



Legislation Text

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Summary

To: Finance Board

From: Ashley Bernal & JP Murphy

Date: 7/18/2017

Subject:

Discussion of FY 2017-2018 General Fund Budget

Summary:

Attached you will find a General Fund Budget that is currently at a net surplus of \$9,680. As previously discussed, this budget is taking the position of wait and hold, as we await the results of the November elections. Though currently at a surplus position, the current budget does not include increases for the staff or additional budget priorities of the Commission at the moment. The current budget maintains the existing staffing and level of service. In addition to the revenue challenges provided this year's estimated revenue, I set out to fix a structural problem with the budget which further reduced "revenue" inflows. In short, previous year's budget considered the repayment of interfund loans as revenue when the borrowing fund returned to the general fund. Which is to say that the general fund was being balanced on one-time, nonrecurring dollars for recurring expenses. The repayment was designed to diminish the amount each year, so that when the repayment was completed the General Fund was able to make the appropriate changes to address the reductions in revenue. The problem as I saw it, was that this was spending of dollars that would have otherwise been recorded to reserve and that the dollars could run out in a future year where there might be other revenue challenges such as loss of the Penny or Ad Valorem reductions. I will be happy to discuss the mechanics of this at the meeting. .

Several revenue and expenditure impacts that occurred since the last budget discussion include:

- Staff received final revenue numbers from the state totalling an increase of \$17,088
- Health increase has been adjusted to the final 7% instead of the original 10% estimated
- Updated Capital Equipment Replacement Fund
- The Fire Service fee structure has estimated an impact of \$587,000, a \$28,000 increase from the prior year
- Police salaries true up resulted in a considerable increase.

There are still a number of items that could affect this number, including:

- General Liability renewal estimates
- Salary adjustments made for raises
- Operational Audits

Below you will find a revenue and expense synopsis as well as a department by department

discussion of changes to date.

Revenues:

At this time, the net change in revenue increased by \$142,000. The certified taxable property values have risen by 6.35%. This equates to an increase of \$256,000 from prior year's revenue. The Communication Services Tax revenue has increased by \$11,850 from last year to total \$178,300.

Staff is expecting greater investment returns this year as it looks to invest idle reserves. The investment strategy will come before the board in either August or September.

Revenue from inter-fund transfers has decreased overall. The transfer from Fund 301 has decreased due to a reduction in planned equipment replacement. Revenue from Fund 115 (Golf Fund)(\$43,000) is removed with the sale of the golf course. Staff has decided to fix the structural imbalance within the General Fund by eliminating the interfund transfer from Fund 305 and 401.

As part of the construction from the new golf course and Belleview Place, building permit revenues have increased by \$70,000 from last year for a total of \$375,000. This increase of course will likely be reduced in subsequent years, but should be offset by new Ad Valorem values.

Staff is currently reviewing the administrative fees to make sure it appropriately allocate costs. It is unclear if there will be any changes from last year.

Expenditures:

With the FY2017-18 budget, the staff has taken a conservative approach to most expenditures. The Town is looking to normalize any outstanding line items that have been increased by one-time expenditures, while also developing a list of these items for FY2017-18. The staff is developing options for funding some of these one-time expenditures including, increasing CERF contributions, utilizing donations or appropriating some of the golf proceeds. Staff will provide a line, by line discussion at the meeting.

Administration - The budget for Administration has decreased (\$12,200) this year. There was a miscalculation for the executive salaries, but this has been corrected and added an additional \$3,000. The only other increase in expenditures for this department is related to the cost of elections.

Building - Increased costs are related to contracted inspection costs. There is a \$7,400 increase in contracted inspections due to the increased inspection load with the construction of the Pelican Course and Belleview Place.

Support Services - A large portion of the increase in this department is related to personnel with the absorption of building maintenance from Public Works. Aside from these lines, the only major increases come from mandatory costs such as the increase in Fire Services (\$27,950), Insurance (\$17,308), and Computer Licensing (\$4,500)

Police - The major increase in Police is personnel costs. The department is now fully staffed. The Sworn officers are guaranteed COLA of at least 1.5% and a possible Merit of 3%. Previous budgets did not account for shift differential as well. Other cost changes mainly surround health and police

pension increases. The police department is requesting several new pieces of equipment which staff views as one-time expenses and will bring a funding plan forward.

Public Works - Just as Support Services increased with the addition of building maintenance, Public Works also decreased with the loss. However, this decrease was offset by the inclusion of Parks and Streets from Recreation. The rationale is to have the expense for parks and streets be combined for reporting and management reasons.

Recreation - Recreation lost the expenditure of the Parks department, so it lost a large portion of expenditures and payroll (\$243,650) from FY2016-17. There have also been decreases to certain line items with the goal of normalizing the cost, reducing lines to reflect previous one-time purchases

Revenues	\$ 5,776,350.00	\$ 5,926,202.62	\$ 149,852.62
Expenditures	FY 2016-17	FY 2017-18	Change Between FY
Administration	\$ 561,900.00	\$ 549,950.00	\$ (11,950.00)
Building	\$ 142,250.00	\$ 150,260.00	\$ 8,010.00
Support Services	\$ 1,860,350.00	\$ 2,027,682.84	\$ 167,332.84
Police	\$ 1,383,000.00	\$ 1,520,780.00	\$ 137,780.00
Public Works	\$ 680,402.00	\$ 863,000.00	\$ 182,598.00
Parks & Rec	\$ 1,197,450.00	\$ 804,850.00	\$ (392,600.00)
Total	\$ 5,825,352.00	\$ 5,916,522.84	\$ 91,170.84
	Net	\$ 9,679.78	