



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: July 27, 2022

Re: Fiscal Year 2022-23 Proposed General Fund Budget
(2nd Budget Workshop)

Town of Cutler Bay Staff (the “Staff”) has worked diligently in order to provide the Town Council (the “Council”) with a preliminary 2022-23 General Fund budget for your initial review. The General Fund is the main operating fund of the Town and is the fund supported by ad valorem revenues, the millage rate for which will be determined by the Council during the upcoming Budget Hearings in September. Given the importance of the General Fund, Staff felt it prudent to devote today’s entire presentation to that fund. At the September 1, 2022 Budget Workshop, Staff will present an update to the General Fund budget as well as present other funds (special revenue, capital projects and/or stormwater funds) for which formal budgets will be adopted. These other funds account for special projects, many of which I described to the Council during the July 20, 2022 Budget Visioning Workshop. These other fund types are not supported by ad valorem revenue, but rather by grants or other special, restricted revenues (such as PTP funds).

On July 1, 2022, the Miami-Dade Property Appraiser certified to the Town of Cutler Bay (the “Town”) the taxable value of property within the Town’s boundaries to be used to establish its 2022 millage rate (for Fiscal Year 2022-23) and ad valorem tax budget. Under the TRIM statutes, the Town has thirty-five (35) days (i.e. on or before Thursday, August 4, 2022) to notify the Property Appraiser, on form DR-420 electronically filed on the eTRIM system, of the Town’s proposed millage rate and the date, time, and place of its first public Budget Hearing. In turn, the Property Appraiser will use that information on the TRIM notices it mails out to all taxpayers in late August. Based on the July 1, 2022, certification received from the Property Appraiser, the taxable value of property within the Town’s boundaries **increased** 11.85% since last year’s certification. While this increase is an average Town-wide increase, it should be noted that homesteaded properties are protected from large increases by the Save Our Home caps reflected in State law.

In late fiscal year 2020, the Town Council gave Staff authorization to move forward with a “Fund Balance Replenishment Plan” (the “Plan”), developed in coordination with Lourdes Abadin of Estrada Hinojosa (the “Financial Advisor”), to help the Town stabilize and begin to re-strengthen its fund balance reserves which had begun to deteriorate significantly in recent years due primarily to operating deficits, impacts from COVID-19, and the undertaking of substantial capital projects which have been funded to date in large part by the General Fund’s fund balance.





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This Plan was implemented over fiscal years 2021 and 2022, and resulted in the Town’s General Fund’s fund balance increasing from \$13.7 million September 30, 2020 to \$19.4 million at September 30, 2021 (of which \$18.8 million was classified as “unassigned” and available for appropriation by the Town Council for any legal purpose).

As we approach an upcoming General Obligation bond offering, it is more important than ever for the Town to maintain it’s renewed financial strength and not revert to using reserves to fund the operating budget. This will ensure that the Town can get and maintain a solid bond rating which will result in lower interest costs to the Town.

At the July 20, 2022 Regular Council Meeting, the Council adopted Resolution 22-63 which adopted a proposed millage rate of 2.9388 mills for Fiscal Year 2022-23 which will be utilized by the Property Appraiser for advertisement purposes. This millage rate represents the two-thirds vote maximum millage rate which the Town has historically used a “ceiling rate” since it allows for a lower rate to be adopted during the September budget hearings if desired. This rate is 16.74% greater than the rolled back rate of 2.5173 mills.

The attached General Fund budget has been prepared using the 2.9388 mill rate and it generates a budget surplus of \$392,513. For the most part, the attached General Fund budget maintains the levels of service comparable to the recent past. The Community Development Department reflects a full-time Building Inspector (a Building Official and a night/weekend Code Officer were budgeted last year and carry forward to this year’s budget). These three department positions were filled during fiscal year 2022. The Parks Department reflects a full-time night/weekend Recreation Supervisor, a position created in fiscal year 2022 by conversion of a part-time staff to full-time. No other changes to Town or Police staffing levels are anticipated. Other significant changes in the General Fund departmental budgets are discussed in the attached “[Attachment A](#) – Proposed FY 2022-23 Budget – Executive Summary”.

As noted above, it is important that the Town Council adopt a millage rate that is sufficient to provide revenues to cover budgeted General Fund expenditures and which avoids generating deficits that draw down fund balance further.

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For Fiscal Year 2022-23, the Budget Hearing dates adopted by Council on July 20, 2022 at the Regular Council Meeting (Resolution 22-63) are as follows:

DATE	TIME	PLACE
1 st Budget Hearing September 14, 2022 (Wednesday)	6:00 PM	Cutler Bay Town Hall Council Chambers 10720 Caribbean Boulevard Cutler Bay, Florida 33189
2 nd Budget Hearing September 28, 2022 (Wednesday)	6:00 PM	Cutler Bay Town Hall Council Chambers 10720 Caribbean Boulevard Cutler Bay, Florida 33189

Staff looks forward to discussing the above items with the Council at our 2nd Budget Workshop and to gain further insight from the Council as to the programs and initiatives it would like for Staff to incorporate into the upcoming Fiscal Year 2022-23 General Fund budget. The 3rd Budget Workshop scheduled for Thursday, September 1, 2022 will incorporate any changes requested by the Council during this workshop.

The Proposed FY 2022-23 Budget – Executive Summary (*Attachment A*) provides a written summary of the significant decreases/increases in departmental expenditure line items. The Proposed FY 2022-23 Budget – Fund Summaries and Department Expenditures (*Attachment B*) provides the Council with the following comparative information:

- Actual FY 2020-21
- Adopted FY 2021-22
- Proposed FY 2022-23 (based on Millage Rate at 2.9388 for the General Fund)
- Net Change:
July 27, 2022 Workshop (Proposed FY 2022-23) compared to Adopted FY 2021-22

ATTACHMENT(S):

- Attachment A – Proposed FY 2022-23 Budget – Executive Summary
- Attachment B – Proposed FY 2022-23 Budget – Fund Summaries and Department Expenditures

