



Budget Process Fiscal Year 2018

Kevin L. Sutherland



Calendar

- ▶ January – Recommendation from Capital Plan Committee
- ▶ January – Budget Projection/Forecast
- ▶ January 17th – Council to give Direction
- ▶ January 18th – School Board to give School Admin Direction
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- ▶ May 8th – Adoption of the Budget

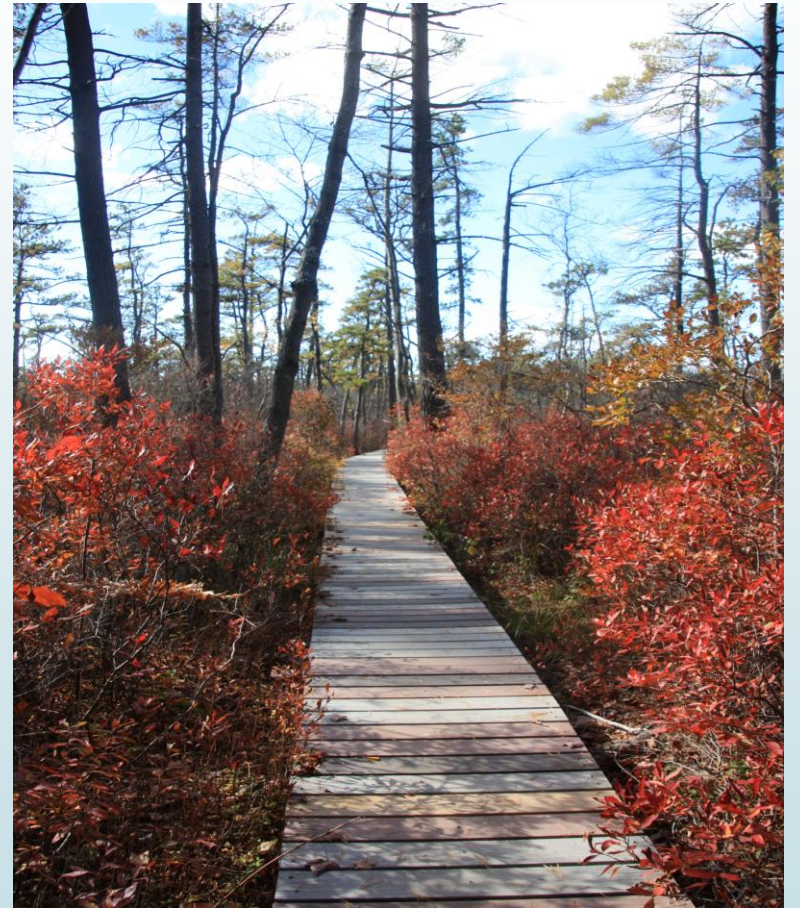


Budget Projection for 2017-2018

Aka FY2018

Assumptions

- ▶ Salaries increasing 1.5%
- ▶ Increases in MEPERs rates
- ▶ Health Insurance increase of 13%
- ▶ No draw on fund balance
- ▶ Changes in funding
- ▶ State Revenue Changes





Salary Increases

2018	\$ 8.56 million
2017	<u>\$ 8.27 million</u>
General Fund Impact	\$ 0.29 million

Changes in the rates of the Benefits

2018	\$ 4.11 million
2017	<u>\$ 3.90 million</u>
General Fund Impact	\$ 0.21 million

Remove the draw on Fund Balance

2018	\$ 0.00 million
2017	<u>\$(0.64 million)</u>
General Fund Impact	\$ 0.64 million

Elimination of One-Time Appropriations in the FY2017 Budget

Description	General Fund Impact
Transfer Station	\$ 89,245
Wash Bay	\$ 325,000
Fire Truck Rehab	\$ 129,000
Fire Air Bags & Communication	\$ 11,000
Presidential Election Help	\$ 37,274
Police Car	\$ 33,500
SharePoint Implementation	\$ 4,000
MUNIS Upgrade	\$ 4,000
SMS Flags	<u>\$ 3,000</u>
Total	\$ 636,019

Decrease in Bond Debt/Lease Debt

2018	\$ 2.22 million
2017	<u>\$ 2.44 million</u>
General Fund Impact	\$(0.22) million



State changed the Homestead Exemption reimbursement, TIF, and Capital Program

	Homestead	TIF
2018	\$ 0.18 million	\$ 0.73 million
2017	<u>\$ 0.37 million</u>	<u>\$ 1.00 million</u>
General Fund Impact	\$ 0.19 million	\$(0.27 million)



State changed the Homestead Exemption reimbursement, TIF, and Capital Program

	Capital	County Recovery Center
2018	\$ 1.00 million	\$ 0.11 million
2017	<u>\$ 0.81 million</u>	<u>\$ 0.00 million</u>
General Fund Impact	\$ 0.19 million	\$ 0.11 million

Transfer Station in 2017 Budget

100,000	Public Works Budget (ongoing – should have been one-time)
89,245	Facilities manager turned Transfer Station (one-time)
144,505	Remaining Foss Road Capital Account
<u>25,000</u>	Public Works Operating Budget
358,750	TOTAL

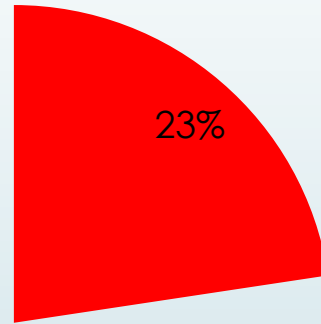
Summary of Major Drivers

Projected Operating Gap: \$509,998

Description	General Fund Impact
Salaries	\$ 0.29 million
Benefits	\$ 0.21 million
Draw on Fund Balance	\$ 0.64 million
Bond/Debt	\$(0.22) million
Homestead/TIF/Capital/County	\$ 0.23 million
One-Time Appropriations	<u>\$(0.64) million</u>
Total	\$ 0.51 million

Fixed Costs

\$5,854,391



Examples:

Debt Service

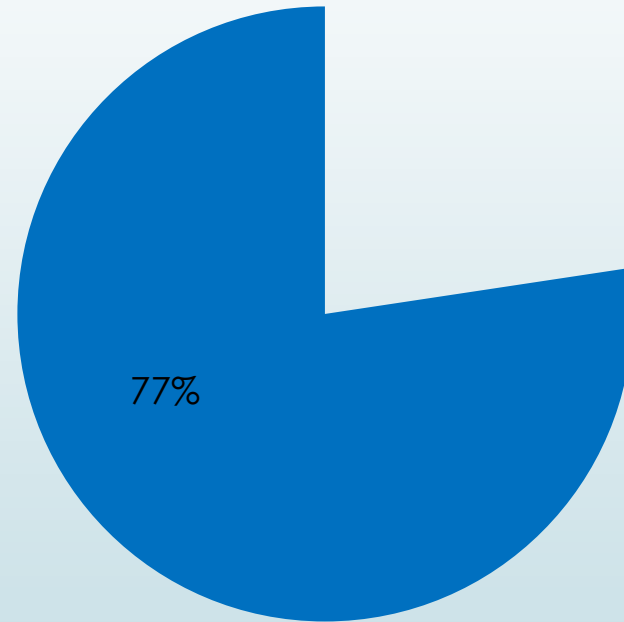
Utilities

Long-term Contracts

General Assistance

Variable Costs

\$20,031,059



Examples:

- Salary and Wages
- Benefits tied to wages
- Equipment
- Supplies
- Travel and Training
- Support to Agencies
- Other Program Expenses



“Controllable” Share of the Budget

Fixed Costs	\$ 5.9 mil
Locally Controlled Costs	\$20.0 mil
Total	\$25.9 mil

“Bridging the Gap” of the 2017 Budget



Closing the 2017 Gap

By Raising Taxes

Budget Gap \$ 509,998

2017 Tax Levy \$40,242,016

Increase Required 1.27%

(city and county portion of the bill on the entire property tax amount)

By Cutting Spending

Budget Gap \$ 509,998

Controllable expenses \$20,031,059

Decrease Required 2.54%

Scenarios

Levy Growth %	Levy Growth \$	Spending Inc/Dec %	Spending Inc/Dec \$	Impact on Homeowner	Monthly Impact
0.00%	\$ -	-2.54%	\$ (509,998)	-	-
0.25%	\$ 100,605	-2.04%	\$ (409,393)	10.34	0.86
0.50%	\$ 201,210	-1.54%	\$ (308,788)	20.68	1.72
0.75%	\$ 301,815	-1.04%	\$ (208,183)	31.02	2.59
1.00%	\$ 402,420	-0.54%	\$ (107,578)	41.36	3.45
1.25%	\$ 503,025	-0.03%	\$ (6,973)	51.71	4.31
1.50%	\$ 603,630	0.47%	\$ 93,632	62.05	5.17
1.75%	\$ 704,235	0.97%	\$ 194,237	72.39	6.03
2.00%	\$ 804,840	1.47%	\$ 294,842	82.73	6.89
2.25%	\$ 905,445	1.97%	\$ 395,447	93.07	7.76
2.40%	\$ 965,808	2.27%	\$ 455,810	99.28	8.27
2.75%	\$ 1,106,655	2.98%	\$ 596,657	113.75	9.48
3.00%	\$ 1,207,260	3.48%	\$ 697,262	124.09	10.34

Homestead Exemption

- Primary Residence
- Necessary to sign up through the Assessors office
- Governor's proposals – households over 65 and reimbursement to municipality at 50%

2017

Median home valued at
Homestead Exemption 213,000
 -15,000

Assessment on home is 198,000
 x.01942

Tax bill \$3,845

2018

Median home valued at
Homestead Exemption 213,000
 -20,000

Assessment on home is 193,000
 x.01942

Tax bill \$3,748

Savings to participating home owner \$97



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Budget Presentation to Council for March 20th meeting

- ▶ Recap of slides above and present a budget directive that meets a ___% tax levy increase
- ▶ Departments submit “Requests Above Directive” (RADs) getting them to a maintenance of effort budget or for new initiatives
- ▶ Reveal potential changes and additional areas of savings
- ▶ Administration will cover any RADs it can (based on Administrative priority) with fixed cost savings, new revenue generating ideas, or policy changes
- ▶ All RADs and other Council priorities will be up for discussion, debate, and vote with council