

To: Mayor and Councilmembers
From: Interim City Manager Bill McDonald and Finance Director Colleen Corcoran
Date: October 23, 2017
Re: 2018 Budget Changes from Preliminary

ADJUSTMENTS TO THE PRELIMINARY 2018 BUDGET

Below are the explanations for how the 2018 Preliminary Budget has been adjusted.

All Funds

Personnel Benefits in all departments have been decreased to match the actual medical premium rates. The Preliminary Budget used an estimate of 10%. The actual rate increase was 7.2%.

Beginning Fund Balances and rollover projects in all funds will be adjusted based on actual revenue and expenditures through October and estimated for November and December on the final adjustment form.

General Fund Adjustments

Revenue

- General Property Tax – increase based on levy rate by +\$3,821
- EMS Property Tax – increase based on levy rate by +\$613
- City County Assistance – decrease based on new estimate from State by (\$12,460)
- Swimming Instructions – increase rates non-resident swim lessons by +\$1,980
- Space & Facilities Rental – increase rates for Fun Days and Holiday Bazaar booths by +\$850

Total decrease in General Fund Revenue: (\$5,196)

Expenditures

- Legislative – lower estimate on laptops/tablets for Council by (\$2,000)
- Legislative – remove cost for Park Bond ballot measure by (\$8,000)
- Personnel – remove cost for updating Personnel Policies and Procedures manual by (\$5,000)
- Police – promote Officer to Sergeant by +\$2,255
- Police – vacant Officer position hired at higher step by +\$3,830
- All Department – decrease medical rates by (\$8,565)
- Non Departmental – increase property tax transfer due to levy rate increase by +477

Total decrease in General Fund Operating Expenses: (17,003)

- Non Departmental – increase transfer to Street Light Maint. +57,740

Total change in Undesignated Fund Balance: +\$11,807

Total change in Designated Light Fund Balance: (\$57,740)

Street Fund Adjustments

Revenue

- Street Revenue – increase transfer in from property tax by +\$477
- Street Revenue – increase transfer in for Street Light Maintenance by +\$57,740

Expenditures

- All Departments – decrease medical rates by (\$655)

Total change in Undesignated Fund Balance: +\$58,872

Storm Fund Adjustments

Expenditures

- Decrease medical rates by (\$785)

Total change in Undesignated Fund Balance: +\$785

Water Fund Adjustments

Expenditures

- Decrease medical rates by (\$1,670)

Total change in Undesignated Fund Balance: +\$1,670

Water Capital Fund Adjustments

Expenditures

- Decrease medical rates by (\$45)

Total change in Undesignated Fund Balance: +\$45

Sewer Fund Adjustments

Expenditures

- Decrease medical rates by (\$965)

Total change in Undesignated Fund Balance: +\$965

Sewer Capital Fund Adjustments

Expenditures

- Decrease medical rates by (\$145)

Total change in Undesignated Fund Balance: +\$145

ERR Fund Adjustments

Expenditures

- Decrease medical rates by (\$20)

Total change in Undesignated Fund Balance: +\$20

CONCLUSIONS

By making these adjustments to the Preliminary 2018 Budget, the City achieves a more accurate representation of revenues and expenditures. This is a conservative budget within projected revenues that maintains current efforts in departments and ensures that quality of life in Fircrest is protected. Additionally:

- The General Fund Operating costs stay within budgeted resources.
- The Street Fund transfer reflects true costs of Street Light operations and maintenance.
- Utilities operating costs are within rate revenue but capital costs are still underfunded.
- REET 2 is reserved and there are no 2018 appropriations; possible source for Park revenue bond.
- ERR Fund maintains scheduled replacement of equipment and vehicles.