



AGENDA INFORMATION

CITY OF MIAMI SPRINGS

CITY COUNCIL

Special Meeting

Thursday, July 26, 2012

5:01 p.m.

Council Chambers – City Hall

201 Westward Drive, Miami Springs

Mayor Xavier Garcia

Vice Mayor George V. Lob

Councilman Bob Best

Councilwoman Grace Bain

Councilwoman Jennifer Ator

City Manager Ronald K. Gorland

Assistant City Manager/Finance Director William Alonso

City Attorney Jan K. Seiden

City Clerk Magali Valls



CITY OF MIAMI SPRINGS, FLORIDA

Mayor Xavier M. Garcia

Vice Mayor George V. Lob
Councilwoman Grace Bain

Councilman Bob Best
Councilwoman Jennifer Ator

Decorum: "Any person making impertinent or slanderous remarks or who becomes boisterous while addressing the City Council, shall be barred from further audience before the City Council by the Mayor, unless permission to continue or again address the City Council is granted by the majority vote of the City Council members present. In accordance with the foregoing, the City Council has determined that racial or ethnic slurs, personal attacks and comments unrelated to City matters or issues constitute prohibited comments from the podium".

AGENDA

SPECIAL MEETING

Thursday, July 26, 2012 – 5:01 p.m.

Council Chambers – City Hall

201 Westward Drive – Miami Springs

1. Call to Order/Roll Call
2. Invocation: Councilman Best
Salute to the Flag: Audience participation
3. Proclamation – Year of the Korean War Veteran
4. Approval of the City Attorney's Invoice for June 2012 in the Amount of \$16,389.00
5. Recommendation that Council Approve an Expenditure of \$12,502.00 to Mason Corporation for Repairs to the Pool Slide, as a Sole Source Provider, Pursuant to Section 31.11 (E) (6) (c) of the City Code

6. Resolution No. 2012-3550 – A Resolution of the City Council of the City of Miami Springs Authorizing Participants in the City's Section 401 Money Purchase Plan, ICMA-RC Plan # 107207 and Section 457 Deferred Compensation Plan, ICMA-RC Plan # 300151, to Permit Loans from the Retirement Plan Funds; Effective Date

7. Resolution No. 2012-3549 – A Resolution of the City Council of the City of Miami Springs Setting the Tentative Operating Millage Levy for Fiscal Year 2012-2013; Setting Time, Date and Place for Public Hearings on the Proposed 2012-2013 Budget and Tentative Millage Rate

8. Adjourn

 If any person decides to appeal any decision of this Board with respect to any matter considered, s/he will need a record of the proceedings and for such purpose may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is made (F. S. 286.0105), all of which the City does not provide.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate in this proceeding should contact the City Clerk, 201 Westward Drive, Miami Springs, Florida 33166. Telephone: (305) 805-5006, no later than (7) days prior to the proceeding.

Pursuant to Sec. 2-11.1 (S) of the Miami-Dade County Code and Miami Springs Code of Ordinances Chapter 33 - §33-20, all persons, firms or corporations employed or retained by a principal who seeks to encourage the passage, defeat, or modifications of (1) ordinance, resolution, action or decision of the City Council; (2) any action, decision, recommendation of any City Board or Committee; or (3) any action, decision or recommendation of City personnel during the time period of the entire decision-making process on such action, decision or recommendation which will be heard or reviewed by the City Council, or a City Board or Committee shall register with the City before engaging in any lobbying activities on forms prepared for this purpose and shall state under oath his or her name, business address, the name and business address of each person or entity which has employed said registrant to lobby, and the specific issue on which he or she has been employed to lobby. A copy of the lobbyist registration form is available from the Office of the City Clerk.

The City of Miami Springs
 Summary of Monthly Attorney Invoice
 Orshan, Lithman, Seiden, Ramos, Hatton & Huesmann, LLLP

July 2 for June

<u>General Fund Departments</u>	<u>Cost</u>	<u>Hours</u>
Office of the City Clerk	6,412.50	47.50
Human Resources Department	234.90	1.74
Risk Management	715.50	5.30
Finance Department	448.20	3.32
Building, Zoning & Code Enforcement Department	1,242.00	9.20
Planning		0.00
Police Department	226.80	1.68
Public Works Department	367.20	2.72
Recreation Department	40.50	0.30
IT Department		0.00
Golf		0.00
Senior		0.00
General - Administrative Work	<u>6,701.40</u>	<u>49.64</u>
Sub-total - General Fund	\$16,389.00	121.40
<u>Special Revenue, Trust & Agency Funds</u>		
Golf Course Operations		0.00
L.E.T.F.		0.00
Due from Pension Funds		<u>0.00</u>
Sub-total - Special Funds	\$0.00	0.00
GRAND TOTAL: ALL FUNDS	\$16,389.00	121.40



CITY OF MIAMI SPRINGS
Recreation and Golf Department
1401 Westward Drive
Miami Springs, FL 33166-5259
Phone: (305) 805-5075
Fax: (305) 805-5077

Agenda Item No.

City Council Meeting of:

07-26-2012.

TO: Honorable Mayor Garcia and Members of the City Council

VIA: Ronald Gorland, City Manager

FROM: Omar Luna, Recreation and Golf Director

DATE: July 19, 2012

RECOMMENDATION:

Recommendation that Council approve an expenditure of \$12,502.00, to Mason Corporation, for repairs to the pool slide, as a sole source provider, pursuant to Section §31.11 (E) (6) (C) of the City Code.

DISCUSSION:

Mason Corporation is the company that designed, built and installed the pool slide. The amount requested is for the repairs and replacement of all fittings, rusted galvanized slide supports with SCH aluminum and installation. The slide has been closed due to safety issues.

COST: \$12,502.00

FUNDING: Parks & Recreation/Repairs and Maintenance
Acct#: 001-5702-572.46-00

PROFESSIONAL SERVICES APPROVAL:

Sales Quote

MASON CORPORATION
8114 ISABELLA LANE
BRENTWOOD, TN 37027

Quote Number:
 JS071812/3055

Quote Date:
 Jul 18, 2012

Quoted to:

City of Miami Springs
 1401 Westward Drive
 Miami Springs, FL 33166

Ship To:

City of Miami Springs Parks & Rec
 201 Westward Drive
 Miami Springs, FL 33166
 305-805-5078

Page:
 1

Customer ID	Good Thru	Payment Terms	Sales Rep
CITMIA	8/17/12	Net Due	

Quantity	Item	Description	Unit Price	Extension
1.00		REPAIR: Replace fittings and rusted galvanized slide supports with SCH 80-T6 6061 Aluminum.	12,502.00	12,502.00
			Subtotal	12,502.00
			Sales Tax	
			Freight	
			Total	12,502.00



CITY OF MIAMI SPRINGS
Finance Department
201 Westward Drive
Miami Springs, FL 33166-5289
Phone: (305) 805-5014
Fax: (305) 805-5018

Agenda Item No.

City Council Meeting of:

7-26-2012 (15)

TO: Honorable Mayor Garcia and Members of the City Council
VIA: Ronald Gorland, City Manager *Ron*
FROM: William Alonso, CPA, CGFO, Finance Director *WAlonso*
DATE: July 11, 2012

RECOMMENDATION: **Recommendation that Council authorize the Administration to amend the City's 401/457 deferred Compensation Plan to allow participants to apply for loans against their investments.**

DISCUSSION: The City implemented (via Resolution) a 401/457 deferred compensation plan back in the 1980's to provide employees with another vehicle to save for their retirement. The plan was voluntary for the employees and they were able to contribute a % of their salary as they deemed appropriate for their individual situation.

A few weeks ago, an employee approached the Administration regarding his inability to obtain a loan from his investment account since it appears that when the City established this plan with ICMA, the City did not check the appropriate box so that loans would be allowed.

In order to correct this situation, we are attaching the appropriate Resolution required by ICMA in order to allow plan members the ability to obtain loans against their accounts. As of this date there are currently 53 employees enrolled in this plan. We are attaching a copy of the loan program for your review, The Administration recommends approval of this change.

COST: **No cost to the City for this amendment.**

A GUIDE TO IMPLEMENTING A LOAN PROGRAM



A loan program in your retirement plan provides eligible plan participants the ability to borrow funds from their plan account balance. Adding loans to your retirement plan is a big step. As the administrator of your loan program, ICMA-RC will attempt to minimize the amount of resources you need to devote to the program.

However, there are administrative and fiduciary responsibilities associated with offering loans which, as a practical matter, cannot be delegated to ICMA-RC. For this reason, before you design a program that is right for you and your employees, there are several issues you may wish to consider. And the decisions you make in designing your loan program will determine the resources you, as the plan sponsor, will have to commit to that program.

This brochure details the issues you should consider in designing your retirement plan loan program.

LOAN GUIDELINES

In order to offer loans from a retirement plan, the Internal Revenue Code (the Code) requires that you establish written guidelines that govern the granting of loans. Included in this packet is the Loan Guidelines Agreement that you must complete and formally adopt to establish your loan program.

Along with completing the *Loan Guidelines Agreement*, you must amend your plan document to allow loans. You will need to send to ICMA-RC a statement executed by a designated official or resolution approved by your governing body, as applicable to your plan. In addition, if you are adding a loan provision to a 401 plan, the adoption agreement applying to that plan must be amended. A sample resolution and an adoption agreement amendment form are included in this package. If you have any questions about amending your plan document to allow for loans, please call our Plan Sponsor Services Team toll-free at 800-326-7272.

The Code provides you with some flexibility when establishing your Loan Guidelines as long as the guidelines are consistent with the plan document provisions on loans and with section 72(p) of the Code.

1. Eligibility (Section II in Loan Guidelines Agreement)

You may allow a loan to be taken from (1) vested employer contributions and/or (2) participant account balances. You may designate whether or not a loan may be taken

- (A) for all purposes or
- (B) only in the case of hardship or other certain specified financial situations.

401 Plans: Under the Code, only employers can authorize a hardship for loan purposes. Upon request, ICMA-RC will provide an opinion to you concerning the likely compliance of the hardship within the requirements of the Code and regulations. Normally, for loan purposes, hardship and other specified situations include, but are not limited to: unreimbursed medical expenses, buying or rehabilitating the participant's principal residence, and paying for college education for the participant or his/her dependents. Car loan, car repairs, and the purchase or repair of a vacation or rental property would not be included in the hardship definition.

The option you choose to define "loan purpose" in the Eligibility section will have a significant impact on the number of loans made from your plan. Obviously, if you choose "for all purposes," more of your employees will request loans than if you select "hardship or other specified financial situations only."

457 Plans: Loans must be coordinated with unforeseeable emergency withdrawals. The emergency withdrawal regulations under Section 457 of the Code require that an emergency withdrawal be a resource of the "last resort." If the participant is able to take a loan from your ICMA-RC 457 plan or any other plan you sponsor, the participant has resources available to meet, or partially meet, the financial need. Therefore, a participant will be required to take a loan before taking an emergency withdrawal.

Many emergency withdrawals are not approved because the financial need, while serious, may not meet the conditions itemized in the 457 regulations. The ability to take a loan will allow participants access to money that is not otherwise available. And the repayment provisions for loans ensures that participants replenish their accounts, thereby preserving their retirement savings.

2. Loan Purpose and Application Process (Section III and IV in Loan Guidelines Agreement)

- (A) **Active Employees Only** – Loans are available only to active employees. Former employees, beneficiaries, and alternate payees may not take a loan.
- (B) **Request Submittal** – If you select to allow loans for ALL purposes, loan requests may be submitted by participants through the Account Access website (Online) or with an Investor Services representative via Loan By Call Center.

If you select to allow loans for hardship purposes, a loan application must be completed, signed by the participant and approved by you, the employer.

Under the Code, the amount of the loan may not exceed a maximum amount. *The amount available for a loan is affected by all other loans the participant may have outstanding or has recently paid off from your ICMA-RC*

retirement plan, and any other retirement plans you sponsor. Please refer to page 7 for a worksheet illustrating how maximum loan amounts are calculated. The loan modeling option on ICMA-RC's Account Access website incorporates this calculation automatically.

- (C) Check Issuance – If you elect to allow loans for ALL purposes, ICMA-RC sends loan documents with the loan check to the participant. When the participant endorses the check, that endorsement signifies acceptance of loan terms.

If you elect to allow loans for HARDSHIP purposes, the participant is required to sign the acceptance of a promissory note evidencing the loan and disclosure statement, which includes an amortization schedule. Upon receipt of an approved loan application, ICMA-RC will prepare these loan documents and send them, along with the loan check. The loan check may not be given to the participant until the loan documents have been signed by the participant. Because the promissory note is considered a plan asset, all loan documents must be complete and preserved by ICMA-RC for at least the life of the loan.

For payroll-deducted loan repayments, once a loan is issued, your payroll department must ensure that loan repayments are withheld from the employee's paycheck each pay period, in the amount specified or the amortization schedule, until the loan is repaid in full. It is essential that the amortization schedule coincide with your payroll cycle. ICMA-RC can help you determine the first pay date on which you should withhold loan repayments.

3. Frequency of Loans (Section V in Loan Guidelines Agreement)

Participants may receive only one loan per calendar year. However, you may elect to allow participants to have either

- (A) only one loan outstanding at a time or
(B) no more than five loans outstanding at one time.

The option you choose under Frequency of Loans will have an impact on the number of loans made from your plan. It may also have a direct impact on your payroll system if you select Payroll Deduction as a repayment option for your participants. *Each loan repayment for each pay period must be accounted for separately.* Repayments of multiple loans are a much larger burden on your payroll system (and personnel) than a repayment of a single loan.

4. Length of Loan (Section VII in Loan Guidelines Agreement)

Generally, all loans must be repaid within five years from the date the loan is made. There is an exception for loans used to buy, but not to improve or repair, a principal residence. In the case of a loan for buying a principal residence, you may specify the number of years, not to exceed 30, over which the loan must be repaid.

In determining the maximum repayment period for residential loans, you should be mindful that the loan term may extend beyond the period the participant is employed by you. If you allow employees to continue to pay their loans after they separate from service (see Acceleration of Loan Repayment on the next page), repayments would continue by the participant, through you, for the entire term of the loan (e.g., 30 years). Every payroll period, the participant (former employee) will be required to give you a check for the periodic loan repayment amount. You then include this amount with your next contribution submittal to ICMA-RC. *Loan repayments may not be made directly to ICMA-RC by the participant, unless you choose ACH debit as a repayment option.*

5. Loan Repayment Process (Section VIII in Loan Guidelines Agreement)

All loans must be repaid either through payroll deduction or through ACH debit as long as the employee is actively employed by you. For payroll deducted payments, ICMA-RC's media (EZLink) used for remitting contribution detail, allows for the inclusion of loan repayment detail. Participants may pay off their loans early by requesting that you submit a larger repayment amount from their pay on their regularly scheduled repayment dates through your contribution submittals to ICMA-RC. Please note that no payment date may be "skipped" even if the employee has made a large payment or submitted multiple payments.

The enclosed Loan Guidelines Agreement form allows your plan to offer a participant the option of making loan repayments via direct debit of the employee's bank account. Direct debit is authorized by the participant and allows ICMA-RC to debit loan repayments from the participant's bank account via Automated Clearing House (ACH). With this feature, you are free of the burden of establishing and monitoring payroll deduction and submitting of repayments to ICMA-RC.

Please note that you will not be notified directly when a participant's bank account has insufficient funds for a complete loan repayment. The EZLink loan reports that will be available to you online will provide this information. It is possible that participant loans may default more often for lack of repayment when participants choose ACH repayment rather than payroll deduction. You may choose to restrict certain participants to payroll deduction for this reason.

In implementing a loan program you should be aware that some employers who offer loans through their retirement plan have had to contend with the inability of some participants to repay their loan(s). You should be aware that you may *not* stop taking loan repayments from the employee's paycheck – even if the employee asks that repayments be stopped. Failure to payroll-deduct loan repayments on schedule could both jeopardize the eligibility or qualification of the entire plan as well as create a taxable event for the participant.

Likewise, if an employee is repaying the loan through ACH debit of his/her bank account, and the employee fails to make payments, this could jeopardize the eligibility of your retirement plan. Employers are ultimately responsible for ensuring that loans are repaid according to the loan terms. ICMA-RC assists you by notifying both you and the employee if a payment has not been received.

Your plan may allow terminated employees to continue to repay their loans either through ACH debit of their bank account, or by giving/sending you a check each repayment period (refer to Acceleration of Loan Repayment section on page three). If you adopt this latter repayment method, you will include the repayment amount given to you by the former employee in your next regular employee contribution remittance to ICMA-RC.

If a participant has more than one loan outstanding at any one time, then each loan repayment must be separately reported to ICMA-RC.

6. Acceleration of Loan Repayment (Section XI in Loan Guidelines Agreement)

You have three options for determining how outstanding loans are accelerated:

- A. All loans are due and payable in full upon the employee's separation from service. The employee may not continue to pay off his/her loan once he or she separates from service.
- B. After separation from service, all loans are due and payable in full as soon as the participant takes a withdrawal of any amount from the plan.
- C. After separation from service, all loans are due and payable in full only when the participant withdraws his/her entire account balance.

You should consider these options carefully, since each provision could result in a taxable event for the participant. If a participant does not repay the outstanding loan amount at the time it is due, the loan is "foreclosed." This means that the outstanding loan amount must be reported by the plan administrator (ICMA-RC) as a taxable distribution in the year of the foreclosure.

On the other hand, given the burdens associated with collecting loan repayments from former employees, you may not wish to maintain a **potentially** long term "relationship" with former employees (especially in the case of residential loans).

You should carefully consider the level of responsibility each option entails.

7. Deemed Distribution of Delinquent Loans (Section XV in Loan Guidelines Agreement)

Internal Revenue Service (IRS) regulations governing participant loans issued after December 31, 2001, have provided clarification on requirements for loan processing. The regulations have always established loan criteria, such as term and borrowing limitations. However, the regulations now specifically illustrate how plan sponsors should treat delinquent loans, which violate the special rules allowing loans to be made from retirement plan assets.

A loan typically becomes a deemed distribution when scheduled payments are not made in adherence with the granted "cure period." The maximum allowable cure period is the end of the calendar quarter following the calendar quarter in which the payment was due. For example, if a participant's loan payment is due February 1st, the maximum cure period for the repayment is June 30th. If the total amount of all delinquent payments is not received by the end of the cure period, the loan is deemed a distribution. The principal balance, in addition to any accrued interest, is reported as a distribution to the IRS. However, the taxable distribution is not the only event in conjunction with a deemed distribution. The following negative consequences occur as a result of deemed distribution.

- The deemed distribution is a taxable event. However, it is not an actual distribution and therefore remains an asset of the participant's account. The outstanding loan balance and accrued interest are reported on the participant's account statement.
- Repayment of a deemed distribution will not change or reverse the taxable event.
- The loan continues to be considered outstanding until it is repaid or "offset" using the participant's account balance. An offset can occur only if the participant is eligible to receive a distribution from the plan as outlined in your plan document.
- ICMA-RC requires participants to repay any outstanding deemed distributed loan before they can become eligible for a new loan. The deemed distributed loan and any interest accrued since the date it became a taxable event is taken into account when determining the maximum amount available for a new loan.

- An IRS ruling requires that a participant who has had a prior deemed distribution must make repayments to a new loan through payroll deduction, or provide proof of adequate security.

Employers, as plan sponsors and fiduciaries, have an obligation to comply with plan document and loan guideline requirements applicable to participant loans. In this regard, loan payments must be made in accordance with the plan document, plan loan guidelines, and as reflected in the promissory note signed by the participant. Employers retain this obligation if there is a loan program associated with their retirement plan, even if participants apply for loans online, and regardless of the payroll deduction method of repayment.

Employers who do not ensure proper loan repayment practices in their retirement loan programs risk not only having individual participant loans being deemed distributions, but also potentially jeopardize the tax-favored status of the entire plan. In the extreme, plans with mismanaged loan programs – a high occurrence of deemed distributed loans, and/or program participants in default, for example – may be disqualified (in the case of 401 plans) or classified as ineligible (for 457 plans) by the IRS. Disqualification results in the loss of tax-deferred status for all contributions and a possible increase in the taxable income for participating employees.

It is a plan sponsor's and plan administrator's fiduciary obligation to properly manage the retirement plan and its benefits. Mismanagement of a loan program may be considered failure to meet this fiduciary obligation and may expose a plan sponsor to litigation, in addition to being in violation of applicable laws and regulations.

To assist plan sponsors whose plan options include loans, ICMA-RC will provide reports of participants with payments delinquent by 30 to 89 days, 90 or more days but not yet deemed, and those whose loans have been deemed distributed. ICMA-RC is committed to supporting employers who request assistance with their loan programs in order to reduce the number of delinquent loans and decrease the occurrence of deemed distributions.

SPECIAL CIRCUMSTANCES

If you have more than one retirement plan, ICMA-RC will administer your loan program, but you will have to perform some loan verification activities. You will also have to perform these activities if loans are available to your employees from several like retirement plans, such as two different qualified plans, or if you have different types of retirement plans (e.g. Section 457 deferred compensation and section 401 qualified plan). The degree of your involvement will depend on your situation.

1. Multiple Plans

If you offer *several retirement plans*, each with its own plan document and provisions unique to each administrator, ICMA-RC and your other administrators should be able to administer loans because these are distinct plans and the loan provision applies at the *plan* level. However, the Code sets a maximum on the aggregate of all loans from all retirement plans in which the employee participates. No provider will be able to calculate, by itself, the maximum amount that a participant may borrow at any point in time. Since only you, the employer, can determine the current outstanding loan balance and the highest outstanding loan balance in the past 12 months from all loans from any retirement plans, you will have to calculate the maximum amount that may be borrowed. This will involve obtaining all loan amounts currently outstanding and repaid in the last 12 months. For your convenience, ICMA-RC has developed a worksheet to illustrate the maximum loan amount available. [See Page 7, "Calculating the Amount Available for a Loan."]

If you elect online loans, participants are asked to input all outstanding loan balances in their online worksheet so that the program can properly calculate the maximum amount. Participants are on the "honor system" when they enter other loan amounts; ICMA-RC is unable to verify any loan amounts associated with plans administered by other providers. However, if there are any outstanding loans in other plans administered by ICMA-RC, our online program will take them into account.

2. Single Retirement Plan/Multiple Providers

If you have adopted a single retirement plan with one master plan document under which ICMA-RC and other administrator(s) must operate, then you may ultimately have to self-administer your loan program, *unless* you require:

- that the maximum that may be borrowed from any provider is 50 percent of the balance with that provider and
- that the loan must be repaid only to the provider from which the loan was made.

If you do not impose these requirements, you may have to self-administer your loan program. This is because of:

- Problems calculating the loan amount.

The amount available for a loan is based, in part, on the total account balance in *the plan*. Since employees *may* have balances with more than one of the administrators, only you, the employer, can determine the actual account balance by aggregating the balance for each administrator.

The Code sets a maximum on the aggregate of *all* loans from all retirement plans in which the participant participates. Since only you can determine the current outstanding loan balance and the highest outstanding loan balance in the past 12 months from all loans from any retirement plans, you will have to calculate the maximum amount that may be borrowed. This will involve obtaining *all* loan amounts currently outstanding and repaid in the last 12 months. For your convenience, ICMA-RC has developed a worksheet to illustrate the maximum loan amount available. [See Page 7, "Calculating the Amount Available for a Loan."]

- Problems preparing loan documents.

Each loan has terms and conditions that are reflected in the promissory note, disclosure statement and amortization schedule for the loan. Other providers may be able to prepare these documents if given all the pertinent information about the loan by you. However, the other provider may be reluctant to provide documents for a loan to which it is not a party. And it may be difficult for the other provider's system to provide documents for a loan in an amount that exceeds what its system shows is available.

- Problems keeping accurate loan records.

Since loans are generally made and recordkept on a plan level basis, theoretically, a participant could take a loan in the amount of his/her entire balance with one administrator because the loan is collateralized by the balance with another administrator. And the participant may elect to allocate loan repayments either between administrators or to an administrator other than the administrator who made the loan. Unless a loan is unique to one of the administrators, both in amount and repayment terms, only you, the employer, will be able to track loan repayments, especially if repayments are being made to more than one administrator.

3. Multiple Types of Retirement Plans/Multiple Providers

If you make loans available to your employees from all of your retirement plans (e.g. Section 457 deferred compensation plan and Section 401 qualified plan), each plan administrator should be able to administer loans because these are distinct plans and the loan provision applies at the plan level. However, no administrator will be able to calculate, by itself, the maximum amount that a participant may borrow at any point in time. This is because the Code sets a maximum on the aggregate of all loans from all 401 and 457 plans in which the participant participates. Since only you, the employer, can determine the current outstanding loan balance and the highest outstanding loan balance in the past 12 months from all loans from any 401 or 457 plans, you will have to calculate

the maximum amount that may be borrowed. This will involve obtaining all loan amounts currently outstanding and repaid in the last 12 months. For your convenience, ICMA-RC has developed a worksheet to illustrate the maximum loan amount available. [See Page 7, "Calculating the Amount Available for a Loan."]

Many 457 plans are what are referred to as "co-administered" plans. There are actually two different types of arrangement both of which are referred to as co-administered or co-provider plans:

- (1) multiple 457 plans offered by an employer through two or more administrators, each administrator having its own plan document and features.
- (2) a single 457 plan with multiple administrators providing essentially different investment options.

In both of these situations, it will be difficult for an administrator to correctly administer a loan provision across multiple plans. It will also be difficult for you to correctly administer a loan's provisions in situations where you make loans available to employees from your 457 plan(s) and another retirement plan (e.g. Section 401 money purchase or profit sharing plan).

CONCLUSION

You may be able to minimize your involvement in administering a loan program under either a single plan/multiple provider arrangement or a multiple plan arrangement. However, you cannot avoid having to determine whether each loan amount requested is consistent with the aggregate maximum.

The above information is intended to provide an overview of the issues and complexities of establishing and maintaining a loan program under the most common types of retirement plan arrangements. It is not intended to be all inclusive. Other issues may arise and some issues may be mitigated by a plan's individual design. Special situations and/or solutions not discussed above will have to be analyzed on a case-by-case basis. Please contact ICMA-RC's Plan Sponsor Services Team at 800-326-7272 with any questions related to these issues.

CALCULATING THE AMOUNT AVAILABLE FOR A LOAN

The minimum loan amount is \$1,000.

The maximum amount of all loans to the participant from the Plan and all other plans sponsored by the Employer that are qualified employer plans under section 72(p)(4) of the Code is the lesser of:

- (1) \$50,000, reduced by the highest outstanding balance of all loans from any 401 or 457 plans for that participant during the one-year period ending on the day before the date a loan is to be made, or
- (2) 50% of the participant's vested account balance, reduced by the current outstanding balance of all 401 and 457 loans from all plans for that participant.

If a participant has any loans outstanding at the time a new loan is requested, the new loan will be limited to the maximum amount calculated above reduced by the total of the outstanding loans.

In addition, each loan must be collateralized, at the time it is made, by one half of the participant's vested account balance in the plan from which the loan is being made. Therefore, the actual amount a participant may take as a loan is the LESSER of the maximum dollar amount described above or 50 percent of the account balance.

Maximum Loan Amount Worksheet (Required under the Internal Revenue Code)															
To estimate the maximum amount of a loan for which a participant may be eligible, calculate each step and select the lesser of the total of Step 1 or Step 2. If the participant has had no outstanding 401 or 457 plan loans in the last 12 months, you may enter \$50,000 as the total in Step 1 and proceed to Step 2.															
Step 1.	<table style="width: 100%; border: none;"> <tr> <td style="width: 20%; text-align: right; padding-right: 20px;"> <table style="width: 100%; border: none;"> <tr> <td style="width: 150px; border-bottom: 1px solid black; text-align: center;">\$50,000</td> <td style="padding-left: 20px;">A. \$50,000 is the maximum.</td> </tr> <tr> <td style="border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">B. Enter the highest outstanding loan balance during the previous 12 months from 457 and 401 plan loans.</td> </tr> </table> </td> <td style="padding-left: 20px;"> <table style="width: 100%; border: none;"> <tr> <td style="width: 150px; border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">C. Enter 50% of the present value of the total account balance in the plan from which the loan will be issued, including any outstanding loan balance.</td> </tr> <tr> <td style="border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">D. Enter the current outstanding 401 and/or 457 plan loan balance(s).</td> </tr> </table> </td> </tr> <tr> <td style="padding-top: 10px;">Step 1 Total</td> <td style="padding-top: 10px;"> <table style="width: 100%; border: none;"> <tr> <td style="width: 150px; border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">Subtract Line B from Line A.</td> </tr> </table> </td> </tr> </table>	<table style="width: 100%; border: none;"> <tr> <td style="width: 150px; border-bottom: 1px solid black; text-align: center;">\$50,000</td> <td style="padding-left: 20px;">A. \$50,000 is the maximum.</td> </tr> <tr> <td style="border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">B. Enter the highest outstanding loan balance during the previous 12 months from 457 and 401 plan loans.</td> </tr> </table>	\$50,000	A. \$50,000 is the maximum.		B. Enter the highest outstanding loan balance during the previous 12 months from 457 and 401 plan loans.	<table style="width: 100%; border: none;"> <tr> <td style="width: 150px; border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">C. Enter 50% of the present value of the total account balance in the plan from which the loan will be issued, including any outstanding loan balance.</td> </tr> <tr> <td style="border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">D. Enter the current outstanding 401 and/or 457 plan loan balance(s).</td> </tr> </table>		C. Enter 50% of the present value of the total account balance in the plan from which the loan will be issued, including any outstanding loan balance.		D. Enter the current outstanding 401 and/or 457 plan loan balance(s).	Step 1 Total	<table style="width: 100%; border: none;"> <tr> <td style="width: 150px; border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">Subtract Line B from Line A.</td> </tr> </table>		Subtract Line B from Line A.
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Step 3.	<table style="width: 100%; border: none;"> <tr> <td style="width: 150px; border-bottom: 1px solid black; text-align: center;"> </td> <td style="padding-left: 20px;">Maximum Loan Amount = Line E</td> </tr> </table>		Maximum Loan Amount = Line E												
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The actual amount that may be borrowed will be calculated using the participant's account balance on the day the loan is made.															

RESOLUTION NO. 2012-3550

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI SPRINGS AUTHORIZING PARTICIPANTS IN THE CITY'S SECTION 401 MONEY PURCHASE PLAN, ICMA-RC PLAN # 107207 AND SECTION 457 DEFERRED COMPENSATION PLAN, ICMA-RC PLAN # 300151, TO PERMIT LOANS FROM THE RETIREMENT PLAN FUNDS; EFFECTIVE DATE

WHEREAS, the City of Miami Springs has previously authorized the establishment of retirement plans for its employees; and,

WHEREAS, such plans serve the interest of the employer by enabling it to provide reasonable retirement security for its employees who render valuable services to the City; and,

WHEREAS, the maintenance of such plans by the City provide increased flexibility in its personnel management system and assist in the attraction and retention of competent personnel; and,

WHEREAS, it has been suggested that permitting plan participants to take loans from plan funds is consistent with the goals and objectives of these plans; and,

WHEREAS, the City Council has determined that it is both proper and appropriate to authorize the City's Section 401 Purchase Money Plan and Section 457 Deferred Compensation Plan to authorize the taking of loans by plan participants:

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MIAMI SPRINGS, FLORIDA:

Section 1: That the City Council of the City of Miami Springs hereby authorizes and approves plan participant loans from plan funds for the following City retirement plans, to wit:

- Section 401 Money Purchase Plan – ICMA-RC Plan # 107207.
- Section 457 Deferred Compensation Plan – ICMA-RC Plan # 300151.

Section 2: That the provisions of this Resolution shall be effective immediately upon adoption of this resolution by the City Council.

(THIS SPACE INTENTIONALLY LEFT BLANK)

PASSED AND ADOPTED by the City Council of the City of Miami Springs, Florida,
this 26th day of July, 2012.

The motion to adopt the foregoing resolution was offered by _____, seconded by _____, and on roll call the following vote ensued:

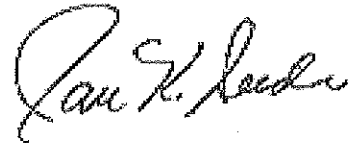
Vice Mayor Lob	" _____ "
Councilman Best	" _____ "
Councilwoman Bain	" _____ "
Councilwoman Ator	" _____ "
Mayor Garcia	" _____ "

Zavier M. Garcia
Mayor

ATTEST:

Magali Valls, CMC
City Clerk

APPROVED AS TO LEGALITY AND FORM:



Jan K. Seiden, City Attorney

Resolution No. 2012-3550

RESOLUTION NO. 2012-3549

07-26-2012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI SPRINGS SETTING THE TENTATIVE OPERATING MILLAGE LEVY FOR FISCAL YEAR 2012-2013; SETTING TIME, DATE AND PLACE FOR PUBLIC HEARINGS ON THE PROPOSED 2012-2013 BUDGET AND TENTATIVE MILLAGE RATE

WHEREAS, the City Council of the City of Miami Springs is required to establish a tentative millage rate as per Florida Statute 200.065; and,

WHEREAS, in accordance with provisions of the City Charter and State law, the City Council is presenting the tentative millage levy and budget to formally notify all interested persons and to allow all interested persons to be heard at the public hearings specified herein in regard to any proposed item thereof,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MIAMI SPRINGS, FLORIDA:

Section 1: That a tentative millage levy for the City of Miami Springs of _____ mills be and the same is hereby tentatively adopted as the City's official general operating Ad Valorem millage levy for the period October 1, 2012 through September 30, 2013.

Section 2: That the City of Miami Springs City Council will conduct its first public hearing on the proposed 2012-2013 budget and tentative millage rate on Monday, September 10, 2012, at 7:00 p.m., and the second and final public hearing on Monday, September 24, 2012, at 7:00 p.m. in the City Hall Council Chambers.

PASSED AND ADOPTED by the City Council of the City of Miami Springs, Florida,
this 26th day of July, 2012.

The motion to adopt the foregoing resolution was offered by _____, seconded by _____, and on roll call the following vote ensued:

Vice Mayor Lob	" _____ "
Councilman Best	" _____ "
Councilwoman Bain	" _____ "
Councilwoman Ator	" _____ "
Mayor Garcia	" _____ "

Zavier M. Garcia
Mayor

ATTEST:

Magali Vallis, CMC
City Clerk

APPROVED AS TO LEGALITY AND FORM:



Jan K. Seiden, City Attorney



CITY OF MIAMI SPRINGS
Finance Department
201 Westward Drive
Miami Springs, FL 33166-5259
Phone: (305) 805-5014
Fax: (305) 805-5018

City Council Meeting of:

7-26-2012

To: The Honorable Mayor Javier Garcia and Members of the City Council

Via: Ron Gorland, City Manager

FR: William Alonso, CPA, CGFO, Asst. City Manager/Finance Director

Date: July 12, 2012

RE: FY2012-13 Budget Status

In preparation for the millage setting meeting of July 26, 2012, we have prepared a package of options and alternatives to assist Council in making sound financial decisions when addressing the approximately \$756,000 General Fund budget deficit the city is facing for FY2012-13.

For FY2012-13 each 0.1 increase in millage represents an additional \$13 in property taxes annually to the average homesteaded homeowner in the city.

We are presenting various millage rate options for Council to consider, the following are some basic budget assumptions used for all of these options:

1. No assumption regarding CMI funding
2. Projected an increase of approximately \$65,000 (8.4%) pension costs for the General Fund. (We have not considered any future pension plan changes at this time since we have not received the final actuarial studies regarding this issue)
3. Increase of \$123,000 in workmen's compensation insurance costs for next fiscal year.
4. Increase of 9.8% next year for health insurance costs
5. The COPS grant that provided funding for two additional police officers during the past three years has expired and the City must now fund the cost of the two officers in next year's budget. Total cost approximately \$160,000.

6. This budget request also contains approximately \$198,318 in capex expenditures.
7. No hurricanes will affect the city during October/November 2012.
8. No COLA or merit increases for General Employees for the fourth year in a row, and no COLA for Uniformed Police for the past three years in a row.
9. Budget contains a reduction in staffing as follows: four vacant maintenance worker positions in Public Works, a part time Code Enforcement Officer, and a part time customer service position are not being filled since they are considered not necessary for the upcoming year.
10. No outsourcing of any public works services.
11. The 3% of Department Head pay cut that Council approved last year was for one year only as such the current salaries of these employees are now back to their pre-reduction levels from last year.
12. Longevity pay is included in the current year budget request.
13. There will be no further deterioration of the national/local economy.
14. All departments are assuming a 3-4% increase for the upcoming year in operating expenditures.

There are also some assumptions that are deemed "soft" in that the numbers could change significantly up or down:

1. The projected loss at the golf course of \$223,746
2. The projected revenues from red light cameras of \$400,000

The following are the four major alternatives the Administration is considering:

- A. On page 1 you will find a proposed budget for FY2012-13 which is balanced based on an increase of millage only. This option would require a millage of 7.6480 or an increase of 0.9080 mills or 13.5% from the current year millage of 6.74. The proposed millage results in an additional \$755,853 in ad-valorem property taxes.
- B. Page 2 provides an option that uses a combination of millage increase, use of reserves, and cost reductions. This option assumes a millage of 6.9950 or an increase of 0.2550 mills or 3.8% from current year. It also requires use of \$300,000 from reserves as well as \$243,499 coming from a combination of cost reductions selected by Council from page 5 of this

report. The proposed millage results in an additional \$212,272 in ad-valorem property taxes.

- C. Page 3 is an option based on using the rollback/rollup rate of 6.7875. At this rate Council would need to select a combination of cost reductions from page 5 that would cover the \$716,229 deficit. The proposed millage will result in the same amount of ad-valorem taxes as the current year.
- D. Page 4 is the option based on current millage of 6.7400. This option would create a deficit of \$755,770 which again would need to be covered with a combination of cost reductions from page 5. The proposed millage results in approximately \$40,000 less in ad-valorem property taxes than the current year.

On page 5 we have tried to provide some proposed reductions based on past history and experience with previous budget workshops. Some of the proposed reductions affect service levels and some do not, some affect employee pay and benefits while others affect current programs and subsidies.

Pages 6 and 7 provide Council with an analysis of where the money comes from and what it is spent on. As you can see only 42.2% of our total revenues come from ad-valorem property taxes while over 41% of our total budget is for police.

Page 8 provides Council with a graphic view of the city's funds and their relation to each other and to the General Fund.

Page 9 is a report showing the current status of the city's discretionary (designated) fund balance. This attachment shows that at present there is approximately \$1.3 million in discretionary (designated) fund balance. We are planning on using the \$260,133 for the pool marcite next fiscal year, so this would leave a balance of approximately \$1,040,000 which includes a \$500,000 Hurricane Contingency.

On page 10 you can find the financial dashboard showing a history of the millage rates for the past 11 years from a high of 8.7440 in FY2003 to a low of 6.5924 in FY2010.

CITY OF MIAMI SPRINGS
 BUDGET WORKSHEET
 FY2012-13 PROPOSED BUDGET

BUDGET BASED ON MILLAGE REQUIRED TO BALANCE BUDGET

FUND:	Proposed Budget FY12-13	
General Fund:	Required Millage	7.6480
	REVENUES	14,218,777
Mayor & City Council	(110,431)	
Office of the City Manager	(306,733)	
Office of the City Clerk		
Operations	(330,061)	
Capital Outlay	(2,500)	
Office of the City Attorney	(161,000)	
Human Resource Department	(183,473)	
Finance Department	(453,970)	
Finance-Professional Services	(263,070)	
IT Department		
Operating Expenses	(352,697)	
Capital Outlay	(11,500)	
Planning Department	(148,917)	
Police:		
Police-Operations	(5,684,003)	
Police-Capital Outlay	(134,200)	
Police-Crossing Guards	(22,493)	
Building & Code Enforcement		
Operating Expenses	(568,223)	
Capital Outlay	(1,000)	
Public Works - Administration		
Operating Expenses	(418,804)	
Capital Outlay	(2,500)	
Public Works - Streets		
Operating Expenses	(318,745)	
Capital Outlay	-	
Public Works - Properties		
Operating Expenses	(734,468)	
Capital Outlay	-	
Public Works - Building Maintenance		
Operating Expenses	(172,944)	
Capital Outlay	-	
Public Works - Fleet Maintenance		
Recreation	(1,504,128)	
Aquatics	(261,643)	
Tennis	(25,960)	
Park Maintenance		
Maintenance Operations	(108,197)	
Maintenance Capital Outlay	(15,618)	
Golf- Admin	(22,317)	
Golf-Pro Shop	(542,558)	
Golf-Maintenance	(805,894)	
Transfers to other funds:		
Senior Center Fund	(159,194)	
Debt Service Fund	(363,205)	
TOTAL GENERAL FUND EXPENDITURES	(14,218,695)	-
BUDGET SURPLUS		82

1

CITY OF MIAMI SPRINGS
 BUDGET WORKSHEET
 FY2012-13 PROPOSED BUDGET

BASED ON COMBINATION OF MILLAGE, RESERVES, AND COST REDUCTIONS

FUND:	Proposed Budget FY12-13	
General Fund:	Current Millage	6.9950
	REVENUES	13,675,196
Mayor & City Council	(110,431)	-
Office of the City Manager	(306,733)	-
Office of the City Clerk		
Operations	(330,061)	
Capital Outlay	(2,500)	
Office of the City Attorney	(161,000)	
Human Resource Department	(183,473)	
Finance Department	(453,970)	
Finance-Professional Services	(263,070)	
IT Department		
Operating Expenses	(352,697)	
Capital Outlay	(11,500)	
Planning Department	(148,917)	
Police:		
Police-Operations	(5,684,003)	
Police-Capital Outlay	(134,200)	(5,818,203)
Police-Crossing Guards		(22,493)
Building & Code Enforcement		
Operating Expenses	(568,223)	
Capital Outlay	(1,000)	(569,223)
Public Works - Administration		
Operating Expenses	(418,804)	
Capital Outlay	(2,500)	(421,304)
Public Works - Streets		
Operating Expenses	(318,745)	
Capital Outlay	-	(318,745)
Public Works - Properties		
Operating Expenses	(734,468)	
Capital Outlay	-	(734,468)
Public Works - Building Maintenance		
Operating Expenses	(172,944)	
Capital Outlay	-	(172,944)
Public Works - Fleet Maintenance		(28,250)
Recreation		(1,504,128)
Aquatics		(261,643)
Tennis		(25,960)
Park Maintenance		
Maintenance Operations	(108,197)	
Maintenance Capital Outlay	(15,618)	(123,815)
Golf- Admin		(22,317)
Golf-Pro Shop		(542,558)
Golf-Maintenance		(805,894)
Transfers to other funds:		
Senior Center Fund		(159,194)
Debt Service Fund		(363,205)
TOTAL GENERAL FUND EXPENDITURES		(14,218,695)
BUDGET DEFICIT		(543,499)
USE OF AVAILABLE RESERVES		300,000
BUDGET CUTS FROM ATTACHED LIST		243,499
BUDGET DEFICIT AFTER ADJUSTMENTS		0

2

CITY OF MIAMI SPRINGS
 BUDGET WORKSHEET
 FY2012-13 PROPOSED BUDGET

BUDGET BASED ON ROLLBACK/ROLLUP MILLAGE

FUND:	Proposed Budget FY12-13	
General Fund:	Rollback Millage	6.7875
	REVENUES	13,502,465
Mayor & City Council	(110,431)	-
Office of the City Manager	(306,733)	
Office of the City Clerk		
Operations	(330,061)	
Capital Outlay	(2,500)	
Office of the City Attorney	(161,000)	
Human Resource Department	(183,473)	
Finance Department	(453,970)	
Finance-Professional Services	(263,070)	
IT Department		
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Police:		
Police-Operations	(5,684,003)	
Police-Capital Outlay	(134,200)	
Police-Crossing Guards	(22,493)	
Building & Code Enforcement		
Operating Expenses	(568,223)	
Capital Outlay	(1,000)	
Public Works - Administration		
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Public Works - Streets		
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Maintenance Capital Outlay	(15,618)	
Golf- Admin	(22,317)	
Golf-Pro Shop	(542,558)	
Golf-Maintenance	(805,894)	
Transfers to other funds:		
Senior Center Fund	(159,194)	
Debt Service Fund	(363,205)	
TOTAL GENERAL FUND EXPENDITURES		(14,218,695)
DEFICIT AT ROLLBACK MILLAGE		(716,229)

CITY OF MIAMI SPRINGS
 BUDGET WORKSHEET
 FY2012-13 PROPOSED BUDGET

BUDGET BASED ON CURRENT MILLAGE

FUND:	Proposed Budget FY12-13	
General Fund:	Current Millage	6.7400
	REVENUES	13,462,924
Mayor & City Council	(110,431)	-
Office of the City Manager	(308,733)	
Office of the City Clerk		
Operations	(330,061)	
Capital Outlay	(2,500)	
Office of the City Attorney	(161,000)	
Human Resource Department	(183,473)	
Finance Department	(453,970)	
Finance-Professional Services	(263,070)	
IT Department		
Operating Expenses	(352,697)	
Capital Outlay	(11,500)	-
Planning Department	(148,917)	
Police:		
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Golf- Admin		(22,317)
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Golf-Maintenance		(805,894)
Transfers to other funds:		
Senior Center Fund		(159,194)
Debt Service Fund		(363,205)
TOTAL GENERAL FUND EXPENDITURES		(14,218,695)
DEFICIT AT CURRENT MILLAGE		(755,770)

4

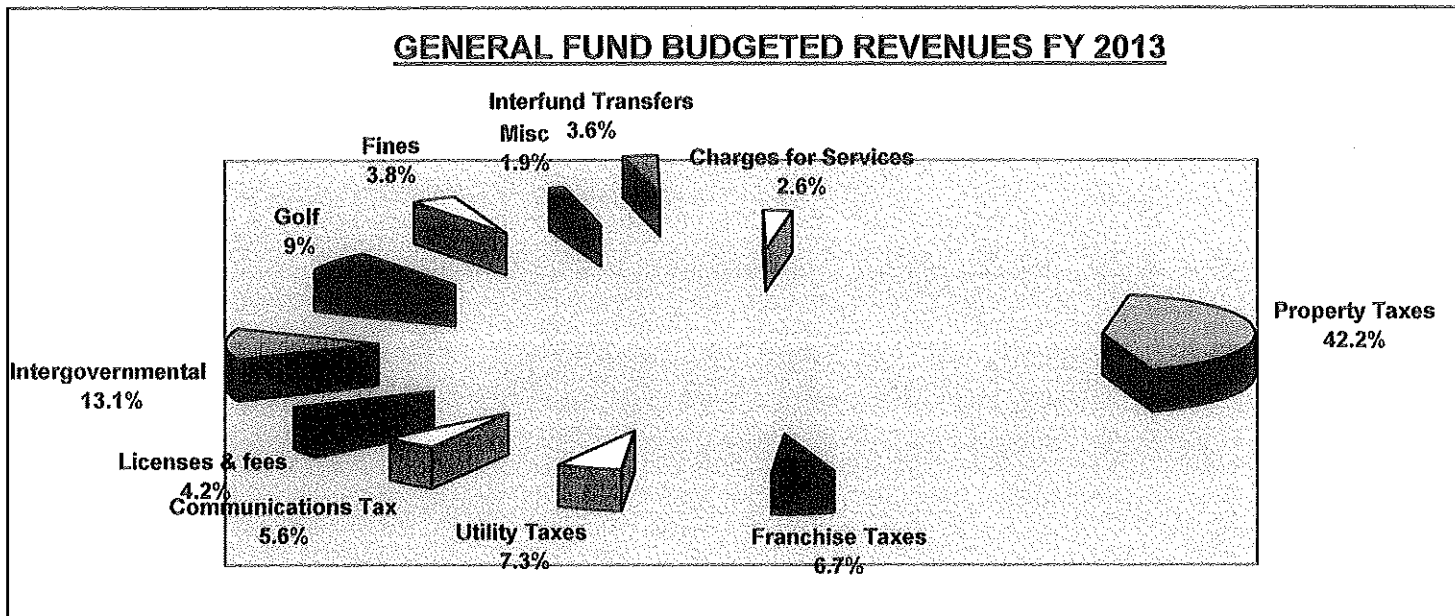
CITY OF MIAMI SPRINGS
FY2012-13 LISTING OF POSSIBLE DEFICIT REDUCING ITEMS

1) Annual event subsidies:		
Circle Events	\$	10,000
Stafford Golf Tournament	\$	2,000
Police Appreciation Dinner	\$	2,000
Employee Luncheon	\$	2,000
Optimist Fishing Tournament	\$	2,000
		\$ 18,000
2) Eliminate all capital expenditures:		
Recreation	\$	15,618
Building & Code	\$	1,000
PW Administration	\$	2,500
Elderly Services	\$	6,000
IT	\$	11,500
Planning-Traffic Study	\$	25,000
City Clerk	\$	2,500
Police	\$	134,200
		\$ 198,318
3) 3% reduction in pay for all Department Heads and Asst Dept heads(Manager is voluntarily participating)		
	\$	31,128
4) One year elimination of longevity payments to all General Employees(excluding PBA)		
	\$	36,875
5) Eliminate two uniformed officers previously paid with COPS grant		
	\$	159,298
6) Eliminate the following positions:		
One part time police admin	\$	17,337
One PSA's	\$	18,085
		\$ 35,422
7) Freeze for one year the hiring of a new PW Director		
	\$	107,643
8) Eliminate the City's contribution to dependent health care coverage for General Employees (excluding PBA)		
	\$	71,121
9) Reduce the City's contribution to dependent health care coverage for General Employees from 50% to 33%(excluding PBA)		
	\$	24,181
10) Employees to pay 5% of their health insurance costs(excluding PBA)		
	\$	17,718
11) Eliminate River Cities Donation		
	\$	6,000
12) Eliminate Grants Writer/Public Information position		
	\$	87,986
13) Eliminate rent support for historical society museum		
	\$	12,000
14) Eliminate Tennis program (contractor voluntarily reduced fee to \$15,000 for next year)		
	\$	15,000
17) Eliminate Pelican Playhouse contract (Mr. Wakefield has voluntarily reduced amount from \$20K to \$18K annually)		
	\$	18,000
Increase in millage (see below for dollar estimates)		
		???
Use of available reserves (over the 25% requirement), currently approx. \$1.3 million available		
		???
Total Dollar Amounts		\$ 838,692

ADDITIONAL INFORMATION:	
Each 0.1 increase in Millage is equivalent to	\$ 83,261
Each 1% across the board payout to all General employees(including department heads, assistants and part timers) will save	\$ 40,468
The Golf Course operation will require a subsidy of approx. \$224,000 for next year.	
Another potential unknown is if any subsidy will be required for the Curtis Mansion operation next year.	
Results of outsourcing tree trimming, landscaping, and sanitation	

5

Where will the \$13,503,627 in budgeted revenues for FY2012-13 come from?



Property Taxes (\$5.6 million or 42.2%) - Property taxes consist of real and personal property taxes paid by Miami Springs' property owners.

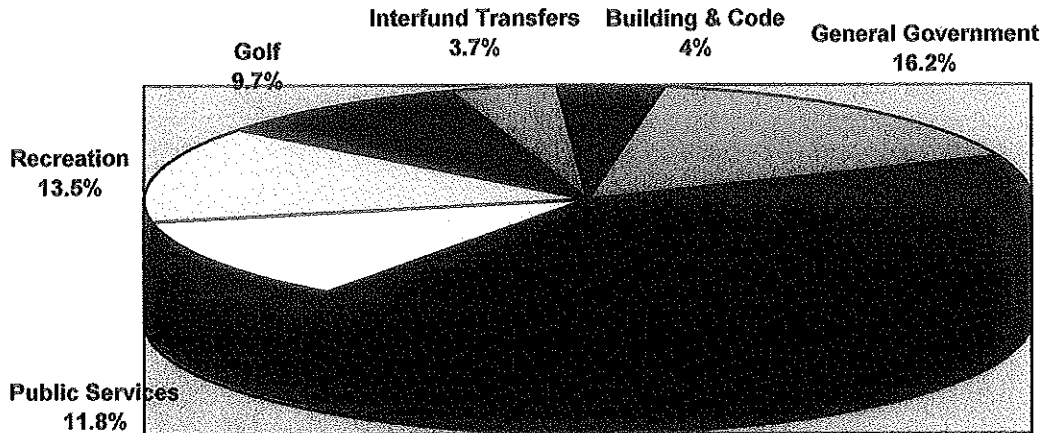
Intergovernmental Revenues (\$1.8 million or 13.1%) - These revenues consist of payments received from the State of Florida in the form of shared tax revenues. The largest payments in this category are sales tax revenue sharing payments from the State.

Golf (\$1.2 million or 9%) - These revenues consists of charges by the city for services such as recreation, golf, and city hall administrative fees. The increase is due to increased activity at the new community center.

Utility Taxes (\$1 million or 7.3%) - These revenues consist of payments of the City's 10% utility tax on electricity, water, and gas systems. The largest payments in this category are electricity utility taxes received from Florida Power and Light.

Where will the \$14,218,695 in budgeted expenditures for FY2012-13 go?

GENERAL FUND BUDGETED EXPENDITURES FY 2013



Police
41.1%

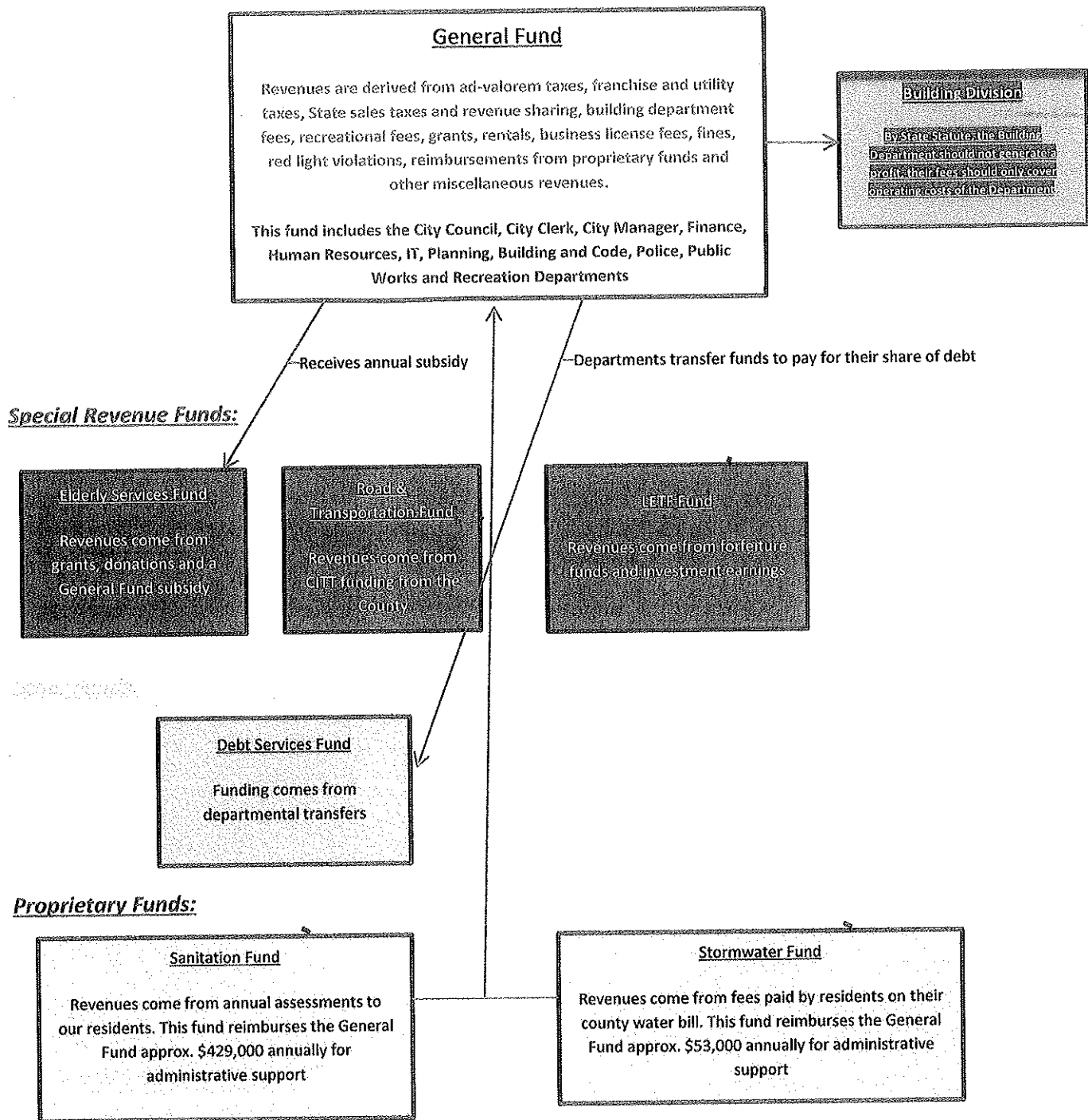
Police (\$5.8 million or 41.1%) - Expenditures include personnel and operating expenses to maintain the City's police force..

Recreation (\$1.9 million or 13.5%) - Expenditures include personnel and operating expenses to maintain the City's recreation department.

General Government (\$2.3 million or 16.2%) - Expenditures include personnel and operating expenses of the Council, City Clerk, City Attorney, City Manager, Finance, Planning, Human Resources and Information Technology.

Public Services (\$1.7 million or 11.8%) - Expenditures include personnel and operating expenses to maintain the City's public works department which oversees street and road repairs, building maintenance, and other activities that keep our city beautiful.

Golf (\$1.4 million or 9.7%) - Expenditures include personnel and operating expenses to run the City's golf course..



- 1) The General Fund is the main operating fund of the city. It receives the bulk of its revenues from ad-valorem and other taxes and fees, these revenues are then used to fund all city departments. The General Fund also provides an annual subsidy to the Elderly Services Fund.
- 2) The city has three Special Revenue Funds;
 - The Elderly Services Fund which receives all of its revenues from grants, donations, and the annual city subsidy.
 - The Road and Transportation Fund which receives all of its funding from the county CITT half cent tax.
 - The LETF Fund which receives all funding from Police Forfeitures and investment earnings, these funds can only be used for specific police expenditures and all expenditures must be pre-approved by Council.
- 3) The city also has two Proprietary Funds (Sanitation and Stormwater), these are operations that are self-sufficient and do not require any General Fund subsidy. These operations are accounted for in the same manner as a business in the private sector.
- 4) The city also has a Debt Service Fund which is used to account for all debt service payments. Any Department that has incurred debt to purchase equipment or build a facility will transfer the annual debt service payment to this fund so that payments can be made.

* For purposes of addressing the current \$800K deficit, only cuts in the General Fund or Elderly Services Fund would reduce this deficit. This is due to the fact that all other funds get their own funding from other sources.

**CITY OF MIAMI SPRINGS
PROPOSED GENERAL FUND BALANCE DESIGNATIONS
PROJECTED FISCAL YEAR 2011-2012**

<u>DESIGNATION</u>	<u>Balance 9/30/2011</u>	<u>FY2011-12</u>		<u>Balance 9/30/2012</u>
		<u>Additions</u>	<u>Reductions</u>	
Parks and Recreation:				
Gymnasium/Recreation building	\$ 53,636	-	53,636	\$ -
Total Recreation Designations	53,636	-	53,636	-
Senior Center:				
Senior Center Building	180,000	-	32,163	147,837
Senior Center Van	-	-	-	-
Total Senior Center Designations	180,000	-	32,163	147,837
Downtown Revitalization	136,735	-	18,500	118,235
Contingency-Hurricane Costs	500,000	-	-	500,000
Pool improvements	260,133	-	-	260,133
Total proposed designations	\$ 1,130,504	\$ -	\$ 104,299	\$ 1,026,205
Encumbrances appropriated FY2012	\$ 273,274	\$ -		\$ 273,274
Total Available Fund Balance	<u>4,903,778</u>	<u>-</u>	<u>104,299</u>	<u>4,799,479</u>
Unrestricted, Undesignated fund Balance	<u>3,500,000</u>			<u>3,500,000</u>
				25% of FY11-12 Budgeted expenditures..... \$ 3,500,000
				Excess(deficit) funds available for designation \$ -

(9)

CITY OF MIAMI SPRINGS
FINANCIAL DASHBOARD
PAST TEN FISCAL YEARS

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Reserves	\$ (300,176)	\$ 853,643	\$ 2,889,407	\$ 3,015,292	\$ 4,218,574	\$ 5,611,002	\$ 6,664,392	\$ 8,421,317	\$ 6,299,906	\$ 4,903,778	
Increase(decrease) from prior year	n/a	\$ 1,153,819	\$ 2,035,764	\$ 125,885	\$ 1,203,282	\$ 1,392,428	\$ 1,053,390	\$ 1,756,925	\$ (2,121,411)	\$ (1,396,128)	
Property Taxes collected	\$ 4,895,579	\$ 5,283,941	\$ 5,638,375	\$ 6,040,426	\$ 6,890,884	\$ 7,130,596	\$ 6,831,093	\$ 6,710,087	\$ 5,732,869	\$ 5,576,976	
Increase(decrease) from prior year	n/a	\$ 388,362	\$ 354,434	\$ 402,051	\$ 850,458	\$ 239,712	\$ (299,503)	\$ (121,006)	\$ (977,218)	\$ (155,893)	
Millage Rate(INCLUDING DEBT SERVICE)	8.4120	8.7440	8.6866	8.6515	8.3415	7.8953	6.6579	6.7992	6.5924	6.9408	6.7400
Increase(decrease) from prior year	n/a	0.3320	(0.0574)	(0.0351)	(0.3100)	(0.4462)	(1.2374)	0.1413	(0.2066)	0.3484	(0.2008)
Total City Debt	\$ 14,219,846	\$ 15,616,853	\$ 14,163,393	\$ 13,937,604	\$ 13,983,890	\$ 13,274,149	\$ 6,529,483	\$ 5,914,097	\$ 5,749,383	\$ 5,168,547	
Debt per resident	\$ 1,038	\$ 1,140	\$ 1,034	\$ 1,017	\$ 1,021	\$ 969	\$ 477	\$ 432	\$ 420	\$ 374	
Increase(decrease) from prior year	n/a	\$ 1,396,807	\$ (1,453,260)	\$ (225,788)	\$ 46,286	\$ (709,741)	\$ (6,744,666)	\$ (615,386)	\$ (164,715)	\$ (580,835)	

This represents a Council approved use of reserves for the new golf course irrigation system costing \$1.1 million, as well as using \$760,000 water and sewer surplus to lower the millage in FY2010 to 6.1698.

Although the millage rate increased from FY2010 to FY2011, notice above that the actual ad valorem revenue collected decreased from \$5,732,869 to \$5,576,976, this is due to the decrease in assessed values. The City's millage has decreased from a high of 8.4120 in FY2002 to the current level of 6.74 for FY2012, a 20% decrease over the past eleven years.

The City's reserves have increased from a deficit in FY2002 to the current \$4.9 million in FY2011.

This reduction was due to the transfer of the water and sewer operation to Miami-Dade County along with the corresponding debt.

The debt per resident has been decreased by 64% from FY2002 to the current \$374 per resident.

Council approved using approx. \$500,000 of reserves to lower millage and balance the budget, \$475,000 for the Curtiss Mansion project, and other appropriations during the year.

