\$ 44,132,000	\$ 34,632,066	\$ 46,747,000	\$ 2,615,000
1% Resort Tax	9,368,000		9,368,000	8,354,634	10,881,000	1,513,000
Other Revenues	754,000		754,000	725,693	730,000	(24,000)
Total Revenue	\$ 54,254,000	\$ -	\$ 54,254,000	\$ 43,712,393	\$ 58,358,000	\$ 4,104,000
Expenditures						
General Fund Contribution	\$ 30,965,000		\$ 30,965,000	\$ 23,223,750	\$ 30,965,000	\$ -
Other Operating/Other Uses	4,548,079		4,548,079	1,573,403	4,297,000	(251,079)
Contributions to VCA and GMCVB	7,427,361		7,427,361	6,152,084	7,553,000	125,639
Marketing	248,000		248,000	2,963	6,000	(242,000)
Contingency	482,241		482,241	-	445,000	(37,241)
2% Debt Service	1,215,319		1,215,319	1,215,319	1,216,000	681
1% Debt Service	4,684,000		4,684,000	4,177,317	5,441,000	757,000
Transfer to Capital and the Arts (1%)	4,684,000		4,684,000	4,177,316	5,441,000	757,000
Total Expenditure	\$ 54,254,000	\$ -	\$ 54,254,000	\$ 40,522,152	\$ 55,364,000	\$ 1,110,000
Surplus/(Deficit)	\$ (0)	\$ -	\$ (0)	\$ 3,190,241	\$ 2,994,000	\$ 2,994,000

CONCLUSION

This analysis of budget to actual operating revenues and expenses with projections through September 30, 2013, provides the status of the FY 2012/13 Adopted Budget for the first nine months of the fiscal year. The Administration will continue to monitor revenues and expenses throughout the remainder of the fiscal year and resulting impacts on the FY 2012/13 budget.

SCHEDULE A

CITY OF MIAMI BEACH FY 2012/13 GENERAL FUND PROJECTIONS Quarter 3							
	FY 2012/13 Adopted Budget	FY 2012/13 Amended Budget	Actuals as of June 30, 2013	% Actual of FY13 Amended Budget	FY 2012/13 Projection as of Quarter 3	Over/ (Under) Amended Budget As of Quarter 3	% Over/ (Under) Amended Budget
REVENUES							
Ad Valorem Taxes	\$ 102,171,000	\$ 102,171,000	\$ 95,884,935	94%	\$ 101,053,000	(1,118,000)	-1.1%
Ad Valorem Taxes-S Pte Costs	10,296,000	10,296,000	9,696,229	94%	10,183,000	(113,000)	-1.1%
Ad Valorem Cap.Renewal & Replace.	1,850,000	1,850,000	2,154,718	116%	1,829,000	(21,000)	-1.1%
Ad Valorem Taxes-Norm Shores	129,000	129,000	0	0%	127,000	(2,000)	-1.6%
Other Taxes	24,023,000	24,023,000	13,982,633	58%	22,743,000	(1,280,000)	-5.3%
Licenses and Permits	20,033,000	20,033,000	18,814,534	94%	23,278,000	3,245,000	16.2%
Intergovernmental	9,827,000	9,827,000	6,911,978	70%	9,982,000	155,000	1.6%
Charges for Services	4,689,000	4,689,000	3,674,884	78%	4,436,000	(253,000)	-5.4%
Golf Courses	5,979,000	5,979,000	4,703,751	79%	5,773,000	(206,000)	-3.4%
Fines and Forfeits	2,199,000	2,199,000	2,070,034	94%	2,611,000	412,000	18.7%
Interest	2,983,000	2,983,000	2,942,390	99%	2,866,000	(117,000)	-3.9%
Unrealized Gains/ (Losses)- Investment	0	0	(2,860,106)	0%	0	0	0.0%
Rents and Leases	6,464,000	6,464,000	5,914,135	91%	6,772,000	308,000	4.8%
Miscellaneous	11,830,000	11,830,000	5,022,341	42%	11,406,000	(424,000)	-3.6%
Other - Resort Tax contribution	30,965,000	30,965,000	23,636,250	76%	30,965,000	-	0.0%
Other - Non Operating revenues	8,532,000	8,532,000	6,399,276	75%	8,532,000	(0)	0.0%
Reserve-Building Department Ops.	1,500,000	1,500,000	0	0%	0	(1,500,000)	-100.0%
Prior Year-End Carryover	3,400,000	4,790,000	0	0%	4,790,000	-	0.0%
Prior Yr Surplus from Parking Oper Fd	7,200,000	7,200,000	5,400,000	75%	7,200,000	-	0.0%
Prior Yr Set Aside for Pension Credit	2,210,000	2,210,000	0	0%	2,210,000	-	0.0%
TOTAL REVENUES	\$ 256,280,000	\$ 257,670,000	204,347,981	79%	256,756,000	(914,000)	-0.4%
Unrealized Gains/ (Losses)- Investment			2,860,106				
Total Net of Unrealized Gains/ (Losses)	\$ 256,280,000	\$ 257,670,000	207,208,087	80%	256,756,000	(914,000)	-0.4%
EXPENDITURES							
Mayor and Commission	1,648,000	1,648,000	1,181,907	72%	1,621,000	(27,000)	-1.6%
City Manager	2,313,000	2,745,000	2,005,177	73%	2,699,000	(46,000)	-1.7%
Communications	893,000	893,000	581,234	65%	837,000	(56,000)	-6.3%
City Clerk	1,505,000	1,505,000	938,425	62%	1,417,000	(88,000)	-5.8%
Finance	4,426,000	4,426,000	3,196,441	72%	4,183,000	(243,000)	-5.5%
Office of Budget & Perf Improve.	2,160,000	2,160,000	1,231,359	57%	1,762,000	(398,000)	-18.4%
Human Resources/Labor Relations	1,827,000	1,827,000	1,167,349	64%	1,610,000	(217,000)	-11.9%
Procurement	1,063,000	1,068,000	704,744	66%	970,000	(98,000)	-9.2%
City Attorney	4,318,000	4,318,000	3,232,402	75%	4,543,000	225,000	5.2%
Real Estate, Housing & Comm Dev	1,048,000	1,048,000	599,240	57%	791,000	(257,000)	-24.5%
Community Services	460,000	460,000	333,774	73%	458,000	(2,000)	-0.4%
Homeless Services	990,000	990,000	610,898	62%	902,000	(88,000)	-8.9%
Building	10,985,000	11,072,000	7,590,112	69%	10,837,000	(235,000)	-2.1%
Code Compliance	4,647,000	4,647,000	3,230,204	70%	4,333,000	(314,000)	-6.8%
Planning	3,419,000	3,419,000	2,178,380	64%	3,028,000	(391,000)	-11.4%
Tourism & Cultural Development	2,503,000	2,503,000	1,615,759	65%	2,431,000	(72,000)	-2.9%
Parks and Recreation	22,153,000	22,179,000	15,236,752	69%	22,627,000	448,000	2.0%
Golf Courses	6,619,000	6,619,000	4,662,548	70%	6,048,000	(571,000)	-8.6%
Public Works	6,548,000	6,688,000	4,387,649	66%	6,569,000	(119,000)	-1.8%
Capital Improvement Program	4,841,000	4,858,000	2,877,079	59%	4,087,000	(771,000)	-15.9%
Fire	62,242,000	62,263,000	45,275,439	73%	60,784,000	(1,479,000)	-2.4%
Police	94,963,000	94,970,000	73,052,960	77%	96,523,000	1,553,000	1.6%
Citywide Accounts	8,817,535	9,467,535	8,103,057	86%	12,712,000	3,244,292	34.3%
Citywide Acc-Operating Contingency	1,000,000	1,000,000	0	0%	0	(1,000,000)	-100.0%
Citywide Accounts-Normandy Shore	187,292	187,292	0	0%	213,000	25,708	13.7%
Citywide Accounts-Normandy Shores Transfer	2,014,173	2,019,173	79,107	4%	2,019,000	-	0.0%
Reserve-Future Budget Shortfalls	831,000	831,000	0	0%	831,000	0	0.0%
Capital Renewal & Replacement	1,859,000	1,859,000	0	0%	1,859,000	0	0.0%
Reserve - Carryforward Pension Credit Surplus	0	0	0	0%	0	0	0.0%
TOTAL EXPENDITURES	\$ 256,280,000	\$ 257,670,000	184,071,995	71%	256,694,000	(976,000)	-0.4%
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	\$ (0)	\$ 0	23,136,093	0%	62,000	62,000	13.7%

SCHEDULE B

POLICE OVERTIME FY13 PROJECTION - EXCLUDING REIMBURSABLES BY NON CITY ENTITIES

	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Adopted Budget	8/25/13 Actual	FY13 Projection as of August 2013	FY13 Variance	% Variance
South Pointe Spring Break	0	92,203	121,067	100,000	0	0	-100,000	-100%
South Pointe Other	72,241	69,018	137,375	100,000	83,723	86,838	-13,162	-13%
City Center	174,814	350,461	452,475	450,000	295,896	356,985	-93,015	-21%
Crime Investigations	987,957	920,087	979,973	899,366	649,540	718,576	-180,790	-20%
Manpower Shortage	921,943	829,267	1,350,536	866,000	1,287,336	1,424,286	558,286	64%
General Fund Regular	373,194	403,311	621,555	379,000	500,499	547,906	168,906	45%
Neighborhood Resource Officer- Homeless	519	10,007	45,928	10,000	35,510	39,288	29,288	293%
Spring Break	0	561,042	726,401	750,000	883,046	883,046	133,046	18%
Other Special Events (including Spring Break and New Year's Eve prior to FY 2010/11 and New Year's Eve prior to FY 2011/12)	871,475	419,391	635,138	150,000	507,714	569,740	419,740	280%
Memorial Day	0	857,044	954,704	916,000	869,363	869,363	-46,637	-5%
New Year's Eve (Previously budgeted under Mis. Special Events)	44,671	159,817	0	105,000	106,829	106,829	1,829	2%
Misc. Special Events	0	0	0	100,000	0	0	-100,000	-100%
Chargebacks to Sanitation/Parks/E911/Parking*	580,464	401,699	160,917	160,000	157,943	173,897	13,897	9%
Other*	166,986	303,908	116,475	-258,000	479,790	489,043	747,043	-290%
Sub-Total Total	\$4,194,264	\$5,377,256	\$6,302,546	\$4,727,365	\$5,857,188	\$6,265,797	\$1,538,431	
TOTAL OVERTIME	4,194,264	5,377,256	6,302,546	5,271,000	5,857,188	6,265,797	994,797	19%
RDA-City Ctr	174,814	350,461	452,475	450,000	295,896	356,975	-93,025	-21%
Spring Break	0	653,245	693,705	850,000	883,046	883,046	33,046	4%
Memorial Day	0	0	954,704	916,000	869,363	869,363	-46,637	-5%
New Year's Eve (Previously budgeted under Mis. Special Events)	0	891	104,782	105,000	106,829	106,829	1,829	2%
Parking	148,618	110,304	313	0	0	0	0	0%
Other Reimbursables	0	0	-1,734	0	431,429	431,429	431,429	100%
Sanitation	31,256	30,429	26,916	30,000	18,876	20,884	-9,116	-30%
Net General Fund	3,839,576	4,231,925	4,071,385	2,920,000	3,251,749	3,597,271	677,271	23%
E-911	399,905	259,066	133,688	130,000	131,097	145,044	15,044	12%
Memorial Day prior to FY 12	0	857,044	0	0	0	0	0	0%
Parks	0	1,009	2,472	0	0	0	0	0%
Police General Fund	3,439,671	3,114,806	3,935,224	2,790,000	3,120,652	3,452,227	662,227	24%