



Office of the Town Manager

Rafael G. Casals, ICMA-CM, CFM
Town Manager

MEMORANDUM

To: Honorable Mayor and Town Council

From: Rafael G. Casals, ICMA-CM, CFM, Town Manager

Date: September 10, 2019

Re: Fiscal Year 2019-20 Tentative Operating and Capital Outlay Budget for Adoption (1st Advertised Budget Hearing)

REQUEST

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF CUTLER BAY, FLORIDA, ADOPTING THE TENTATIVE OPERATING AND CAPITAL OUTLAY BUDGET FOR THE FISCAL YEAR COMMENCING OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2020 PURSUANT TO FLORIDA STATUTES SECTION 200.065; AUTHORIZING THE TOWN MANAGER TO MAKE EXPENDITURES CONSISTENT THEREWITH AND AUTHORIZING THE TOWN MANAGER TO MAKE CERTAIN BUDGET AMENDMENTS WITHIN A DEPARTMENT PROVIDED THAT THE TOTAL OF THE APPROPRIATIONS IS NOT CHANGED; AND PROVIDING FOR AN EFFECTIVE DATE.

BACKGROUND AND ANALYSIS

Please find attached the *tentative* Fiscal Year 2019-20 budget for adoption, which includes the changes to both revenues, expenditures, and items discussed during two (2) scheduled Council Budget Workshops (June 27th and July 29th). The *tentative* budget was developed using the proposed millage rate of **2.6047 mills (“ceiling” rate adopted via Resolution No. 19-53)**. The 2.6047 millage rate represents the statutorily computed two-thirds vote maximum millage rate that the Council has in previous years adopted as a ceiling rate for purposes of the Property Appraiser’s Truth in Millage (TRIM) advertising notice. The adopted ceiling millage rate does not prevent the Council from adopting a lower rate during our Advertised Budget Hearings.

As per State TRIM Notice Law, the Council adopted a higher “ceiling” millage rate of **2.6047** mills for TRIM advertisement purposes (*via* Resolution No.19-53). All Property owners received their individual notices which clearly illustrated both the “ceiling” millage rate (2.6047 mills) AND the lower “rollback” millage rate (2.2903 mills) for comparison purposes.





The “rollback” millage rate is defined as the millage rate necessary to raise the same amount of Ad Valorem tax revenue as the previous fiscal year, excluding taxes from new construction. The “rollback” millage rate will not result in an increase of municipal taxes to the Town’s property owners.

One financial trend, which I must advise the Council on, is the actual “dips” into our Fund Reserves in recent years. As shown below, while the Town “dipped” (i.e., ran a deficit) for fiscal years 2015, 2016 and 2017, it was much less than anticipated (i.e., the “budgeted dip”) as Town Staff was able to navigate the Town’s operations to a large extent to minimize the impact (although fiscal year 2017 did include the costs associated with the Hurricane Irma event which was beyond the control of Staff).

	Budgeted Dip	Actual Dip	
FY 2014-15	(3,445,772)	(865,675)	} <u>Cumulative</u> (3,047,581)
FY 2015-16	(3,786,628)	(403,166)	
FY 2016-17	(3,461,737)	(1,778,740)	
FY 2017-18	(4,411,581)	617,680	SURPLUS
FY 2018-19	(2,926,802)	To Be Determined	

In FY 2017-18, the Town experienced a positive gain (“surplus”) in our Fund Balance in the amount of \$617,680.00, which reversed three consecutive years in which the Town experienced deficits (i.e., uses of “reserves”).

Town Staff has identified several items for the Council to consider. The items include, but are not limited to:

- The July 1, 2019 Certified Property Value Estimate from the Property Appraiser reflects an approximate **5.27% increase** in property values for 2019 (down slightly from the June 1, 2019 “Preliminary” estimate of **5.57% increase**).
- Unless directed otherwise by the Town Council, Town Staff currently anticipates no change in full-time Town staffing nor any changes to Police staffing levels.

The First Budget Hearing Executive Summary (*Attachment “A”*) and the Tentative Budget FY 2019-20 General Fund Detailed Revenue & Expenditures (*Attachment “B”*) reflect changes to our projected revenues/expenditures based on items discussed during the Town Council’s June 27, 2019 Budget Visioning Workshop and July 29, 2019 Budget Workshop.

The attached Executive Summary provides a concise narrative of the significant changes made to the tentative budget drafts based on Council discussions during Budget Workshops.





The Detailed Revenue and Expenditure Worksheets provide detailed information by revenue source and expenditures by department.

Detailed Revenue and Expenditure Worksheets provide the Council with the following comparative information:

- Actual Fiscal Year 2017-18
- Adopted Fiscal Year 2018-19
- Actual Projection Fiscal Year 2018-19
- Proposed Fiscal Year 2019-20 (*based on Millage Rate of 2.6047*)
- *Net Change:*
 - Proposed Fiscal Year 2019-20 (June 27, 2019 Budget Visioning Workshop) compared to Adopted Fiscal Year 2018-19
 - Proposed Fiscal Year 2019-20 (July 29, 2019 Budget Workshop) compared to Proposed Fiscal Year 2019-20 (June 27, 2019 Budget Visioning Workshop)
 - Proposed Fiscal Year 2019-20 (September 10, 2019 First Hearing) compared to Proposed Fiscal Year 2019-20 (July 29, 2019 Budget Workshop)

In addition, the preliminary budgets for the Special Revenue Funds, the Capital Projects (Parks) Fund and the Stormwater Fund are attached for your review (*Attachment "C"*). These funds are supported with non-ad valorem funding, such as grants, impact fees and other restricted revenue sources, and have no impact on the millage rate adopted.

Additionally, please find the FY 2019-20 Proposed Millage Cost of Departments General Fund (*Attachment "D"*) as stated in the Town Charter Section 6.2 Citizens' Bill of Rights (A) (11).

ATTACHMENTS

- Attachment "A" – First Budget Hearing Executive Summary
- Attachment "B" – Tentative Budget FY 2019-20 General Fund Detailed Revenue & Expenditures
- Attachment "C" – Tentative Budget FY 2019-20 Other Funds
- Attachment "D" – FY 2019-20 Proposed Millage Cost of Departments General Fund

