



**Three Year Budget projection through fiscal year ending June 30, 2021**

**Prepared by: Edward Sell, Assistant City Manager/Finance Director**

## **THREE YEAR GENERAL FUND BUDGET PROJECTION THROUGH THE FISCAL YEAR ENDING JUNE 30, 2021**

### **PROJECTION ASSUMPTIONS**

1. 2018-19 budget process completed for a three year period. 2018-19 budget adopted and projected for two additional years.
2. Property tax revenue includes a general 2% increase in real property taxable value assumption. Personnel property tax revenue is affected by the exemptions from the personal property tax legislation that was passed in 2014. Personal property tax revenue and personal property tax reimbursement revenue for 2019 is budgeted to be flat for all three years.
3. State revenue sharing is projected to increase 2% per year.
4. Interest income is projected to increase from \$200,000 to \$275,000 over the three year projection as interest rates are projected to continue increasing.
5. Wage rates are included in the projection as agreed to by the City Council in collective bargaining agreements that have been settled and wage schedules adopted for non-union employees. All collective bargaining agreements are settled through June 30, 2020 and they include 2% increases in wages per year.
6. Retiree healthcare – the actuarial determined contribution (ADC) for fiscal year 2018-19 was calculated at \$1.297 million. In June 2016, the City issued bonds to fund approximately 82% of its unfunded actuarially accrued liability (UAAL). The ADC increased more than expected due to changes in actuarial assumptions related to mortality. \$457,216 is budgeted for contributions in the General Fund for fiscal 18-19. Across all City funds, a contribution of \$1,117.765 is budgeted. The full funding of the ARC was reduced to help set aside funds for a large potential property tax appeal.
7. Employee pensions – the projection includes a general fund contribution of \$1.531 million based on a total estimated City contribution of \$1.803 million.
8. Health insurance – a 5.0% increase in cost is included. All groups now comply with hard cap limits in the state statute.
9. Full-time employment positions included in the projection remained level at 178.98 full-time equivalent employees.
10. Capital funding was projected to be budgeted at approximately 1.0 mill of property taxes. The amount included in the projection is \$825,000. This was reduced from the previous year amount of \$969,000 due to a potential large property tax appeal.
11. Other miscellaneous operating line item adjustments were made for inflation purposes, such as utilities.

## **PROJECTION SUMMARY**

The budget adopted for the General Fund for the June 30, 2019 fiscal year budgeted expenditures in the amount of \$20,285,747 and expenditures were greater than budgeted revenue by \$91,068.

The projection for the General Fund for the June 30, 2020 fiscal year projects expenditures of \$20,750,115. The expenditures exceed revenues by \$145,462.

The projection for the General Fund for the June 30, 2021 fiscal year projects expenditures of \$21,085,641. The expenditures exceed revenues by \$84,804.

This projection was done as a part of a three-year budget process as the June 30, 2019 budget was adopted. Expenditures exceed the budgeted revenue amounts in each year primarily due to one-time consulting costs to plan for future operations and for defense costs in relation to a large property tax appeal that was filed after the budget was adopted.

**GENERAL FUND BUDGET PROJECTION  
THROUGH FISCAL YEAR ENDING JUNE 30, 2021**

|                           | Actual<br>2016-17 | Actual<br>2017-18 | Adopted<br>Budget<br>2018-19 | Projection<br>2019-20 | Projection<br>2020-21 |
|---------------------------|-------------------|-------------------|------------------------------|-----------------------|-----------------------|
| <b>REVENUE</b>            |                   |                   |                              |                       |                       |
| Property Taxes            | \$ 13,673,602     | \$ 14,893,650     | \$ 15,279,129                | \$ 15,561,666         | \$ 15,849,943         |
| Licenses and Permits      | 31,725            | 38,825            | 33,400                       | 33,400                | 33,400                |
| Federal and State Revenue | 3,259,240         | 5,533,082         | 2,769,200                    | 2,809,796             | 2,851,204             |
| Charges for Services      | 1,844,926         | 1,569,321         | 1,642,834                    | 1,668,011             | 1,707,834             |
| Fines and Forfeitures     | 69,882            | 70,262            | 72,000                       | 72,500                | 73,000                |
| Investment Income         | 101,792           | 157,256           | 200,000                      | 250,000               | 275,000               |
| Rental Income             | 56,100            | 43,803            | 43,616                       | 44,180                | 44,756                |
| Other Revenue             | 106,391           | 272,924           | 134,500                      | 135,100               | 135,700               |
| Other Financing Sources   | 10,000            | 10,000            | 20,000                       | 30,000                | 30,000                |
| <b>TOTAL REVENUES</b>     | \$ 19,153,658     | \$ 22,589,123     | \$ 20,194,679                | \$ 20,604,653         | \$ 21,000,837         |

| <b>EXPENDITURES</b>                               |                 |               |               |               |               |
|---|-----------------|---------------|---------------|---------------|---------------|
| <b>GENERAL GOVERNMENT</b>                         |                 |               |               |               |               |
| City Council                                      | \$ 122,828      | \$ 131,296    | \$ 133,489    | \$ 134,110    | \$ 134,361    |
| City Manager                                      | 748,851         | 485,330       | 280,859       | 283,549       | 284,831       |
| Communications, Culture, Promotion                | 143,202         | 130,425       | 132,567       | 133,625       | 133,535       |
| Assessor  | 1,321,516       | 326,489       | 371,852       | 378,621       | 382,705       |
| Attorney  | 209,688         | 144,458       | 321,150       | 321,150       | 321,150       |
| Clerk-Treasurer                                   | 1,421,661       | 443,562       | 497,988       | 467,123       | 480,750       |
| Finance   | 912,378         | 413,751       | 458,837       | 475,834       | 470,925       |
| Human Resources                                   | 264,022         | 253,665       | 277,755       | 287,631       | 296,082       |
| Engineering                                       | 554,883         | 361,043       | 181,768       | 222,664       | 232,084       |
| City Hall Grounds                                 | 341,355         | 252,396       | 259,836       | 267,020       | 274,738       |
| <b>TOTAL GENERAL GOVERNMENT</b>                   | 6,040,384       | 2,942,415     | 2,916,101     | 2,971,327     | 3,011,161     |
| <b>PUBLIC SAFETY</b>                              |                 |               |               |               |               |
| Public Safety - Police and Fire                   | 23,687,653      | 8,560,242     | 8,209,541     | 8,456,934     | 8,647,738     |
| Zoning/Code Enforcement                           | 251,160         | 182,638       | 252,094       | 258,069       | 264,324       |
| <b>TOTAL PUBLIC SAFETY</b>                        | 23,938,813      | 8,742,880     | 8,461,635     | 8,715,003     | 8,912,062     |
| <b>PUBLIC WORKS</b>                               |                 |               |               |               |               |
|   | 5,287,324       | 2,142,531     | 2,297,087     | 2,330,690     | 2,372,559     |
| <b>COMMUNITY AND ECONOMIC DEVELOPMENT</b>         |                 |               |               |               |               |
|   | 1,204,971       | 2,743,090     | 470,672       | 453,511       | 463,376       |
| <b>CULTURAL-RECREATION</b>                        |                 |               |               |               |               |
| Library   | 57,500          | 57,500        | 57,500        | 57,500        | 57,500        |
| Social Services                                   | 140,000         | 145,000       | 140,000       | 140,000       | 140,000       |
| Public Access TV                                  | 167,852         | 159,234       | 158,000       | 158,000       | 158,000       |
| Parks and Recreation                              | 2,957,907       | 1,450,753     | 1,496,263     | 1,522,263     | 1,541,922     |
| <b>TOTAL CULTURAL-RECREATION</b>                  | 3,323,259       | 1,812,487     | 1,851,763     | 1,877,763     | 1,897,422     |
| <b>CONTINGENCIES</b>                              |                 |               |               |               |               |
|   | -               | -             | 1,617,500     | 1,617,500     | 1,617,500     |
| <b>DEBT SERVICE</b>                               |                 |               |               |               |               |
|   | 1,891,505       | 1,815,609     | 1,809,346     | 1,901,987     | 1,905,384     |
| <b>OTHER FINANCING USES</b>                       |                 |               |               |               |               |
|   | 1,842,501       | 2,159,395     | 861,643       | 882,334       | 906,177       |
| <b>TOTAL EXPENDITURES</b>                         | \$ 43,528,757   | \$ 22,358,407 | \$ 20,285,747 | \$ 20,750,115 | \$ 21,085,641 |
| <b>REVENUE OVER(UNDER) EXPENDITURES</b>           | \$ (24,375,099) | \$ 230,716    | \$ (91,068)   | \$ (145,462)  | \$ (84,804)   |
| <b>BEGINNING FUND BALANCE</b>                     | \$ 28,464,970   | \$ 4,089,871  | \$ 4,320,587  | \$ 4,229,519  | \$ 4,084,057  |
| <b>ESTIMATED ENDING FUND BALANCE</b>              | \$ 4,089,871    | \$ 4,320,587  | \$ 4,229,519  | \$ 4,084,057  | \$ 3,999,253  |
| <b>LESS UNSPENDABLE FUND BALANCE</b>              | 100,149         | 115,726       | 84,642        | 84,642        | 84,642        |
| <b>LESS ASSIGNED FUND BALANCE</b>                 | 57,961          | 74,991        | -             | -             | -             |
| <b>LESS RESTRICTED FUND BALANCE</b>               | -               | -             | -             | -             | -             |
| <b>ADD BUDGET STABILIZATION FUND BALANCE</b>      | 2,000,000       | 2,000,000     | 2,000,000     | 2,000,000     | 2,000,000     |
| <b>ESTIMATED UNASSIGNED FUND BALANCE</b>          | \$ 5,931,761    | \$ 6,129,870  | \$ 6,144,877  | \$ 5,999,415  | \$ 5,914,611  |
| <b>UNASSIGNED AS A PERCENTAGE OF EXPENDITURES</b> | 13.63%          | 27.42%        | 30.29%        | 28.91%        | 28.05%        |