



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 24, 2019

Re: Fiscal Year 2019-20 Final Operating and Capital Outlay Budget for Adoption (2nd Advertised Budget Hearing)

REQUEST

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF CUTLER BAY, FLORIDA, ADOPTING THE FINAL 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 revenues and expenditures based on items discussed during the First Budget Hearing (September 10th) as well as during the two (2) Council Budget Workshops (June 27th and July 29th). The *tentative* budget was developed using the tentative millage rate of **2.4323 mills** adopted at the First Budget Hearing via Resolution No. 19-57. The tentative millage rate adopted at the First Budget Hearing does not prevent the Council from adopting a lower rate during the Second Budget Hearing.

The tentative millage rate is 6.2% greater than the roll-back rate of 2.2903 mills. 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.





The attached tentative budget reflects a budgeted “dip” into reserves of approximately \$2.42 million. 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, which reversed three (3) 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 attached Proposed Budget Executive Summary (*Attachment “A”*) and the FY 2019-20 Tentative Budget Summary (*Attachment “B”*) reflect changes to our projected revenues/expenditures based on items discussed during the Town Council’s September 10, 2019 First Budget Hearing adopted via Resolution No. 19-58, as well as those discussed during our 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 the First Budget Hearing and the two (2) Budget Workshops.





The Tentative Budget Summary provides detailed information by revenue source and expenditures by department, as well as by fund. Included are the General Fund, which is supported by ad valorem revenues, as well as various Special Revenue funds, the Capital Projects (Parks) Fund, and the Stormwater Utility Fund. The funds other than the General Fund 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, the Tentative Budget Summary (*Attachment "B"*) includes an appendix showing the FY 2019-20 Estimated Millage Cost of Departments General Fund (*Appendix "C"* of the Tentative Budget Summary) as stated in the Town Charter Section 6.2 Citizens' Bill of Rights (A) (11).

ATTACHMENTS

- Attachment "A" – FY 2019-20 Proposed Budget Executive Summary
- Attachment "B" – FY 2019-20 Tentative Budget Summary

