

**FIRCREST CITY COUNCIL  
STUDY SESSION AGENDA**

**MONDAY, MARCH 18, 2019  
6:00 P.M.**

**COUNCIL CHAMBERS  
FIRCREST CITY HALL, 115 RAMSDELL STREET**

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- 1. Call To Order**
- 2. Pledge Of Allegiance**
- 3. Roll Call**
- 4. Agenda Modifications**
- 5. [Year End 2018 Financial Report](#)**
- 6. [Year End 2018 Police Report](#)**
- 7. [Recreation Business Plan Approach](#)**
- 8. Adjournment**

# Memo

**To:** Mayor and Councilmembers  
**From:** Colleen Corcoran, Finance Director  
**CC:** Scott Pingel, City Manager  
**Date:** March 15, 2019  
**Re:** Year End 2018 Financial Report

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## INTRODUCTION

This is a report on the financial condition of the City of Fircrest based on the Preliminary Financial reports as of December 31, 2018. The final State Reports are due to the Washington State Auditor's Office by May 30, 2019. No major changes are expected from these reports to the reports filed with the State. This report will give you an overview and be helpful when looking at how the City performed financially in 2018.

This analysis looks at how revenues compare to expenditures. This will tell us how much money we have left after all expenses have been met. This is known as Fund Balance. If revenues are more than expenditures then the Fund Balance will increase. If revenues are less than expenditures then the Fund Balance will decrease. A fund balance can consist of Reserved Fund Balances, Designated Fund Balances and Undesignated Fund Balances.

Reserved Fund Balance: For the City of Fircrest this is our Cumulative Reserve Fund. Money can only be transferred out of this fund by ordinance approved by Council with a super majority. Currently General, Street, Water and Sewer have money in this fund.

Designated Fund Balance: General Fund has three balances in this category. Designated Light Fund, Designated 44<sup>th</sup>/Alameda and Donations for Pool/Recreation Center Project. When the assets of the Light Fund were sold, Council designated the money to be used to cover expenses for the Street Department. When the property at 44<sup>th</sup> and Alameda was sold Council designated the funds to be used for Parks capital projects. The third balance was added this year for donated funds for the Pool/Recreation Center project.

Undesignated Fund Balance: These funds have no designated restrictions but are broken down further as follows:

- A. Allocated for cash flow (3 months of current year's operating expenditures).
- B. Invested in bond
- C. Allocated for Capital
- D. Available cash

The table below shows the net increase or decrease in Fund Balance per fund.

Fund	BFB	In(De)crease	EFB
General	\$3,308,755	\$236,246	\$3,545,001
Street	\$258,184	(\$14,856)	\$243,328
Storm	\$634,667	(\$424,218)	\$210,449
Storm Capital	\$0	\$505,918	\$505,918
Water	\$773,815	(\$468,994)	\$304,821
Water Capital	\$0	\$184,261	\$184,261
Sewer	\$2,615,038	(\$1,757,811)	\$857,227
Sewer Capital	\$0	\$1,215,571	\$1,215,571
ERR	\$1,427,188	\$12,481	\$1,439,669
REET	\$1,350,790	\$207,775	\$1,558,565
Cumulative Reserve	\$3,000,000	\$0	\$3,000,000

Attached are the detailed financial reports as of December 31, 2018. The following information summarizes the General, Street and Proprietary funds and compares revenue and expenditures in order to evaluate the effect on Fund Balance. Ideally, Operating Revenues should be more than Operating Expenditures with money left over for current and future capital needs.

## GENERAL FUND SUMMARY

The table below shows the change to fund balance in the General Fund.

Beginning Fund Balance as of 01/01/2018		\$3,308,755
Operating Revenues as of 12/31/18	\$5,575,498	
Operating Expenses as of 12/31/18 w/o capital	(\$5,023,911)	
Operating Revenue over (under) expenditures		\$551,587
Capital as of 12/31/18		(\$316,640)
Net Revenue over(under) Expenditures w/capital		\$234,947
Non Revenue (insurance recovery & refundable deposits)		\$13,038
Non Expenditures (refunded deposits)		(\$11,738)
Total Change in Fund Balance		\$236,248
Ending Fund Balance as of 12/31/2018		\$3,545,003

When analyzing the above information, Total Ending Fund Balance increased by a net of \$236,248. Remember, Ending Fund Balance in General Fund is made up of four components as broken out in the table below:

	01/01/18			12/31/18
	Balance	Additions	Subtractions	Balance
Undesignated Fund Balance	\$1,960,002	\$393,822		\$2,353,824
Designated Light Fund Money	\$773,178		\$ (97,365)	\$675,813
Designated 44th/Alameda	\$575,575		\$ (310,209)	\$265,366
Pool/Rec Center Donation Balance	\$0	\$250,000		\$250,000
<b>Total Ending Fund Balance</b>	<b>\$3,308,755</b>	<b>\$643,822</b>	<b>(\$407,574)</b>	<b>\$3,545,003</b>

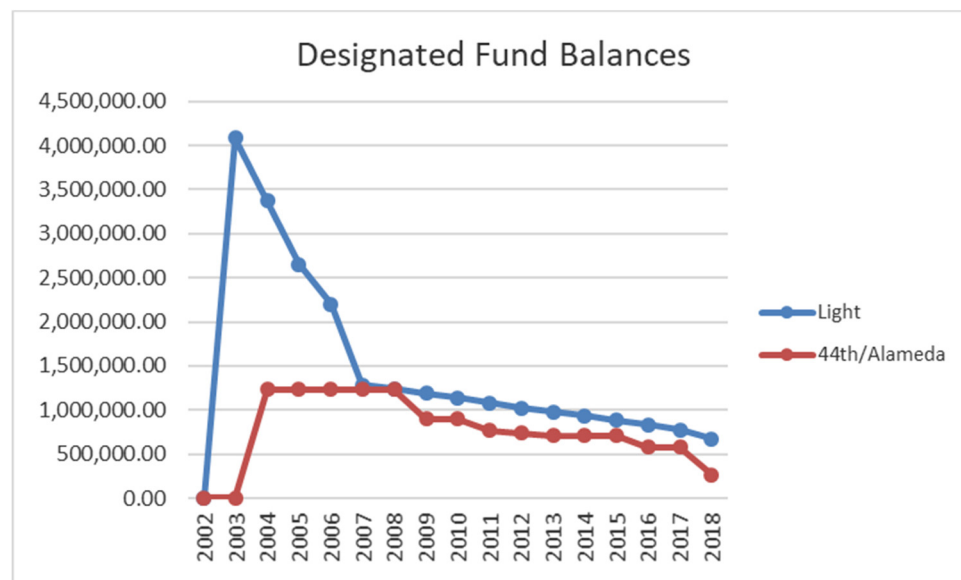
Undesignated Fund Balance increased by a net amount of \$393,822.

The Designated Light Fund money was decreased by \$97,365. This amount represents the amount that was transferred to the Street Fund for Street Light Maintenance and Street Light Capital.

Designated 44<sup>th</sup>/Alameda decreased by \$310,209. This represents the amount that was used for capital projects and the design for the pool and recreation center. A park bond will be voted on in April of 2019. A bond reimbursement resolution was passed in June of 2018. If the bond passes the money expensed prior to the bond passage can be reimbursed to the City.

The Pool/Rec Center Donation Balance was added this year. This line shows the balance of donations received less the amount used.

The chart below shows how the designated funds have decreased over the years. The money from the sale of the Light Fund went from \$4,082,442 in 2003 to \$675,813 as of 12/31/2018. The money from the sale of the property located at 44<sup>th</sup> and Alameda went from \$1,235,014 in 2004 to \$265,366 as of 12/31/2018. \$247,657 was used in 2018 for the design and bond education for the pool and community center. Another \$62,552 was used for a new playground equipment structure and replacement of the gazebo roof.



Undesignated Fund Balance is broken down even further to get the amount that is actually available. Some of these funds need to be reserved for cash flow or are currently invested in bonds. The amount reserved for cash flow is determined by three months of annual operating cost. The chart below shows the availability of cash for each of the General Fund Balances. Keep in mind that this amount does not include any funds set aside for capital other than the Parks money which is in the Designated 44<sup>th</sup>/Alameda balance.

	<u>Undesignated</u>	<u>Light</u>	<u>Donations</u>	<u>44th/Alameda</u>	<u>Total</u>
Fund Balance	\$ 2,353,823	\$ 675,813	\$ 250,000	\$ 265,366	\$ 3,545,002
Invested in bond	\$ (300,000)	\$ (500,000)		\$ (200,000)	\$ (1,000,000)
Reserved for cash flow	\$ (1,318,346)				\$ (1,318,346)
<b>Available cash</b>	<b>\$ 735,477</b>	<b>\$ 175,813</b>	<b>\$ 250,000</b>	<b>\$ 65,366</b>	<b>\$ 1,226,656</b>

This information is very important and must be considered when planning for the future. Ending fund balances are limited. The City does not have a General Capital Fund. As capital needs arise, such as building repairs including leaking roofs, exterior repairs, pool repairs, HVAC replacements, etc., the Ending Fund Balances will be depleted.

Once the Designated Light money is depleted, Undesignated Fund Balance will need to be used to fund Street Light Maintenance and Street Capital projects.

As fund balances decrease there will be fewer funds to invest. Interest income is used to offset operating expenditures. Interest rates have been low however, these rates are beginning to increase. By investing in bonds we have been able to increase our interest revenue.

The City also has three million dollars in General Fund Cumulative Reserves currently invested in bonds.

Ending Fund Balances need to increase in order to have sufficient funding to cover capital needs in the future while still maintaining enough balance to cover cash flow needs.

Following is a closer look at both revenues and expenditures for the General Fund.

## GENERAL FUND REVENUES

For 2018, we received 104.7% of our anticipated revenue. This represents a dollar amount of \$250,792 that was received above what was estimated. Revenues are estimated on a conservative approach meaning that when budgeting for the year we want to estimate the revenue as close to what we expect to receive or lower. This approach helps assure that we do not spend money that we may not receive. Operating Revenue needs to cover Operating Expenditures therefore we are very conservative on our revenue estimates. If revenues are inflated and not received as anticipated, there will not be enough funds to cover expenditures thereby causing an unpredicted use of Ending Fund Balance.

The following table shows the different categories of revenue and how the actual receipts compare to the budgeted estimates.

	<u>YTD 12/31/18</u>	<u>Budget</u>	<u>%</u>
Taxes	3,269,332	3,219,092	101.6%
Licenses & Permits	521,955	542,100	96.3%
State Revenue	246,853	210,085	117.5%
Fines & Forfeits	251,118	203,500	123.4%
Serv & Charges	767,978	719,713	106.7%
Misc. Revenue	518,261	443,253	116.9%
Non Revenue	<u>13,038</u>	<u>0</u>	<u>0.0%</u>
TOTAL GEN FUND REV	5,588,535	5,337,743	104.7%

Non-Revenue includes \$2,843 for insurance recovery and \$10,195 for refundable deposits.

When making financial decisions you need to look at the entire financial position of the fund. This includes both revenues and expenditures and future capital costs both known and unknown. Individual lines are examined to determine trends. Future budgets should not be based on a one time influx in revenue. Another thing to consider is that often an increase in revenue is offset by an increase in expenditures related to the revenue. In other words, you can't just look at the revenue side.

## GENERAL FUND EXPENDITURES

The City spent 95% of the amount budgeted for General Fund operating expenditures (capital not included). Operating Expenditures by department are shown in the table below. This same information is followed by a line graph format and a pie chart format.

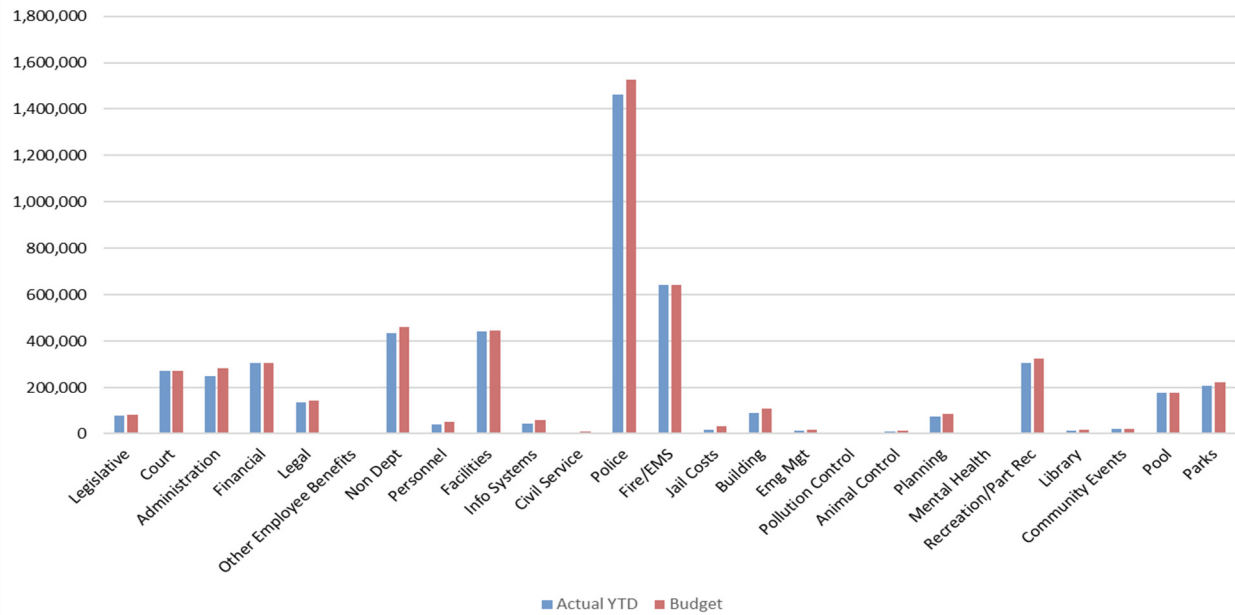
<b>City of Fircrest</b>				
<b>General Fund Expenditures by Departments as of 12/31/18</b>				
	<u>YTD</u>	<u>BUDGET</u>	<u>REMAINING</u>	<u>% Expensed</u>
<u>DEPARTMENT</u>				
Legislative	74,747	77,275	2,528	96.7%
Court	271,652	271,935	283	99.9%
Administration	249,154	283,185	34,031	88.0%
Financial	304,042	306,016	1,974	99.4%
Legal	131,253	138,475	7,222	94.8%
Other Employee Benefits	1,102	1,550	448	71.1%
Non Dept	433,316	462,508	29,192	93.7%
Personnel	35,780	48,015	12,235	74.5%
Facilities	443,702	446,222	2,520	99.4%
Info Systems	42,893	56,219	13,326	76.3%
Civil Service	3,396	5,500	2,104	61.7%
Police	1,462,367	1,525,063	62,696	95.9%
Fire/EMS	641,736	641,736	0	100.0%
Jail Costs	13,891	30,500	16,609	45.5%
Building	86,139	105,575	19,436	81.6%
Emg Mgt	12,949	13,491	542	96.0%
Pollution Control	4,407	4,407	0	100.0%
Animal Control	5,510	10,000	4,490	55.1%
Planning	70,713	83,492	12,780	84.7%
Mental Health	1,699	2,200	501	77.2%
Recreation/Part Rec	305,597	324,950	19,353	94.0%
Library	10,119	14,000	3,882	72.3%
Community Events	20,521	20,150	-371	101.8%
Pool	177,944	177,950	6	100.0%
Parks	206,434	222,968	16,534	92.6%
Total Gen Fund Oper Exp	5,011,062	5,273,382	262,320	95.0%

*Totals are without capital*

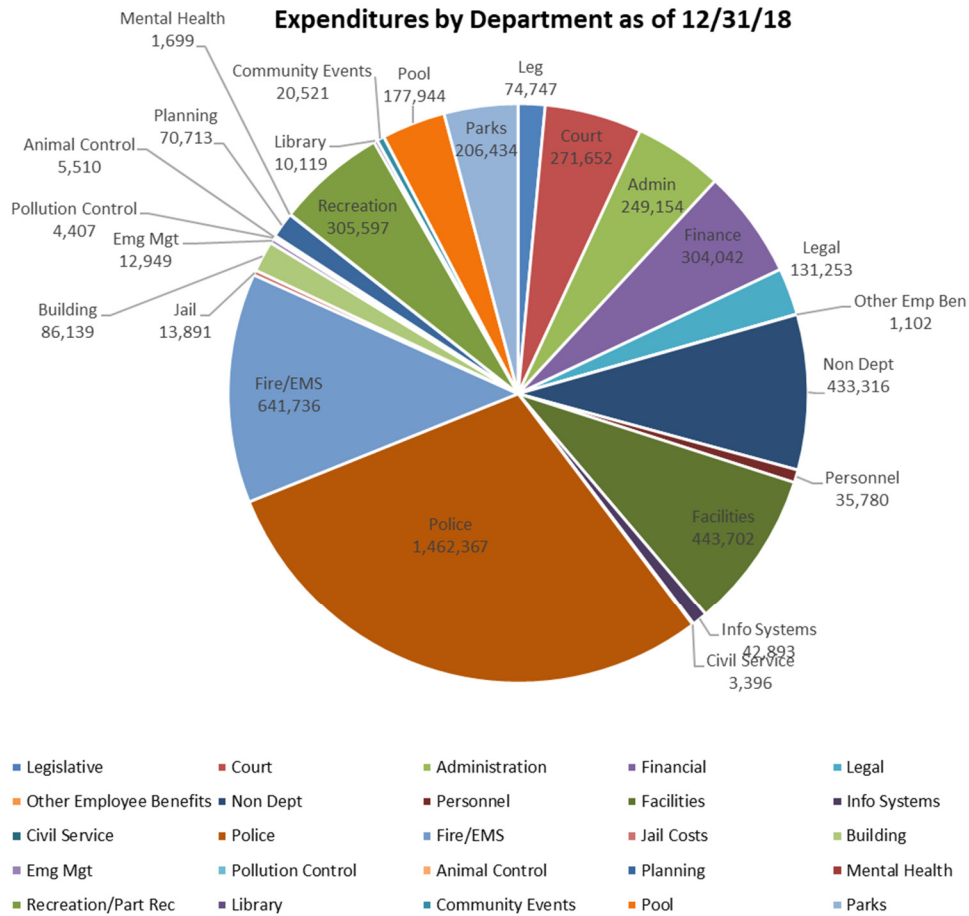
\*Non Department includes transfers out to Street: \$10,000 for Street Beautification, \$196,294 for 12.5% of General Property Tax, \$60,721 for Street Light Maintenance and \$36,644 for Street Light Capital.

For 2018, we expensed 95% of our anticipated operating expenditures (without capital). This represents a dollar amount of \$262,320 less than what was estimated.

**City of Fircrest  
GENERAL FUND ACTUAL TO BUDGET AS OF 12/31/2018**



**City of Fircrest  
Expenditures by Department as of 12/31/18**



## GENERAL FUND CAPITAL EXPENDITURES

	2018	12/31/18	Percent	Unexpended
	<u>Appropriation</u>	<u>Expenditures</u>	<u>of Total</u>	<u>Balance</u>
Facilities	13,000	6,222	47.9%	6,778
Police	10,500	6,627	63.1%	3,873
Parks	373,763	316,640	84.7%	57,123
Totals	397,263	329,489	82.9%	67,774

Facilities capital budget included:

- \$3,500 for gutters on the south side of City Hall (actually used for security cameras at City Hall cost \$6,222)
- \$2,500 for ceiling tiles at the Public Safety Building (determined unnecessary at this time)
- \$5,000 for gutters at the Public Safety Building (determined unnecessary at this time)
- \$2,000 for speakers at the Public Safety Building (coded to Small Tools)

Police capital budget included:

- \$10,500 for new police radio (actual cost \$6,627)

Parks capital budget included: (paid using 44<sup>th</sup>/Alameda Fund Balance)

- \$6,000 for gazebo roof (actual cost \$3,737)
- \$35,000 for Whittier tennis court improvements (not paid in 2018)
- \$20,000 Whittier irrigation improvements (rolled over to 2019)
- \$60,000 for new playground structure at Fircrest Park (actual cost \$63,962.48, donation received from Friends of Fircrest \$6,432)
- \$252,763 ARC design contract for pool/rec center project (actual cost paid in 2018 was \$248,941)

As previously stated, General Fund capital is paid for by Ending Fund Balances which are limited. As capital needs arise, such as building repairs including leaking roofs, exterior repairs, pool repairs, HVAC replacements, etc., the Ending Fund Balances will be depleted.

## STREET FUND

The following shows how actual revenues and expenditures affected the Ending Fund Balance for the Street Fund.

Beginning Fund Balance		\$258,184
Operating Revenue	\$173,583	
Transfers In Prop Tax, St. Maint & Beaut	\$267,015	
Operating Expenses	(\$431,901)	
Operating revenue over (under) expenses		\$8,698
Transfer In for Capital	\$118,675	
Grant Revenue for Capital	\$260,011	
Capital Expenditures	(\$412,658)	
Capital revenue over (under) capital expenses		(\$33,972)
Total revenue over (under) expenses w/capital		(\$25,275)
Non operating revenue-insurance recovery		\$10,420
Ending Fund Balance		\$243,329

The Street Fund is mainly funded from the General Fund. When the Light Fund money is depleted a plan needs to be in place to fund both maintenance and capital infrastructure in the Street Fund.

In 2018, Street capital was funded from grants, REET and Designated Light Fund Balance. REET money also limited. It has taken several years to build up the money in this fund. It will be replenished as property sells within Fircrest. These funds are used to fund capital projects listed in the comprehensive plan.

The combined Ending Fund Balance for the General Fund and the Street Fund is \$3,788,330. For reporting purposes on the state reports these two funds are rolled together and reported as the General Fund.

## STORM DRAIN OPERATING BUDGET

The following shows how actual revenues and expenditures affected the Ending Fund Balance for the Storm Drain Operating Fund.

Beginning Fund Balance		\$634,667
Operating Revenue	\$519,353	
Grant Revenue	\$0	
Operating Expenses	(\$413,571)	
Operating revenue over (under) expenses		\$105,782
Transfer Out to Storm Drain Capital Fund		(\$530,000)
Total revenue over (under) expenses w/capital		(\$424,218)
Ending Fund Balance		\$210,449

## STORM DRAIN CAPITAL BUDGET

The following shows how actual revenues and expenditures affected the Ending Fund Balance for the Storm Drain Capital Fund.

Beginning Fund Balance		\$0
Transfer In from Storm Drain Fund	\$530,000	
Grant Revenue	\$0	
Capital Contributions	\$0	
Total Revenue		\$530,000
Capital Expenses		(\$24,082)
Total revenue over (under) expenses w/capital		\$505,918
Ending Fund Balance		\$505,918

The combined Ending Fund Balance for Storm Operating and Capital Funds is \$716,367. For reporting purposes on the state reports these two funds are rolled together and reported as the Storm Fund.

## WATER OPERATING FUND

The following shows how actual revenues and expenditures affected the Ending Fund Balance for the Water Operating Fund.

Beginning Fund Balance		\$773,815
Operating Revenue	\$1,119,066	
Operating Expenses	(\$967,060)	
Operating revenue over (under) expenses		\$152,006
Transfer Out to Water Capital Fund		(\$621,000)
Total revenue over (under) expenses		(\$468,994)
Ending Fund Balance		\$304,821

## WATER CAPITAL BUDGET

The following shows how actual revenues and expenditures affected the Ending Fund Balance for the Water Capital Fund.

Beginning Fund Balance		\$0
Transfer In from Water Operating Fund	\$621,000	
Grant Revenue	\$0	
Capital Contributions	\$4,000	
Total Revenue		\$625,000
Capital Expenses		(\$440,739)
Total revenue over (under) expenses w/capital		\$184,261
Ending Fund Balance		\$184,261

The combined Ending Fund Balance for Water Operating and Water Capital Fund is \$489,082. For reporting purposes on the state reports these two funds are rolled together and reported as the Water Fund.

## SEWER OPERATING FUND

The following shows how actual revenues and expenditures affected the Ending Fund Balance for the Sewer Operating Fund.

Beginning Fund Balance		\$2,615,038
Operating Revenue	\$2,664,918	
Operating Expenses	(\$2,284,479)	
Operating revenue over (under) expenses		\$380,439
Transfer Out to Sewer Capital Fund		(\$2,138,250)
Ending Fund Balance		\$857,227

## SEWER CAPITAL FUND

The following shows how actual revenues and expenditures affected the Ending Fund Balance for the Sewer Capital Fund.

Beginning Fund Balance		\$0
Transfer In from Sewer Operating Fund	\$2,138,250	
Grant Revenue	\$0	
Capital Contributions	\$4,000	
Total Revenue		\$2,142,250
Capital Expenses		(\$926,679)
Total revenue over (under) expenses w/capital		\$1,215,571
Ending Fund Balance		\$1,215,571

The combined Ending Fund Balance for Sewer Operating and Sewer Capital Fund is \$2,072,798. For reporting purposes on the state reports these two funds are rolled together and reported as the Sewer Fund.

## REET FUND

	1st Qtr	2nd Qtr	Total
Beginning Fund Balance	\$323,624	\$1,027,166	\$1,350,790
Interest Revenue	\$3,586	\$12,709	\$16,295
Revenue	\$136,755	\$136,755	\$273,511
Transfer Out	(\$75,000)	(\$7,031)	(\$82,031)
Ending Fund Balance	\$388,965	\$1,169,599	\$1,558,565

The transfers out from the REET fund were for Street capital projects.

## **CONCLUSION**

The above information should be used as a tool for making financial decisions for the future of the City. The trend for the past several years is continuing; revenues are remaining flat or decreasing while expenditures are increasing. The City has been very conservative during the past budgeting processes.

With future capital projects anticipated, the City will need to continue to evaluate its financial condition very carefully.



# YEAR END 2018 FINANCIAL REPORT

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Monday, March 18, 2019

# FUND BALANCE BY FUND

Fund	BFB	In(De)crease	EFB
General	\$3,308,755	\$236,246	\$3,545,001
Street	\$258,184	(\$14,856)	\$243,328
Storm	\$634,667	(\$424,218)	\$210,449
Storm Capital	\$0	\$505,918	\$505,918
Water	\$773,815	(\$468,994)	\$304,821
Water Capital	\$0	\$184,261	\$184,261
Sewer	\$2,615,038	(\$1,757,811)	\$857,227
Sewer Capital	\$0	\$1,215,571	\$1,215,571
ERR	\$1,427,188	\$12,481	\$1,439,669
REET	\$1,350,790	\$207,775	\$1,558,565
Cumulative Reserve	\$3,000,000	\$0	\$3,000,000

Note: Decrease in Storm Drain, Water and Sewer due to transfer to Capital Funds.

Abbreviations: BFB: Beginning Fund Balance. BYSM: Backyard Sewer Main Fund. EFB: Ending Fund Balance.

# GENERAL FUND SUMMARY

<b>Beginning Fund Balance as of 01/01/2018</b>		<b>\$3,308,755</b>
Operating Revenues as of 12/31/18	\$5,575,498	
Operating Expenses as of 12/31/18 w/o capital	(\$5,023,911)	
Operating Revenue over (under) expenditures		\$551,587
Capital as of 12/31/18		(\$316,640)
Net Revenue over (under) Expenditures w/capital		\$234,947
Non Revenue (insurance recovery & refundable deposits)		\$13,038
Non Expenditures (refunded deposits)		(\$11,738)
Total Change in Fund Balance		\$236,248
<b>Ending Fund Balance as of 12/31/2018</b>		<b>\$3,545,003</b>

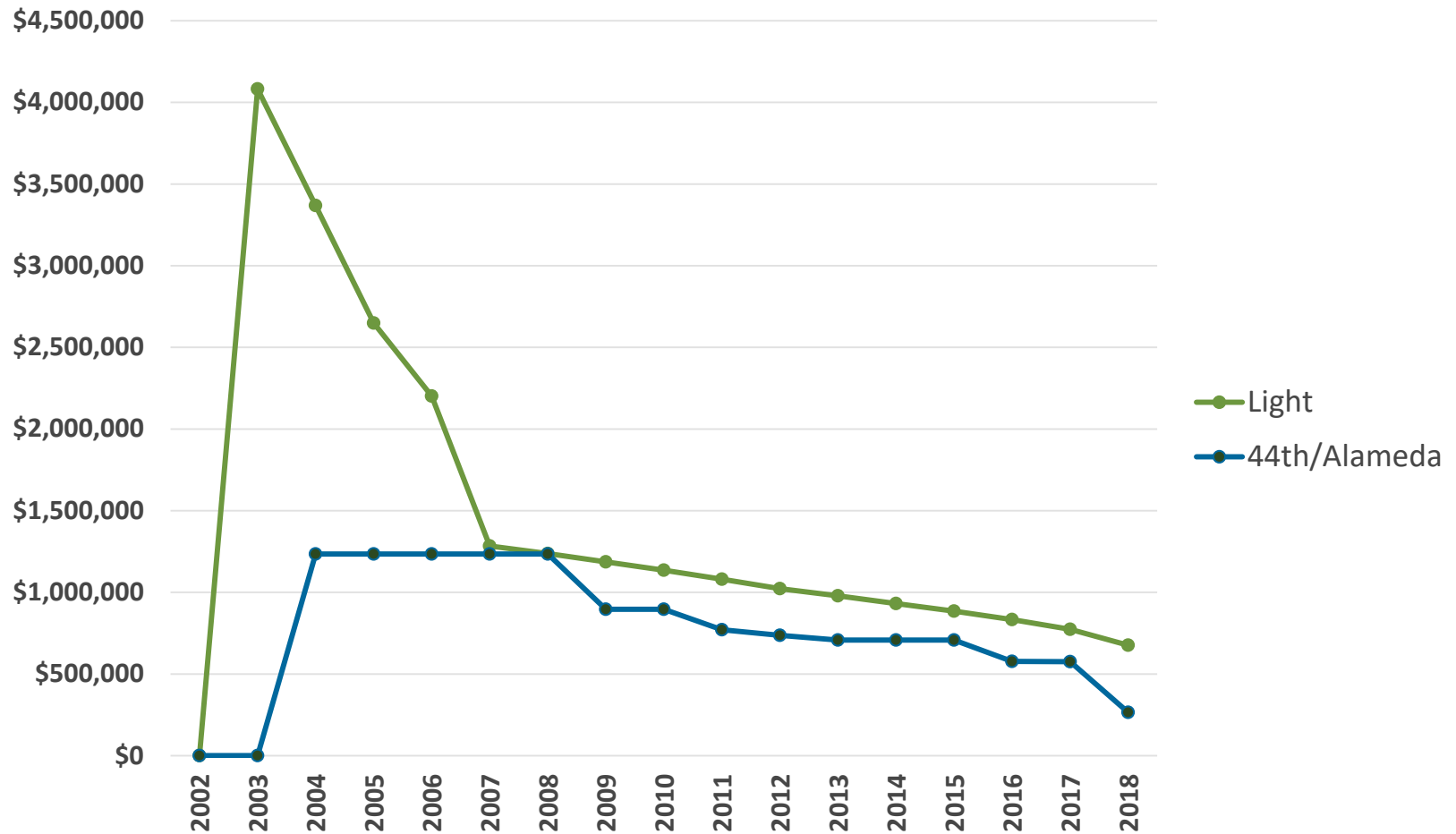
# GENERAL FUND SUMMARY:

## TOTAL ENDING FUND BALANCE

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	01/01/18 BALANCE	ADDITIONS	SUBTRACTIONS	12/31/18 BALANCE
Undesignated Fund Balance	\$1,960,002	\$393,822		\$2,353,824
Designated Light Fund Money	\$773,178		(\$97,365)	\$675,813
Designated 44th/Alameda	\$575,575		(\$310,209)	\$265,366
Pool/Rec Center Donation Balance	\$0	\$250,000		\$250,000
<b>Total Ending Fund Balance</b>	<b>\$3,308,755</b>	<b>\$643,822</b>	<b>(\$407,574)</b>	<b>\$3,545,003</b>

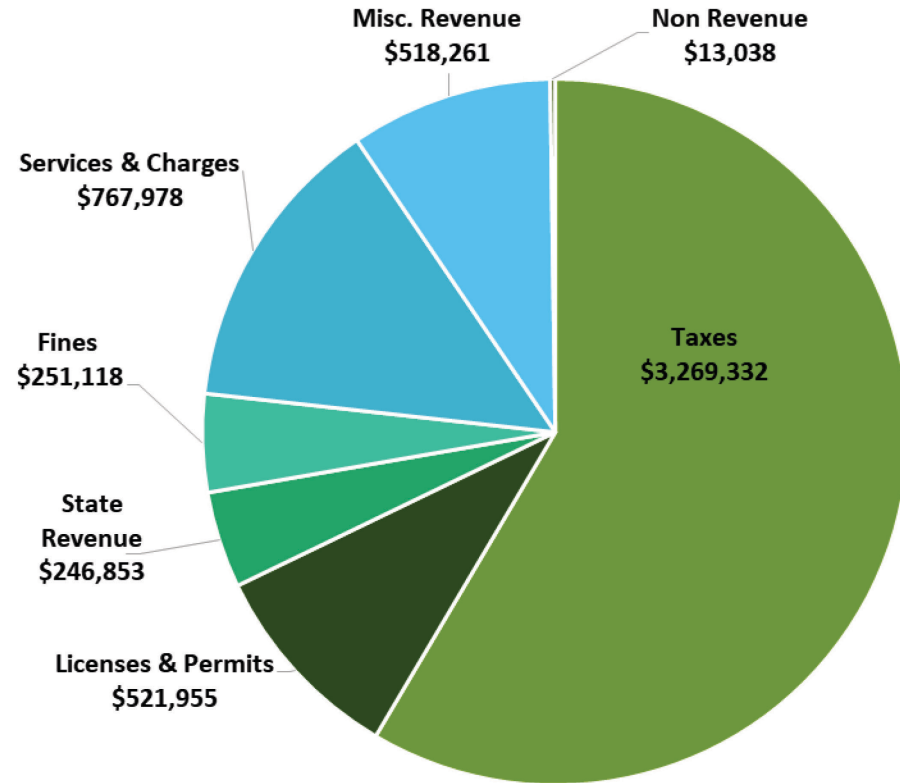
# DESIGNATED FUND BALANCES



# GENERAL FUND CASH AVAILABLE BALANCES

	Undesignated	Light	Donations	44th/Alameda	Total
Fund Balance	\$2,353,823	\$675,813	\$250,000	\$265,366	\$3,545,002
Invested in Bond	(\$300,000)	(\$500,000)		(\$200,000)	(\$1,000,000)
Reserved for Cash Flow	(\$1,318,346)				(\$1,318,346)
<b>Available Cash</b>	<b>\$735,477</b>	<b>\$175,813</b>	<b>\$250,000</b>	<b>\$65,366</b>	<b>\$1,226,656</b>

# GENERAL FUND REVENUE AS OF 12/31/18

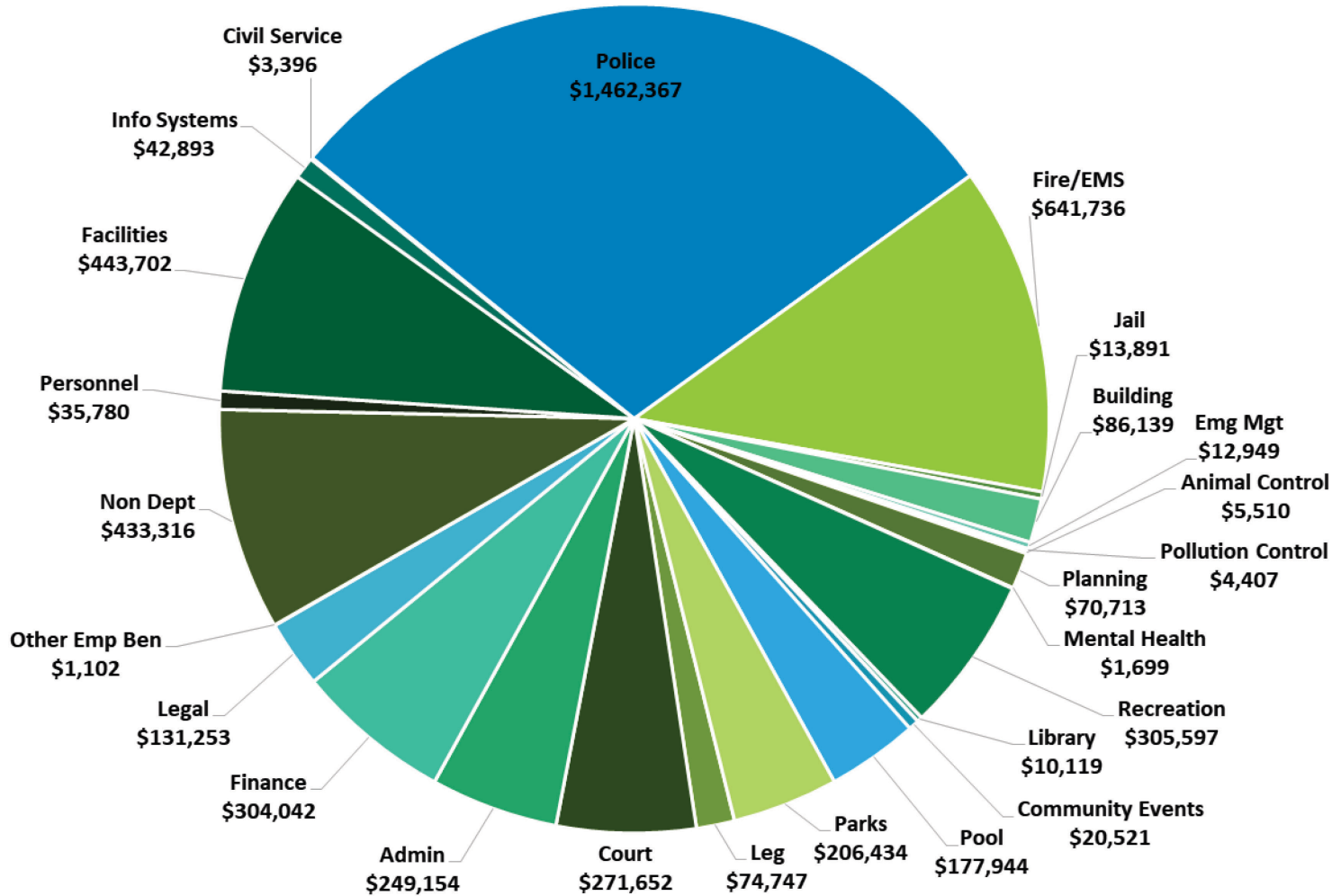


	YTD 12/31/18	BUDGET	%
Taxes	\$3,269,332	\$3,219,092	101.6%
Licenses & Permits	\$521,955	\$542,100	96.3%
State Revenue	\$246,853	\$210,085	117.5%
Fines & Forfeits	\$251,118	\$203,500	123.4%
Serv & Charges	\$767,978	\$719,713	106.7%
Misc. Revenue	\$518,261	\$443,253	116.9%
Non Revenue	\$13,038	\$0	0.0%
<b>Total General Fund Revenue</b>	<b>\$5,588,535</b>	<b>\$5,337,743</b>	<b>104.7%</b>

# EXPENDITURES BY DEPT. AS OF 12/31/18

DEPARTMENT	YTD	BUDGET	REMAINING	% Expensed
Legislative	\$74,747	\$77,275	\$2,528	96.7%
Court	\$271,652	\$271,935	\$283	99.9%
Administration	\$249,154	\$283,185	\$34,031	88.0%
Financial	\$304,042	\$306,016	\$1,974	99.4%
Legal	\$131,253	\$138,475	\$7,222	94.8%
Other Employee Benefits	\$1,102	\$1,550	\$448	71.1%
Non Dept	\$433,316	\$462,508	\$29,192	93.7%
Personnel	\$35,780	\$48,015	\$12,235	74.5%
Facilities	\$443,702	\$446,222	\$2,520	99.4%
Info Systems	\$42,893	\$56,219	\$13,326	76.3%
Civil Service	\$3,396	\$5,500	\$2,104	61.7%
Police	\$1,462,367	\$1,525,063	\$62,696	95.9%
Fire/EMS	\$641,736	\$641,736	\$0	100.0%
Jail Costs	\$13,891	\$30,500	\$16,609	45.5%
Building	\$86,139	\$105,575	\$19,436	81.6%
Emg Mgt	\$12,949	\$13,491	\$542	96.0%
Pollution Control	\$4,407	\$4,407	\$0	100.0%
Animal Control	\$5,510	\$10,000	\$4,490	55.1%
Planning	\$70,713	\$83,492	\$12,780	84.7%
Mental Health	\$1,699	\$2,200	\$501	77.2%
Recreation/Part Rec	\$305,597	\$324,950	\$19,353	94.0%
Library	\$10,119	\$14,000	\$3,882	72.3%
Community Events	\$20,521	\$20,150	(\$371)	101.8%
Pool	\$177,944	\$177,950	\$6	100.0%
Parks	\$206,434	\$222,968	\$16,534	92.6%
Total Gen Fund Oper Exp	\$5,011,062	\$5,273,382	\$262,320	95.0%
Non Expenditures	\$11,738	\$0	(\$11,738)	0.0%
Capital	\$329,489	\$397,263	\$67,774	82.9%
<b>Total General Fund</b>	<b>\$5,352,289</b>	<b>\$5,670,645</b>	<b>\$318,356</b>	<b>94.4%</b>

# EXPENDITURES BY DEPT. AS OF 12/31/18



# GENERAL FUND CAPITAL

	2018 Appropriation	12/31/18 Expenditures	% of Total	Unexpended Balance
Facilities	\$13,000	\$6,222	47.9%	\$6,778
Police	\$10,500	\$6,627	63.1%	\$3,873
Parks	\$373,763	\$316,640	84.7%	\$57,123
<b>Total</b>	<b>\$397,263</b>	<b>\$329,489</b>	<b>82.9%</b>	<b>\$67,774</b>

## Facilities capital budget included:

- \$3,500 for gutters on the south side of City Hall (actually used for security cameras at City Hall cost \$6,222)
- \$2,500 for ceiling tiles at the Public Safety Building (determined unnecessary at this time)
- \$5,000 for gutters at the Public Safety Building (determined unnecessary at this time)
- \$2,000 for speakers at the Public Safety Building (coded to Small Tools)

## Police capital budget included:

- \$10,500 for new police radio (actual cost \$6,627)

## Parks capital budget included: (paid using 44<sup>th</sup>/Alameda Fund Balance)

- \$6,000 for gazebo roof (actual cost \$3,737)
- \$35,000 for Whittier tennis court improvements (not paid in 2018)
- \$20,000 Whittier irrigation improvements (rolled over to 2019)
- \$60,000 for new playground structure at Fircrest Park (actual cost \$63,962.48, donation received from Friends of Fircrest \$6,432)
- \$252,763 ARC design contract for pool/rec center project (actual cost paid in 2018 was \$248,941)

# STREET FUND

<b>Beginning Fund Balance</b>		<b>\$258,184</b>
Operating Revenue	\$173,583	
Transfers In Prop Tax, St. Maint & Beaut	\$267,015	
Operating Expenses	(\$431,901)	
Operating revenue over (under) expenses		\$8,698
Transfer In for Capital	\$118,675	
Grant Revenue for Capital	\$260,011	
Capital Expenditures	(\$412,658)	
Capital revenue over (under) capital expenses		(\$33,972)
Total revenue over (under) expenses w/capital		(\$25,275)
Non operating revenue-insuranse recovery		\$10,420
<b>Ending Fund Balance</b>		<b>\$243,329</b>

# STORM DRAIN

## OPERATING FUND

<b>Beginning Fund Balance</b>	<b>\$634,667</b>
Operating Revenue	\$519,353
Grant Revenue	\$0
Operating Expenses	(\$413,571)
Operating revenue over (under) expenses	\$105,782
Transfer Out to Storm Drain Capital Fund	(\$530,000)
Total revenue over (under) expenses w/capital	(\$424,218)
<b>Ending Fund Balance</b>	<b>\$210,449</b>

## CAPITAL FUND

<b>Beginning Fund Balance</b>	<b>\$0</b>
Transfer In from Storm Drain Fund	\$530,000
Grant Revenue	\$0
Capital Contributions	\$0
Total Revenue	\$530,000
Capital Expenses	(\$24,082)
Total revenue over (under) expenses w/capital	\$505,918
<b>Ending Fund Balance</b>	<b>\$505,918</b>

The combined Ending Fund Balance for Storm Operating and Capital Funds is \$716,367. For reporting purposes on the state reports, these two funds are rolled together and reported as the Storm Fund.

# WATER

## OPERATING FUND

<b>Beginning Fund Balance</b>	<b>\$773,815</b>
Operating Revenue	\$1,119,066
Operating Expenses	(\$967,060)
Operating revenue over (under) expenses	\$152,006
Transfer Out to Water Capital Fund	(\$621,000)
Total revenue over (under) expenses	(\$468,994)
<b>Ending Fund Balance</b>	<b>\$304,821</b>

## CAPITAL FUND

<b>Beginning Fund Balance</b>	<b>\$0</b>
Transfer In from Water Operating Fund	\$621,000
Grant Revenue	\$0
Capital Contributions	\$4,000
Total Revenue	\$625,000
Capital Expenses	(\$440,739)
Total revenue over (under) expenses w/capital	\$184,261
<b>Ending Fund Balance</b>	<b>\$184,261</b>

The combined Ending Fund Balance for Water Operating and Water Capital Fund is \$489,082. For reporting purposes on the state reports, these two funds are rolled together and reported as the Water Fund.

# SEWER

## OPERATING FUND

<b>Beginning Fund Balance</b>	<b>\$2,615,038</b>
Operating Revenue	\$2,664,918
Operating Expenses	(\$2,284,479)
Operating revenue over (under) expenses	\$380,439
Transfer Out to Sewer Capital Fund	(\$2,138,250)
<b>Ending Fund Balance</b>	<b>\$857,227</b>

## CAPITAL FUND

<b>Beginning Fund Balance</b>	<b>\$0</b>
Transfer In from Sewer Operating Fund	\$2,138,250
Grant Revenue	\$0
Capital Contributions	\$4,000
Total Revenue	\$2,142,250
Capital Expenses	(\$926,679)
Total revenue over (under) expenses w/capital	\$1,215,571
<b>Ending Fund Balance</b>	<b>\$1,215,571</b>

The combined Ending Fund Balance for Sewer Operating and Sewer Capital Fund is \$2,072,798. For reporting purposes on the state reports, these two funds are rolled together and reported as the Sewer Fund.

# REET

	1st Qtr	2nd Qtr	Total
Beginning Fund Balance	\$323,624	\$1,027,166	\$1,350,790
Interest Revenue	\$3,586	\$12,709	\$16,295
Revenue	\$136,755	\$136,755	\$273,511
Transfer Out	(\$75,000)	(\$7,031)	(\$82,031)
<b>Ending Fund Balance</b>	<b>\$388,965</b>	<b>\$1,169,599</b>	<b>\$1,558,565</b>

The transfers out from the REET fund were for Street capital projects.

# Community Outreach

Fostering better police/community  
relationships



## **Santa Sleigh Ride**

Each December we spend two nights going through the city spreading holiday cheer. We have an increasing number of citizens coming out to have their picture taken with Santa and all his helpers.



## National Night Out

Each year we host a city-wide community outreach National Night Out event. NNO promotes positive interactions with our community, businesses and first responders all in one location. NNO allows us to develop a close cooperative bond with other emergency service providers and provides citizens information about available services. We believe this new found knowledge leads to an empowered and much safer community.

# Law Enforcement Youth Camp (LEYC)

LEYC enables kids from our community, who are recommended by local schools and officers, to have a week long camp experience and builds positive relationships with law enforcement officers.



# Law Enforcement Torch Run Benefiting Special Olympics



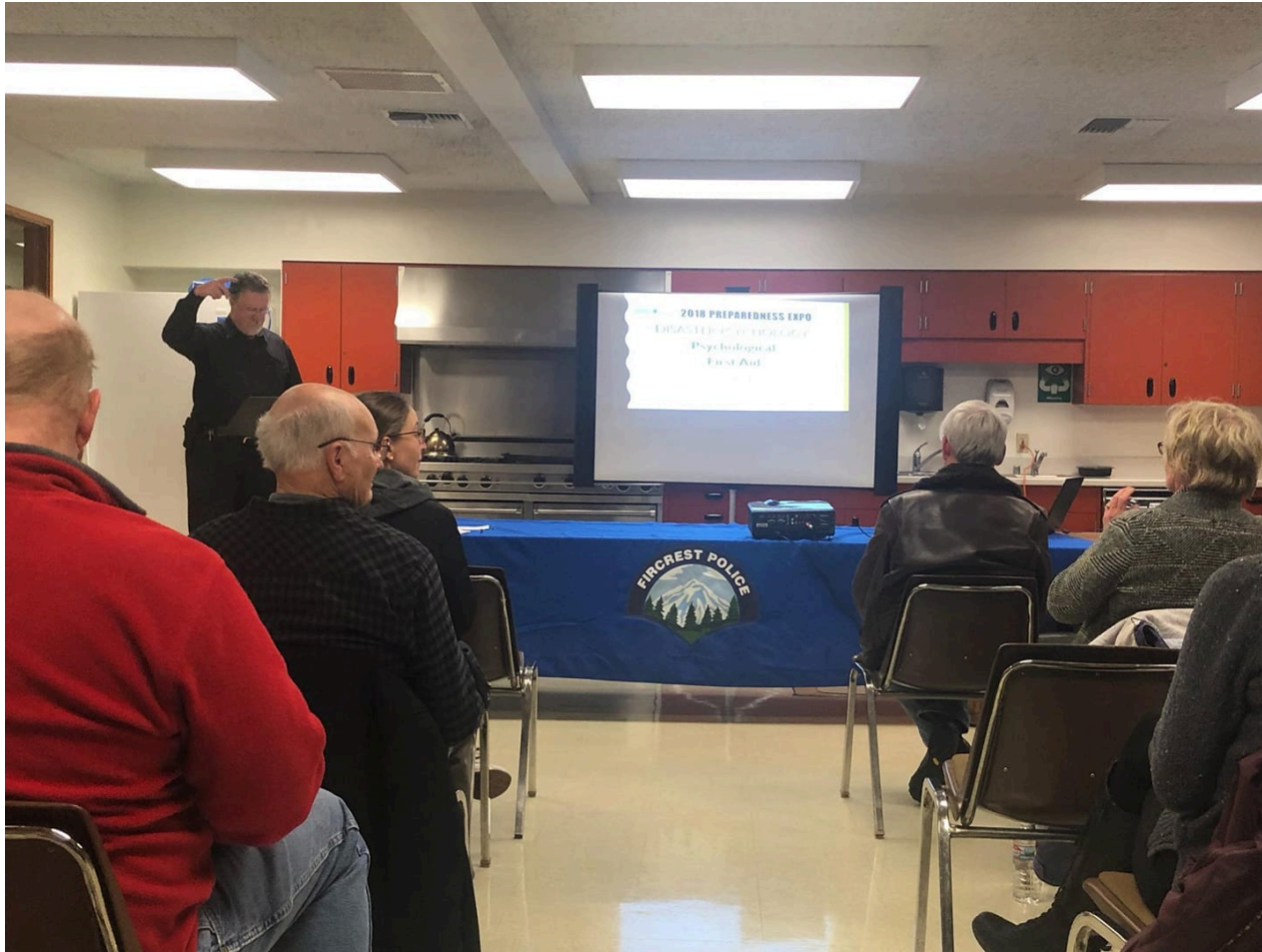
# Chief for a Day



# Kiwanis Partnership



# Citizen Meetings



# Supporting Our Kids Lunch Buddies

## Halloween Trunk or Treat



## Kiwanis Terrific Kid Awards



## School Safety Talks



## Easter Egg Hunt

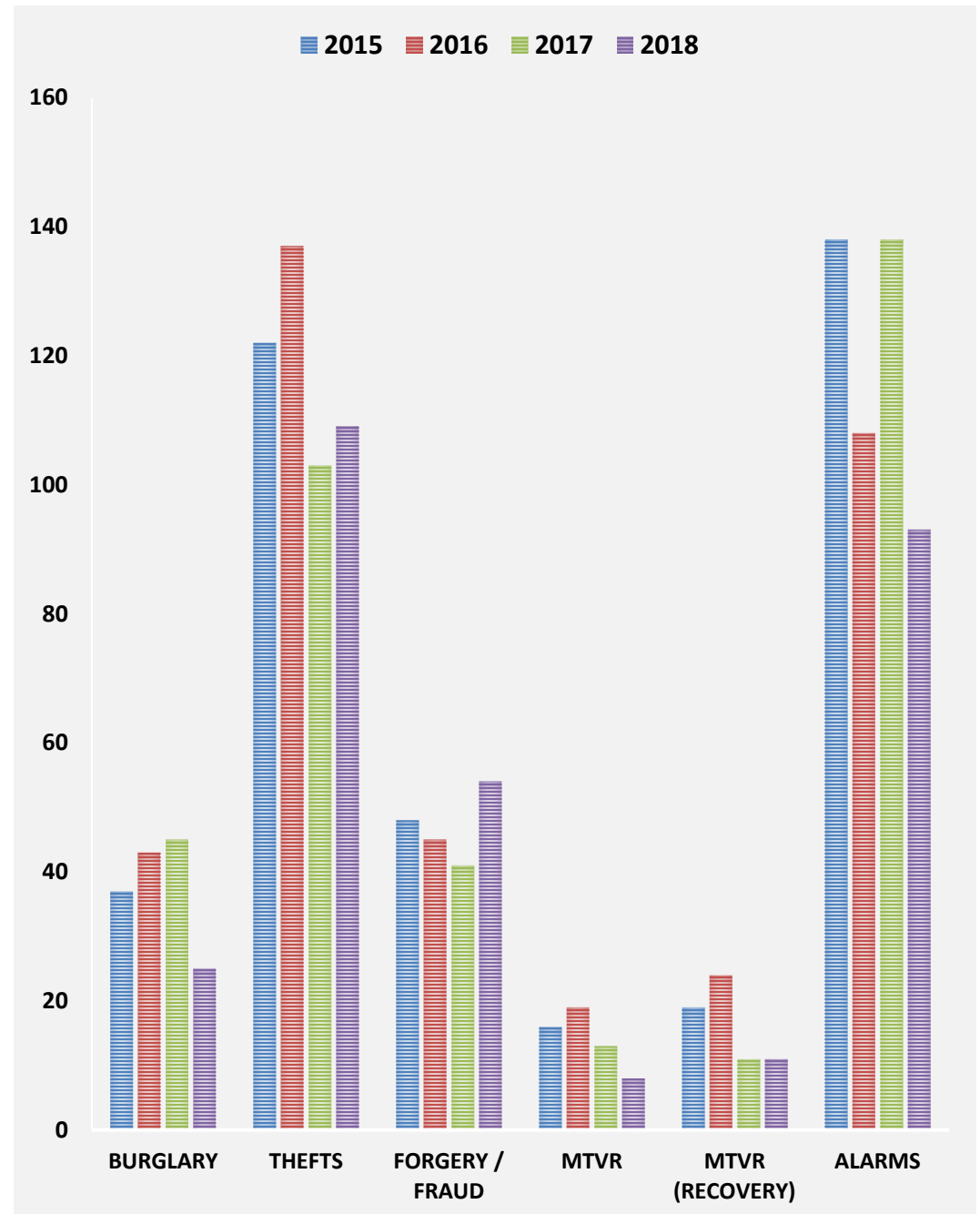


# CITY OF FIRCREST POLICE DEPARTMENT 2015-2018 STATISTICS



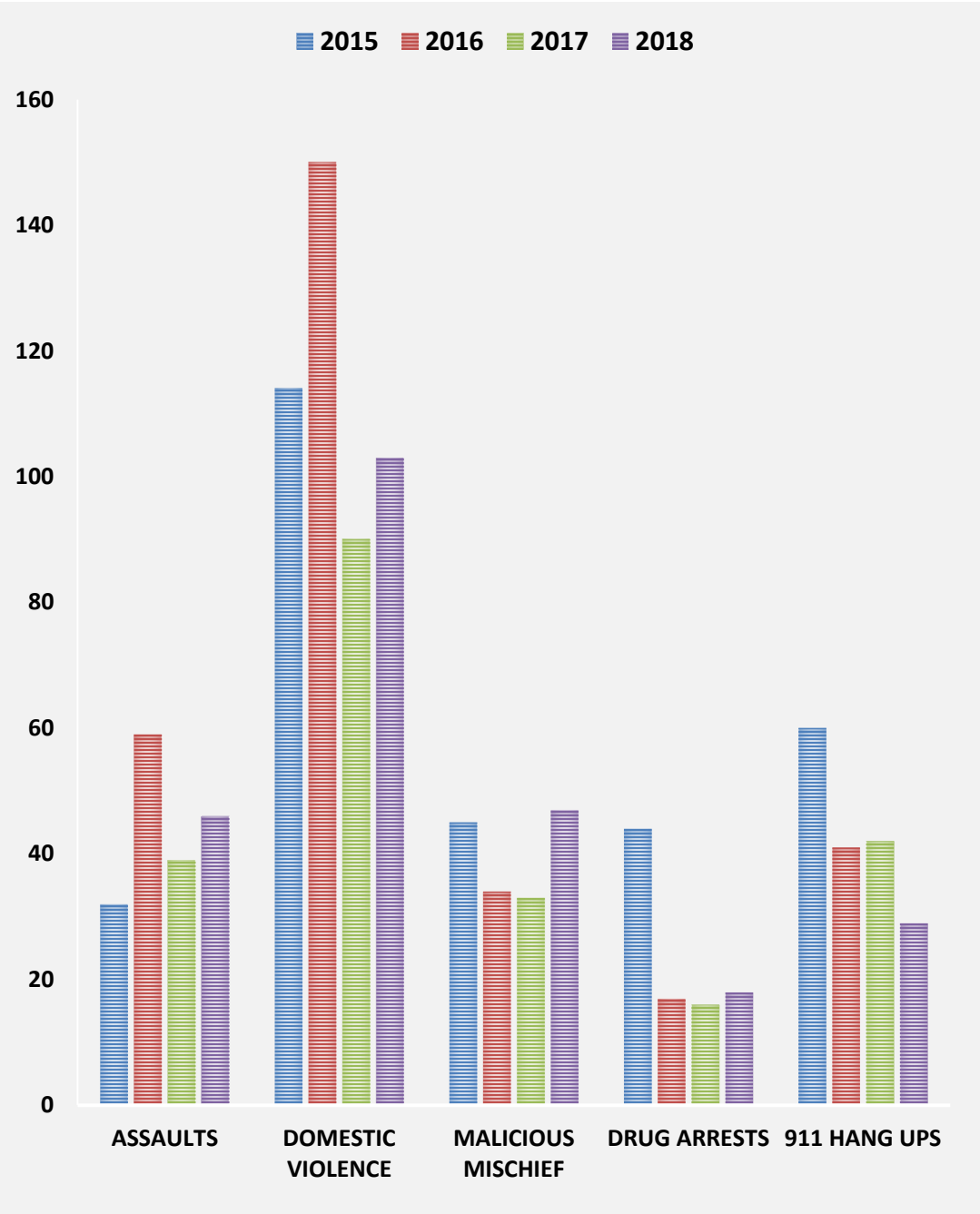
## Crime Stats

	2015	2016	2017	2018
BURGLARY	37	43	45	25
THEFTS	122	137	103	109
FRAUD	48	45	41	54
MTVR	16	19	13	8
MTVR (RECOVERS)	12	19	24	11
ALARMS	138	108	138	93



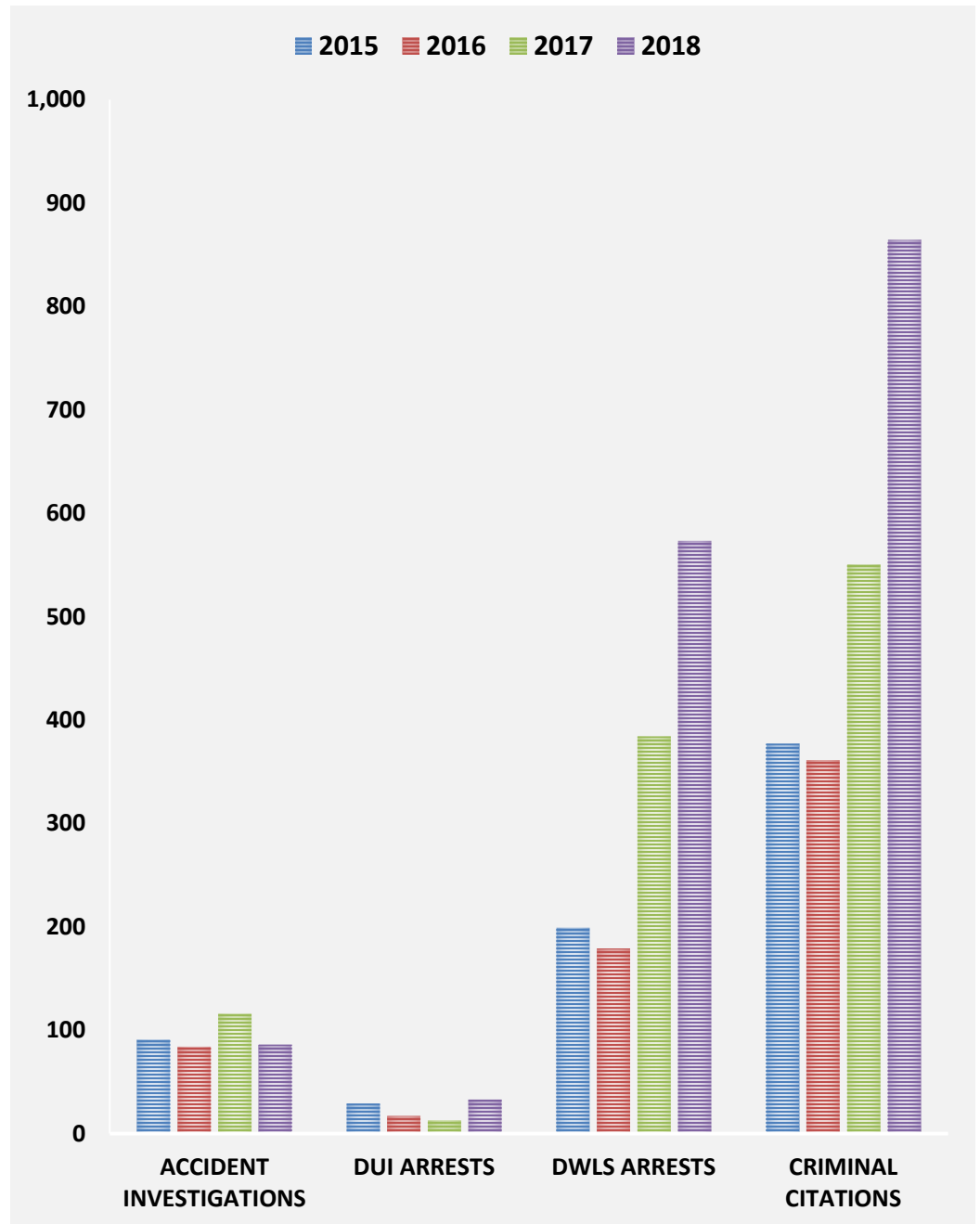
# Crime Stats

	2015	2016	2017	2018
ASSAULTS	32	59	39	46
DOMESTIC VIOLENCE	114	150	90	103
MALICIOUS MISCHIEF	45	34	33	47
DRUG ARRESTS	44	17	16	18
911 HANG UPS	60	41	42	29

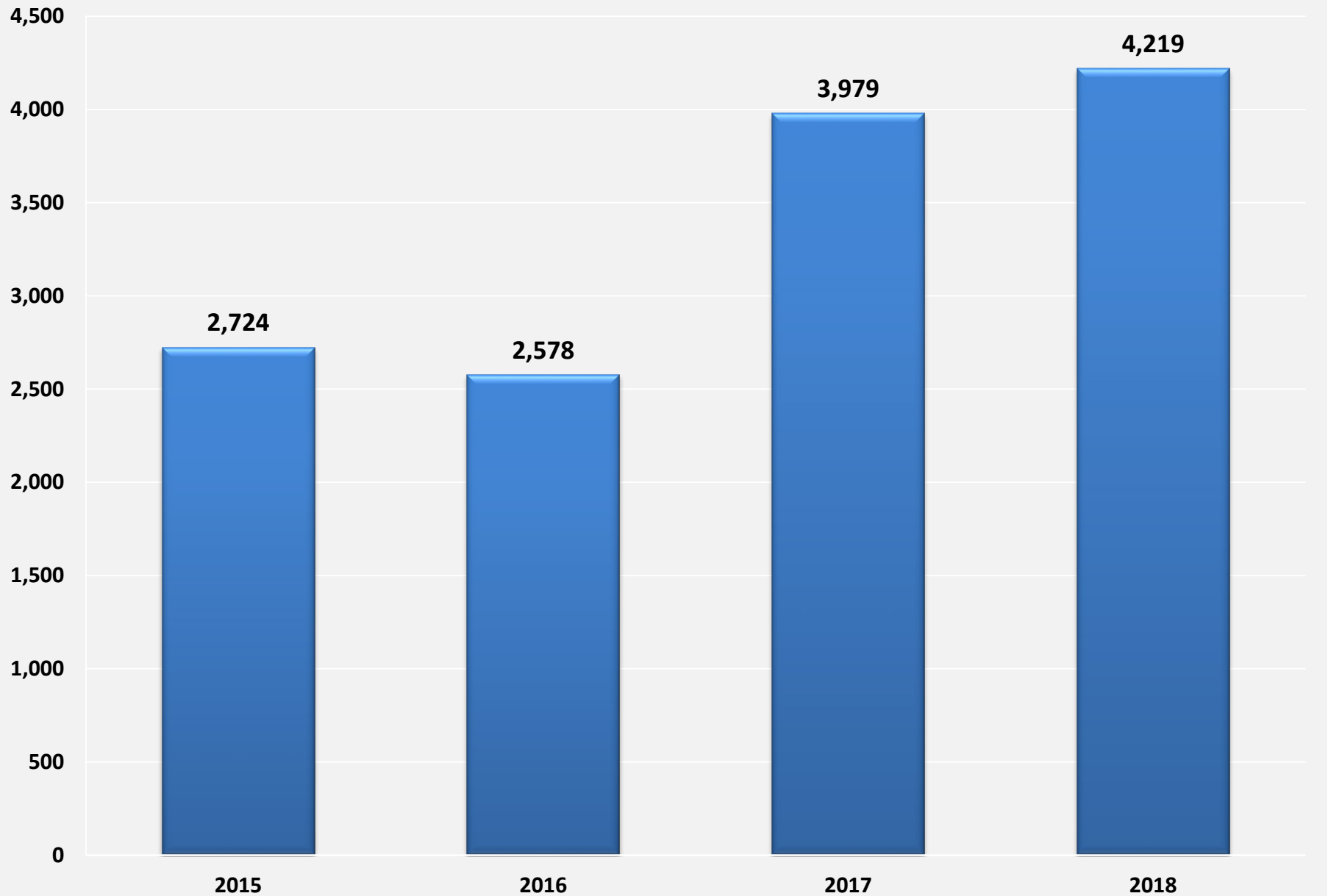


## Crime Stats

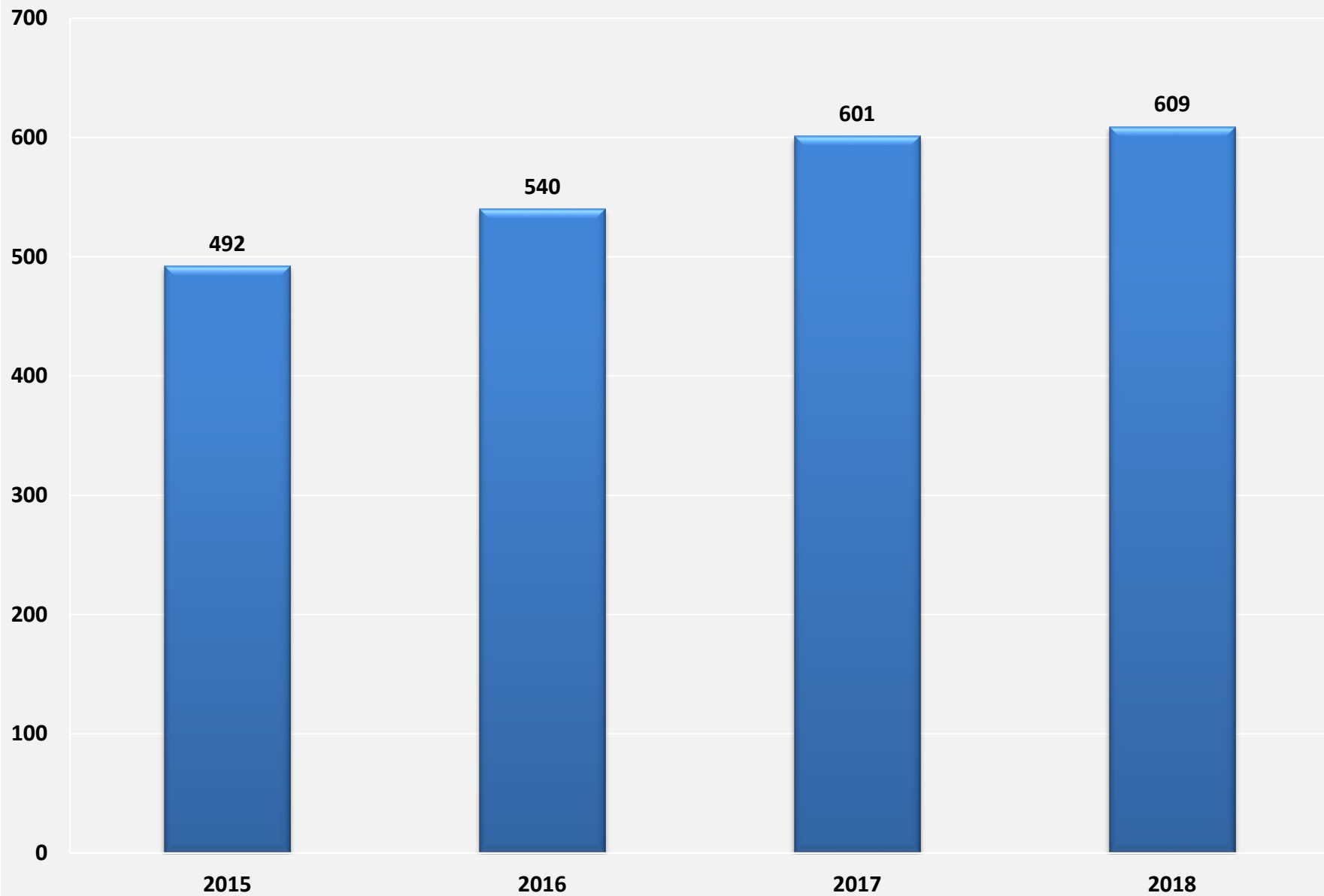
	2015	2016	2017	2018
ACCIDENT INV.	91	84	116	86
DUI ARRESTS	29	17	13	33
DWLS ARRESTS	199	179	384	573
CRIMINAL CIT.	377	361	550	864



# INFRACTIONS

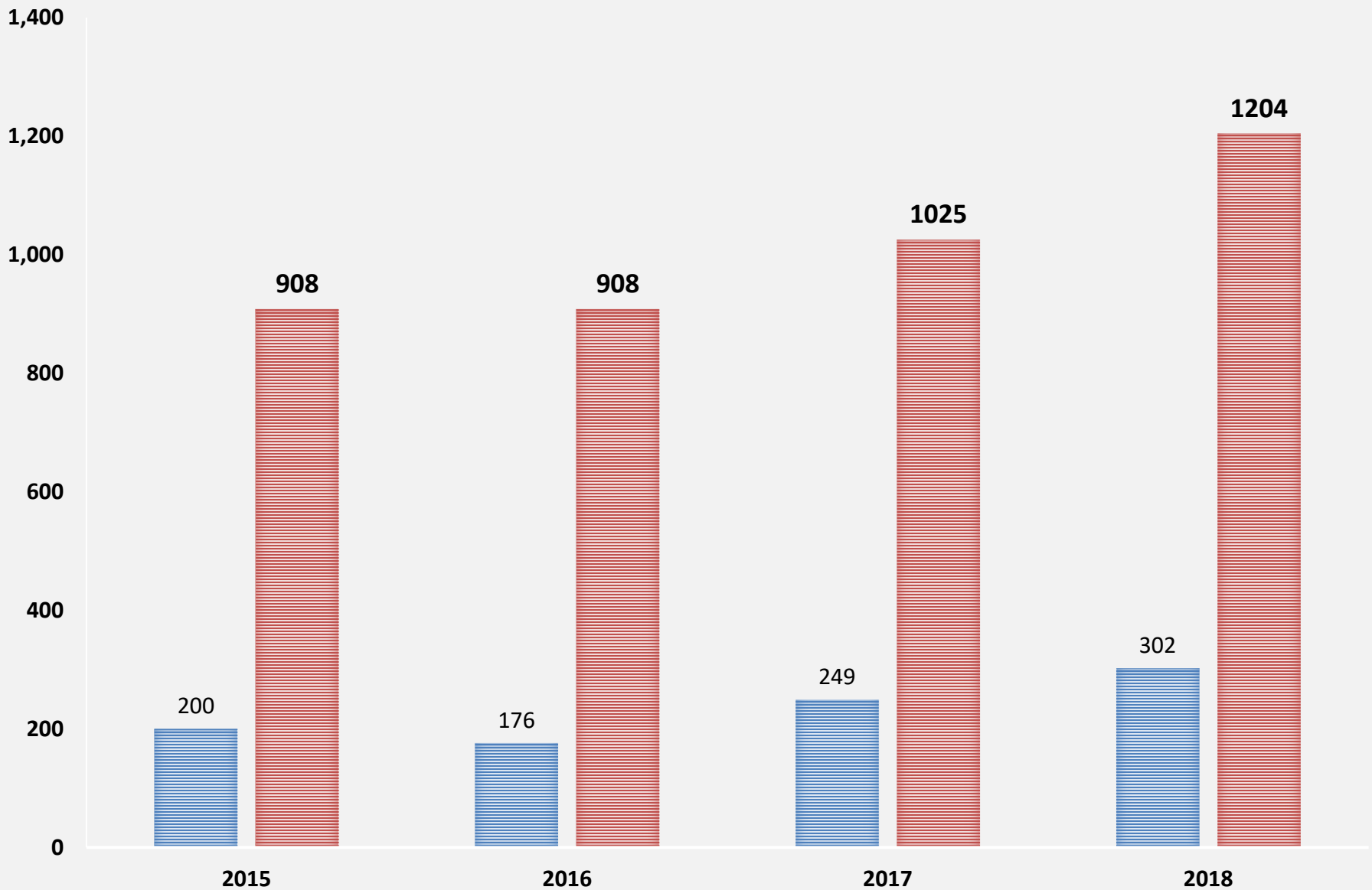


## SUSPICIOUS PERSON(S)/VEHICLE(S)

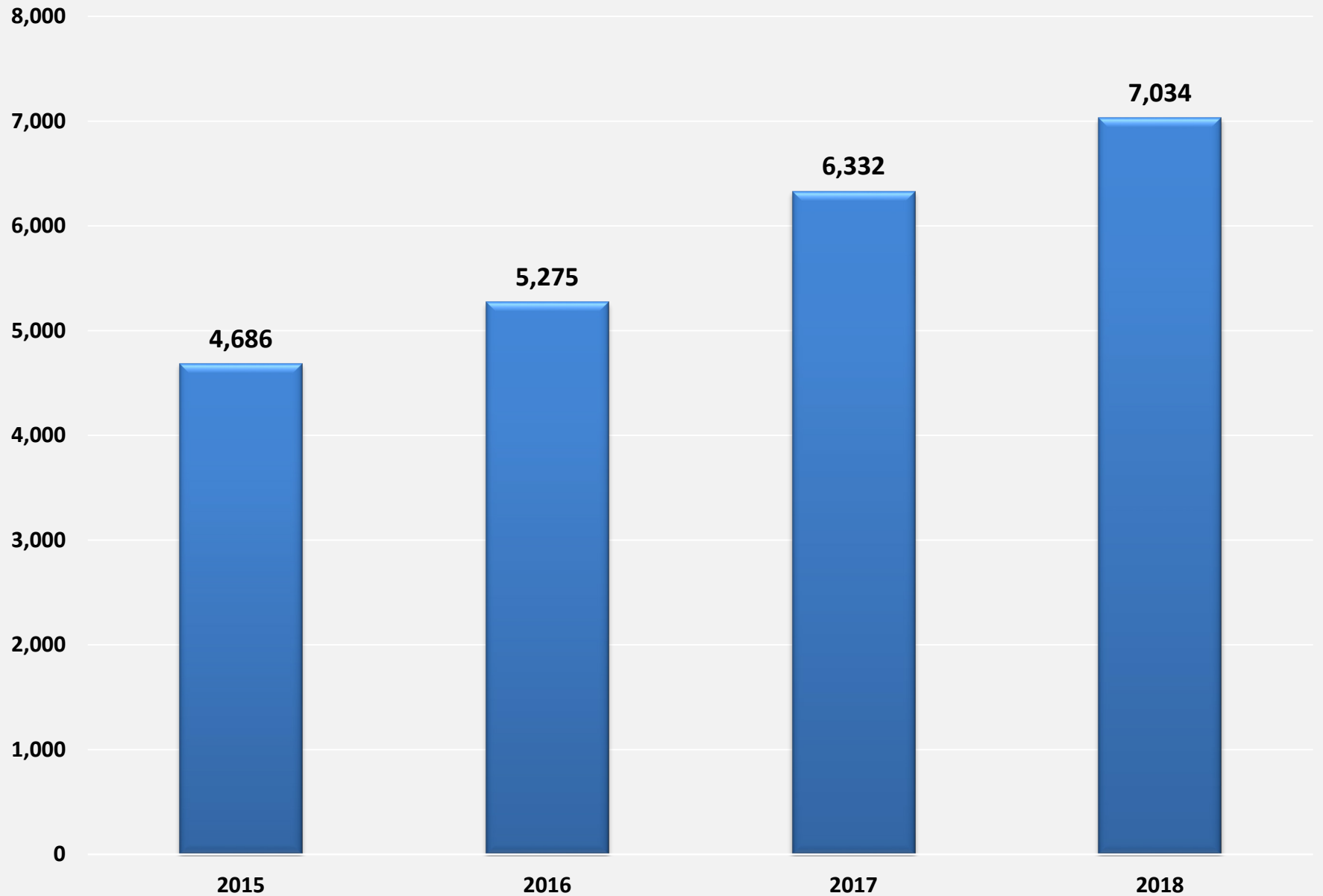


# SUPPLEMENTAL AND GENERAL REPORTS

 SUPPLEMENTAL REPORTS     GENERAL REPORTS



# CALLS FOR SERVICE



# MOVING FORWARD

- CRIME MAPPING
- WORK W/SS-911 WARRANT CONFIRMATION PROCESS
- ASSIGN AND TRAIN NEW DETECTIVE
- DE-ESCALATION TRAINING ALL OFFICERS/I-940
- BRING ON VOLUNTEER POLICE CHAPLIN

IF YOU SEE SOMETHING SAY  
SOMETHING!!!

WORKING TOGETHER WE  
CAN KEEP FIRCREST A SAFE  
PLACE TO  
LIVE,WORK, AND PLAY

# Memo

**To:** Mayor and Councilmembers  
**From:** Julie Ryan, Grant Writer  
**CC:** Scott Pingel, City Manager  
**Date:** March 15, 2019  
**Re:** Recreation Services Pricing Philosophy and Cost Recovery Policy

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On Monday night, I am going to walk you through a presentation and exercise on understanding the process of creating pricing for the Recreation Department. You might ask what is a Pricing Philosophy and Cost Recovery? As you all know, the City subsidizes certain elements of City services, while others are set up to recover costs. Each area is at a different recovery rate, ranging from fully cost recovery, plus revenue generation to 100% subsidized. The creation of a Cost Recovery philosophy and policy is key to maintaining financial control, equitably pricing offerings, and identifying core programs, facilities and services for an agency.

This process will not be finished on Monday, but is an introduction and ultimately, for Council consideration. The information throughout this process will help guide the Recreation Department for the future in developing a policy to recover revenue while providing pricing equity/consistency for the citizens.

Please read through the document about Pricing Philosophy to prepare for Monday so you have a general idea of what I will be talking about.

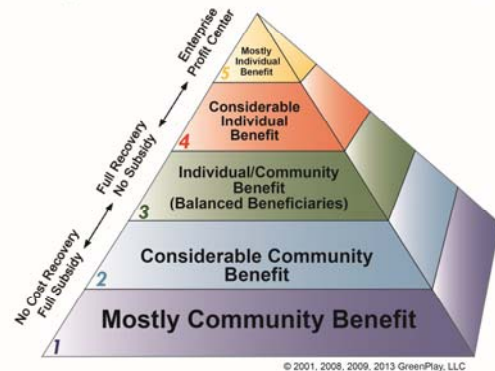
## THE PYRAMID METHODOLOGY: COST RECOVERY AND SUBSIDY ALLOCATION PHILOSOPHY

The creation of a cost recovery and subsidy allocation philosophy and policy is a key component to maintaining an agency's financial control, equitably pricing offerings, and helping to identify core services including programs and facilities.

Critical to this philosophical undertaking is the support and buy-in of elected officials and advisory boards, staff, and ultimately, citizens. Whether or not significant changes are called for, the organization should be certain that it philosophically aligns with its constituents. The development of a financial resource allocation philosophy and policy is built upon a very logical foundation, based upon the theory that those who benefit from parks and recreation services ultimately pay for services.



The Pyramid Methodology



The development of a financial resource allocation philosophy can be separated into the following steps:

### Step 1 – Building on Your Organization's Values, Vision, and Mission

The premise of this process is to align agency services with organizational values, vision, and mission. It is important that organizational values are reflected in the vision and mission. Oftentimes, mission statements are a starting point and further work needs to occur to create a more detailed common understanding of the interpretation of the mission and a vision for the future. This is accomplished by engaging staff and community members in a discussion about a variety of Filters.

### Step 2 – Understanding the Pyramid Methodology, the Benefits Filter, and Secondary Filters

Filters are a series of continuums covering different ways of viewing service provision. **Filters** influence the final positioning of services as they relate to each other and are summarized below. The **Benefits Filter**, however, forms the **foundation** of the **Pyramid Model** and is used in this discussion to illustrate a cost recovery philosophy and policies for parks and recreation organizations.

Filter	Definition
<b>Benefit</b>	Who receives the benefit of the service? (Skill development, education, physical health, mental health, safety)
<b>Access/Type of Service</b>	Is the service available to everyone equally? Is participation or eligibility restricted by diversity factors (i.e., age, ability, skill, financial)?
<b>Organizational Responsibility</b>	Is it the organization's responsibility or obligation to provide the service based upon mission, legal mandate, or other obligation or requirement?
<b>Historical Expectations</b>	What have we always done that we cannot change?
<b>Anticipated Impacts</b>	What is the anticipated impact of the service on existing resources? On other users? On the environment? What is the anticipated impact of not providing the service?
<b>Social Value</b>	What is the perceived social value of the service by constituents, city staff and leadership, and policy makers? Is it a community builder?

## THE BENEFITS FILTER

The principal foundation of the Pyramid is the **Benefits Filter**. Conceptually, the base level of the pyramid represents the mainstay of a public parks and recreation system. Services appropriate to higher levels of the pyramid should only be offered when the preceding levels below are comprehensive enough to provide a foundation for the next level. This foundation and upward progression is intended to represent public parks and recreation's core mission, while also reflecting the growth and maturity of an organization as it enhances its service offerings.

It is often easier to integrate the values of the organization with its mission if they can be visualized. An ideal philosophical model for this purpose is the pyramid. In addition to a physical structure, *pyramid* is defined by Webster's Dictionary as "an immaterial structure built on a broad supporting base and narrowing gradually to an apex." Parks and recreation programs are built with a broad supporting base of core services, enhanced with more specialized services as resources allow. Envision a pyramid sectioned horizontally into five levels.

### MOSTLY COMMUNITY Benefit

The foundational level of the Pyramid is the largest, and includes those services including programs and facilities which **MOSTLY** benefit the **COMMUNITY** as a whole. These services may increase property values, provide safety, address social needs, and enhance quality of life for residents. The community generally pays for these basic services via tax support. These services are generally offered to residents at a minimal charge or with no fee. A large percentage of the agency's tax support would fund this level of the Pyramid.

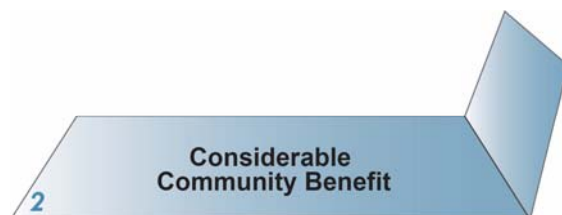


*Examples of these services could include: the existence of the community parks and recreation system, the ability for youngsters to visit facilities on an informal basis, low-income or scholarship programs, park and facility planning and design, park maintenance, or others.*

**NOTE: All examples above are generic – individual agencies vary in their determination of which services belong in the foundation level of the Pyramid based upon agency values, vision, mission, demographics, goals, etc.**

### CONSIDERABLE COMMUNITY Benefit

The second and smaller level of the Pyramid represents services which promote individual physical and mental well-being, and may begin to provide skill development. They are generally traditionally expected services and/or beginner instructional levels. These services are typically assigned fees based upon a specified percentage of direct (and may also include indirect) costs. These costs are partially offset by both a tax subsidy to account for **CONSIDERABLE COMMUNITY** benefit and participant fees to account for the **Individual** benefit received from the service.



*Examples of these services could include: the capacity for teens and adults to visit facilities on an informal basis, ranger led interpretive programs, beginning level instructional programs and classes, etc.*

### BALANCED INDIVIDUAL/COMMUNITY Benefit

The third and even smaller level of the Pyramid represents services that promote individual physical and mental well-being, and provide an intermediate level of skill development. This level provides balanced **INDIVIDUAL** and **COMMUNITY** benefit and should be priced accordingly. The individual fee is set to recover a higher percentage of cost than those services that fall within lower Pyramid levels.



*Examples of these services could include: summer recreational day camp, summer sports leagues, year-round swim team, etc.*

### CONSIDERABLE INDIVIDUAL Benefit

The fourth and still smaller Pyramid level represents specialized services generally for specific groups, and those which may have a competitive focus. Services in this level may be priced to recover full cost, including all direct and indirect expenses.



*Examples of these services could include: specialty classes, golf, and outdoor adventure programs.*

### MOSTLY INDIVIDUAL Benefit

At the top of the Pyramid, the fifth and smallest level represents services which have profit center potential, may be in an enterprise fund, may be in the same market space as the private sector, or may fall outside the core mission of the agency. In this level, services should be priced to recover full cost in addition to a designated profit percentage.



*Examples of these activities could include: elite diving teams, golf lessons, food concessions, company picnic rentals, and other facility rentals such as for weddings or other services.*

## Step 3 – Developing the Organization’s Categories of Service

In order to avoid trying to determine cost recovery or subsidy allocation levels for each individual agency service including every program, facility, or property, it is advantageous to categorize agency services into like categories. This step also includes the development of category definitions that detail and define each category and service inventory “checks and balances” to ensure that all agency services belong within a developed category. *Examples of Categories of Service could include: Beginner Instructional Classes, Special Events, and Concessions/Vending.*

## Step 4 – Sorting the Categories of Service onto the Pyramid

It is critical that this sorting step be done with staff, governing body, and citizen representatives involved. This is where ownership is created for the philosophy, while participants discover the current and possibly varied operating histories, cultures, and organizational values, vision, and mission. It is the time to develop consensus and get everyone on the same page – the page that is written together. Remember, this effort must reflect the community and must align with the thinking of policy makers.

***Sample Policy Development Language:***

XXX community brought together staff from across the department, agency leadership, and citizens to sort existing programs into each level of the Pyramid. The process was facilitated by an objective and impartial facilitator in order to hear all viewpoints. It generated discussion and debate as participants discovered what different people had to say about serving culturally and economically varied segments of the community, about historic versus active-use parks, about the importance of adult versus youth versus senior activities, and other philosophical and values-based discussions. This process gets at both the “what” and “why” with the intention of identifying common ground and consensus.

**Step 5 – Defining Direct and Indirect Costs**

The definition of direct and indirect costs can vary from agency to agency. What is important is that all costs associated with directly running a program or providing a service are identified and consistently applied across the system. Direct costs typically include all the specific, identifiable expenses (fixed and variable) associated with providing a service. These expenses would not exist without the service and may be variable costs. Defining direct costs, along with examples and relative formulas is necessary during this step.

Indirect costs typically encompass overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any specific service but may also be attributed to a specific agency operation (in which case they are direct expenses of that operation). If desired, all or a portion of indirect costs can be allocated, in which case they become a direct cost allocation.

**Step 6 – Determining (or Confirming) Current Subsidy/Cost Recovery Levels**

This step establishes the expectation that the agency will confirm or determine current cost recovery and subsidy allocation levels by service area based on the new or revised definition of direct and in-direct costs. This will include consideration of revenues sources and services costs or expenses. Typically, staff may not be cost accounting consistently, and these inconsistencies will become apparent. Results of this step will identify whether staff members know what it costs to provide services to the community, whether staff have the capacity or resources necessary to account for and track costs, whether accurate cost recovery levels can be identified, and whether cost centers or general ledger line items align with how the agency may want to track these costs in the future.

**Step 7 – Establishing Cost Recovery/Subsidy Goals**

Subsidy and cost recovery are complementary. If a program is subsidized at 75%, it has a 25% cost recovery, and vice-versa. It is more powerful to work through this exercise thinking about where the tax subsidy is used rather than what is the cost recovery. When it is complete, you can reverse thinking to articulate the cost recovery philosophy, as necessary.

The overall subsidy/cost recovery level is comprised of the average of everything in all of the levels together as a whole. This step identifies what the current subsidy level is for the programs sorted into each level. There may be quite a range within each level, and some programs could overlap with other levels of the pyramid. This will be rectified in the final steps.

This step must reflect your community and must align with the thinking of policy makers regarding the broad picture financial goals and objectives.

### Examples

Categories in the bottom level of the Pyramid may be completely or mostly subsidized, with the agency having established limited cost recovery to convey the value of the experience to the user. An established 90-100% subsidy articulates the significant community benefit resulting from these categories.

The top level of the Pyramid may range from 0% subsidy to 50% excess revenues above all costs, or more. Or, the agency may not have any Categories of Service in the top level.

### Step 8 – Understanding and Preparing for Influential Factors and Considerations

Inherent to sorting programs onto the Pyramid model using the Benefits and other filters is the realization that other factors come into play. This can result in decisions to place services in other levels than might first be thought. These factors also follow a continuum; however, do not necessarily follow the five levels like the Benefits Filter. In other words, a specific continuum may fall completely within the first two levels of the Pyramid. These factors can aid in determining core versus ancillary services. These factors represent a layering effect and should be used to make adjustments to an initial placement on the Pyramid.

**THE COMMITMENT FACTOR:** What is the intensity of the program; what is the commitment of the participant?



**THE TRENDS FACTOR:** Is the program or service tried and true, or is it a fad?



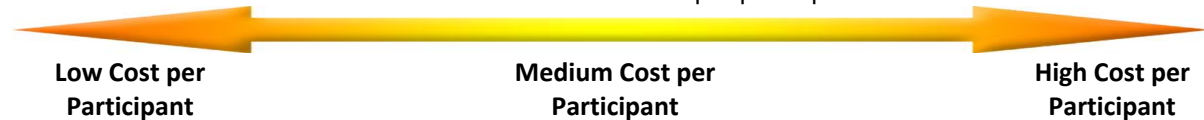
**THE POLITICAL FILTER:** What is out of our control?

This filter does not operate on a continuum, but is a reality, and will dictate from time to time where certain programs fit in the pyramid

**THE MARKETING FACTOR:** What is the effect of the program in attracting customers?



**THE RELATIVE COST TO PROVIDE FACTOR:** What is the cost per participant?



**THE ECONOMIC CONDITIONS FACTOR:** What are the financial realities of the community?



**FINANCIAL GOALS FACTOR:** Are we targeting a financial goal such as increasing sustainability, decreasing subsidy reliance?



### Step 9 – Implementation

Across the country, ranges in overall cost recovery levels can vary from less than 10% to over 100%. The agency sets their goals based upon values, vision, mission, stakeholder input, funding, and/or other criteria. This process may have been completed to determine present cost recovery levels, or the agency may have needed to increase cost recovery levels in order to meet budget targets. Sometimes, simply implementing a policy to develop equity is enough without a concerted effort to increase revenues. Upon completion of steps 1-8, the agency is positioned to illustrate and articulate where it has been and where it is heading from a financial perspective.

### Step 10 – Evaluation

The results of this process may be used to:

- articulate and illustrate a comprehensive cost recovery and subsidy allocation philosophy
- train staff at all levels as to why and how things are priced the way they are
- shift subsidy to where it is most appropriately needed
- benchmark future financial performance
- enhance financial sustainability
- recommend service reductions to meet budget subsidy targets, or show how revenues can be increased as an alternative
- justifiably price new services

*This Cost Recovery/Subsidy Allocation Philosophy: The Pyramid Methodology Outline is provided by:*



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