



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 3/17/16

Staff Contact: Nancy Paulson, Chief Financial Officer (npaulson@carson.org)

Agenda Title: Update and status report on the FY 2017 General Fund Budget.

Staff Summary: The purpose of this item is to provide the Board of Supervisors with updates and status reports throughout the budget process.

Agenda Action: Other/Presentation

Time Requested: 15 minutes

Proposed Motion

Presentation and discussion only

Board's Strategic Goal

Efficient Government

Previous Action

N/A

Background/Issues & Analysis

Applicable Statute, Code, Policy, Rule or Regulation

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number:

Is it currently budgeted? Yes No

Explanation of Fiscal Impact:

Alternatives

N/A

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

MEMORANDUM

TO: Nick Marano, City Manager
Mayor and Board of Supervisors

FROM: Nancy Paulson
Chief Financial Officer

DATE: March 7, 2016

SUBJECT: Update and status report on the FY 2017 General Fund Budget.

The purpose of this item is to provide the Board of Supervisors with updates and status reports throughout the budget process.

The General Fund is the main operating fund of the City and also provides resources to fund capital projects, extraordinary maintenance and other funds where direct revenues may fall short (Ambulance, Cemetery, Transit).

We have prepared the preliminary FY 17 base budget, including assumptions presented to this board on February 18, 2016, with the following priorities in mind:

- Conservative budgeting of revenues and expenditures.
- Increasing Ending Fund Balance.
- Providing funding for Supplemental Requests and the Capital Improvement Program.

Initial concerns include the constraints on property tax revenue growth and a projected shortfall in Landfill revenue. However, if the current year to date trend of a 10% increase in consolidated tax revenue continues, we will have enough revenue to offset these shortfalls and provide options for increasing reserves, funding supplemental requests and the Capital Improvement Program.

The following information outlines the assumptions used and changes noted in preparing the FY 17 base budget. These are preliminary projections as we have not received final revenue projections from the Department of Taxation, City Departments are still in the process of reviewing their budgets, and we hope to receive public input at the Open House on April 4th.

General Fund Sources and Uses:

Sources (Revenues)

- ❖ Property Tax for FY 17 shows an increase of only 1.09% due to the property tax cap of .2%.
- ❖ Intergovernmental Revenues shows an increase of 3.87% for FY 17 largely due to projecting a 4% increase in CTAX over FY 16 estimated. FY 16 estimated was based on a 5% increase over FY 15 actuals.
- ❖ Charges for Services –
 - We are estimating FY 16 to be down primarily due to a decline in Landfill revenues of approximately \$310,000 from FY 16 adjusted budget. We originally projected that Landfill revenues would increase 3% over FY 15, but with 8 months of revenue in for the current fiscal year we are projecting a 4% decrease for FY 16. We hope the substantial winter we've had this FY is a factor, and as the weather gets warmer these revenues will recover.
 - FY 17 is projected to be down slightly from FY 16 estimated due to a reduction in internal service charge revenue from Enterprise and Special Revenue Funds based on the City's Cost Allocation Plan.
- ❖ Fines and Forfeits are down approximately 5.94% in FY 17 due to receiving restricted specialty court funding from the State in FY 16. Any allocation for FY 17 will be added to the budget when/if we receive the notice of award.
- ❖ Miscellaneous revenues are down 24.75% as a result of billing approximately \$563,000 in fire reimbursements in FY 16. For FY 17, we reduced this amount to \$250,000.

Uses (Expenses)

- ❖ Judicial is down 2.86% and Health is down 14.71% for FY 17 due to restricted balances that were carried over from FY 15 and added to the FY 16 budget.
- ❖ For FY 17, Public Works is projected to be 7.55% less than FY 16 due to an increase in the amount projected to be direct billed to various capital projects in FY 17.
- ❖ Sanitation is projected to increase by 6.92% in FY 17 based on the need to purchase cover material for the Landfill to meet permit requirements.

- ❖ Contingency budgeted at \$500,000 for both FY 16 estimated and FY 17 projection.
- ❖ \$100,000 transfer to Extraordinary Maintenance Fund for both FY 16 estimated and FY 17 projection.
- ❖ Transfers out down in FY 17 due to \$370,000 transfer to the Street Maintenance Fund in FY 16.

General Fund Sources and Uses – (Best Case – 10% increase in CTAX):

- ❖ This projection increases the Consolidated Tax Revenue for FY 16 estimated by 10% over FY 15 actual and then increasing FY 17 another 4%.
- ❖ Expenditures remain the same.
- ❖ This gives us some options for funding capital and supplemental requests.
 - In this projection, we included \$150,000 in supplemental request funding and a \$150,000 transfer for CIP Funding. This results in an estimated ending fund balance that is 8.3% of total expenditures. The amounts allocated to supplemental requests and capital can be adjusted to either increase or decrease this ending fund balance percentage.

Supplemental Request and CIP Options:

- ❖ Increasing the transfer for CIP Funding to \$800,000 results in an estimated ending fund balance that is 7.3% of total expenditures. This is less than the City's 8.3% goal, but a 2.3% increase over the past several years.
- ❖ Increasing the transfer for CIP Funding to \$1,000,000 results in an estimated ending fund balance that is 7% of total expenditures, a 2% increase over the past several years.

What's Next:

- ❖ March 2016 – Review of Department revisions, supplemental and CIP requests.
- ❖ April 4, 2016 – Budget Open House at the Carson City Community Center Front Lobby and Sierra Room.
 - Two Sessions 12:00-1:30 and 5:30-7:00
- ❖ April 7, 2016 - Board of Supervisors meeting / Presentation of FY 2017 Tentative Budget and Capital Improvement Program.

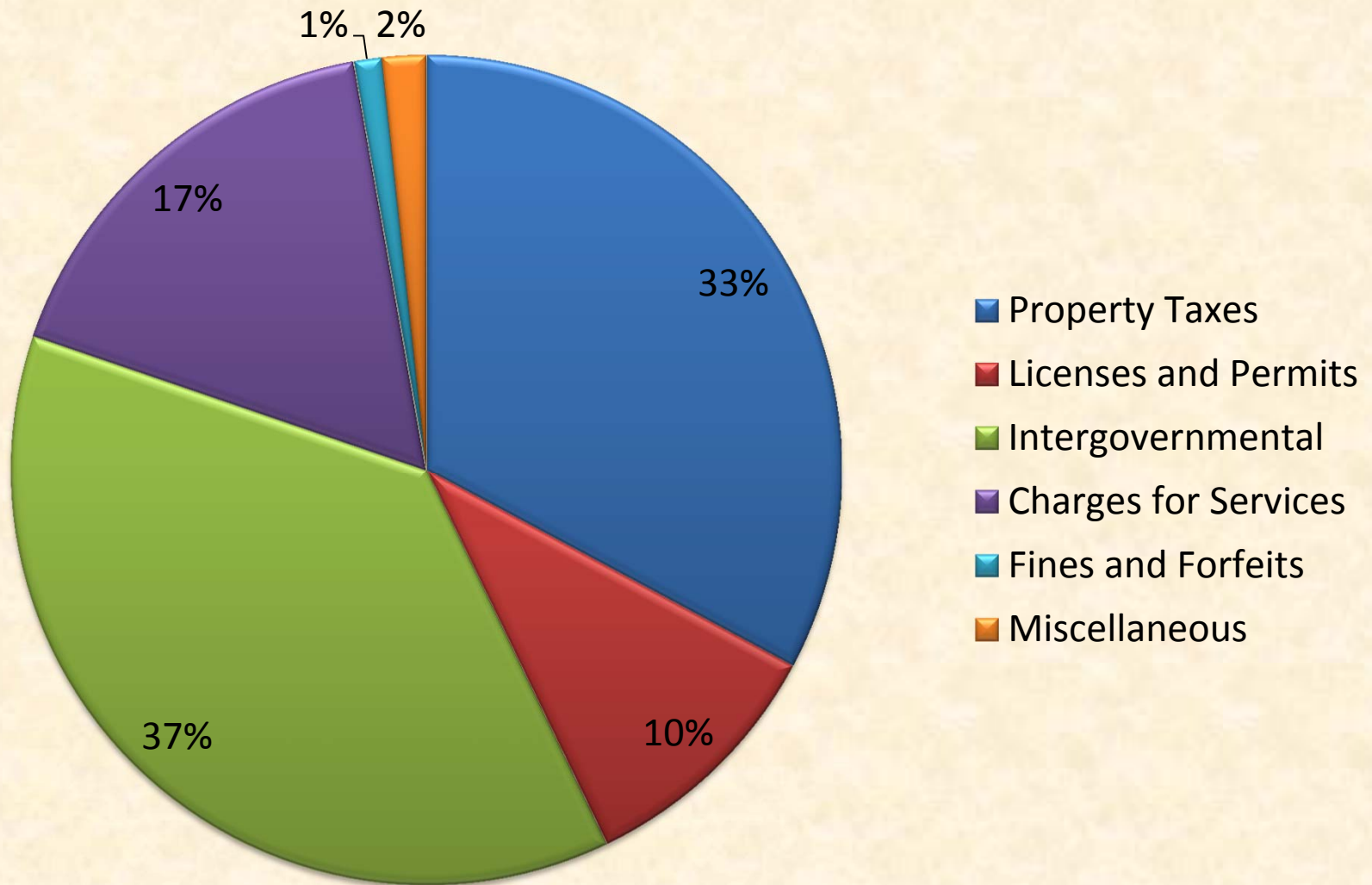
CARSON CITY GENERAL FUND SOURCES

Sources and Uses	FY 15 Actual	FY 16 Adjusted Budget	FY 2016 Estimated	FY 2017 Initial Projection
Beginning Fund Balance	\$ 6,451,574	\$ 7,628,312	\$ 7,628,312	\$ 4,418,782
Revenues and other Sources:				
Property Taxes	21,787,285	22,351,570	22,339,134	22,582,474
Licenses and Permits	6,807,369	7,035,641	6,818,050	6,898,260
Intergovernmental	23,607,702	24,310,042	24,773,254	25,731,749
Charges for Services	11,501,032	12,112,302	11,690,782	11,653,906
Fines and Forfeits	915,347	788,100	795,718	748,468
Miscellaneous	1,830,460	1,199,310	1,573,224	1,183,810
Total Revenues	66,449,195	67,796,965	67,990,162	68,798,667
Transfers In	543,968	572,383	572,383	593,684
Total Sources	\$73,444,737	\$75,997,660	\$76,190,857	\$73,811,132

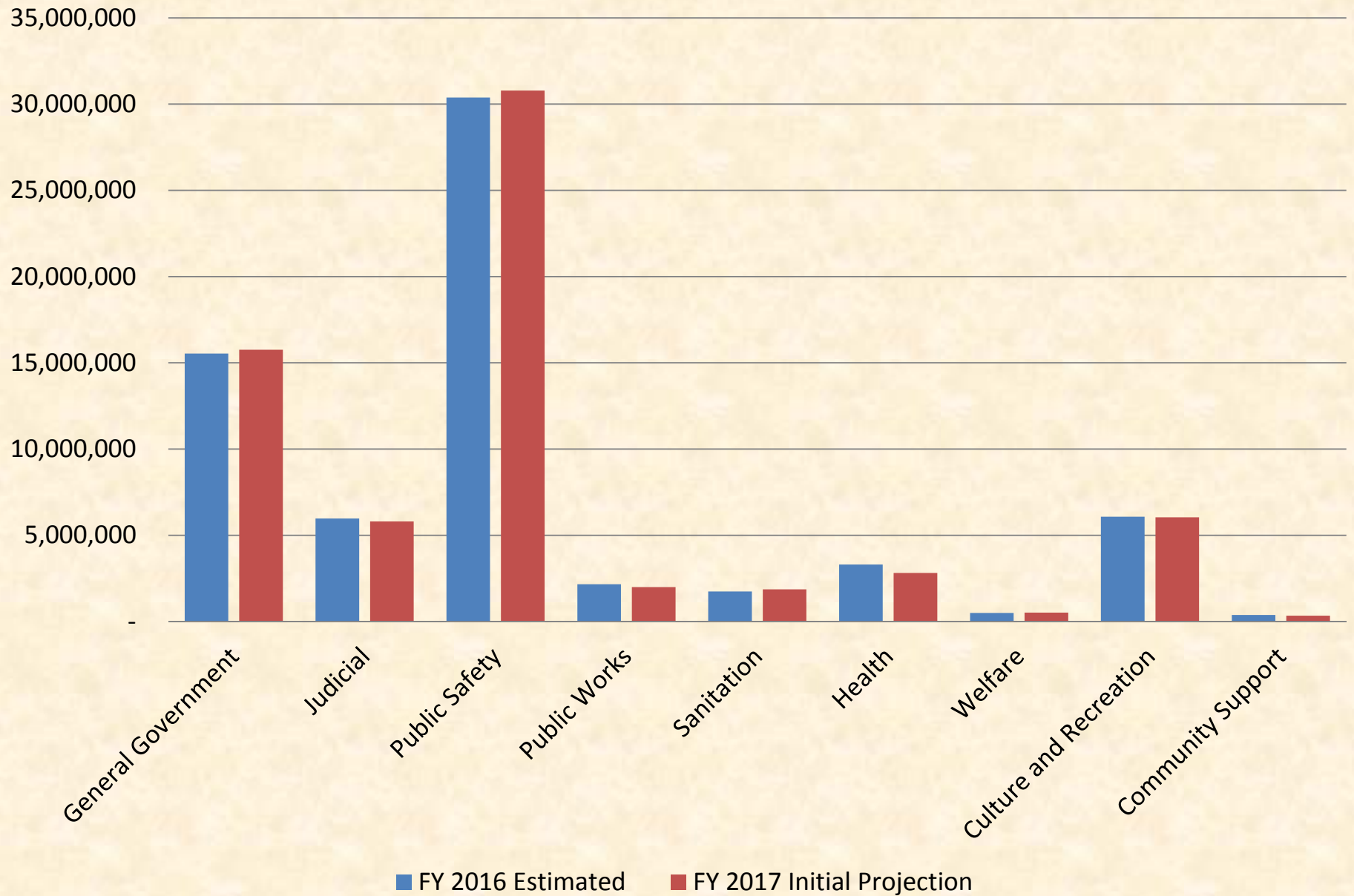
CARSON CITY GENERAL FUND USES

Sources and Uses	FY 15 Actual	FY 16 Adjusted Budget	FY 2016 Estimated	FY 2017 Initial Projection
Expenditures and Other Uses:				
General Government	14,278,737	15,612,427	15,537,973	15,762,090
Judicial	5,451,648	5,973,500	5,974,868	5,803,914
Public Safety	29,752,680	30,219,831	30,383,128	30,787,128
Public Works	1,829,518	2,250,195	2,162,981	1,999,676
Sanitation	1,506,921	1,726,118	1,745,400	1,866,176
Health	2,547,798	3,288,808	3,302,861	2,817,161
Welfare	318,563	475,168	496,153	516,047
Culture and Recreation	5,499,512	6,108,753	6,080,292	6,043,115
Community Support	463,770	377,254	377,254	336,513
Total Expenditures	61,649,147	66,032,054	66,060,910	65,931,820
Contingency	-	1,367,597	500,000	500,000
CIP Funding	-	875,000	875,000	100,000
Transfers Out	4,167,278	4,398,524	4,336,165	3,932,960
Ending Fund Balance	7,628,312	3,324,485	4,418,782	3,346,352
Total Uses	\$ 73,444,737	\$ 75,997,660	\$ 76,190,857	\$ 73,811,132
Ending Fund Balance as a % of Expenditures	12.37%	5.03%	6.69%	5.08%

FY 17 INITIAL GENERAL FUND REVENUE PROJECTIONS



General Fund Expenditures



**CARSON CITY GENERAL FUND SOURCES AND USES
(BEST CASE - 10% INCREASE CTAX)**

BEST CASE	FY 2016 ESTIMATED	FY 2017 PROJECTION
Beginning Fund Balance	\$ 7,628,312	\$ 5,568,481
Total Revenues	69,139,861	69,994,353
Transfers In	572,383	593,684
Total Sources	\$ 77,340,556	\$ 76,156,518
Total Expenditures	66,060,910	65,931,820
Contingency	500,000	500,000
Supplemental Requests	-	150,000
CIP Funding	875,000	150,000
Transfers Out	4,336,165	3,932,960
Ending Fund Balance	5,568,481	5,491,738
Total Uses	\$ 77,340,556	\$ 76,156,518
Ending Fund Balance as a % of Expenditures	8.43%	8.31%

Supplemental Request & CIP Options

BEST CASE	FY 2016 ESTIMATED	FY 2017 PROJECTION
Total Sources	\$ 77,340,556	\$ 76,156,518
Total Expenditures	66,060,910	65,931,820
Contingency	500,000	500,000
Supplemental Requests	-	150,000
CIP Funding	875,000	800,000
Transfers Out	4,336,165	3,932,960
Ending Fund Balance	5,568,481	4,841,738
Total Uses	\$ 77,340,556	\$ 76,156,518
Ending Fund Balance as a % of Expenditures	8.43%	7.33%

Total Sources	\$ 77,340,556	\$ 76,156,518
Total Expenditures	66,060,910	65,931,820
Contingency	500,000	500,000
Supplemental Requests	-	150,000
CIP Funding	875,000	1,000,000
Transfers Out	4,336,165	3,932,960
Ending Fund Balance	5,568,481	4,641,738
Total Uses	\$ 77,340,556	\$ 76,156,518
Ending Fund Balance as a % of Expenditures	8.43%	7.02%