



CITY OF CONCORD

REPORT TO FISCAL POLICY ADVISORY COMMITTEE

FROM: Brian LeBrun, Deputy City Manager – Finance
DATE: October 17, 2017
SUBJECT: Use of Surplus and Fiscal Year 2017 Financial Results

Recommendation

Accept this report, as recommended by the Fiscal Policy Advisory Committee and approve the attached supplemental resolutions.

For Fiscal Year ending June 30, 2017, the City is reporting a preliminary General Fund surplus of \$369,300. Management plans to allocate \$975,000 at year-end to Assigned Fund Balance.

Management also recommends appropriating \$975,000 from the City's FY17 Assigned Fund Balance and Transfer to Trust Fund Reserves as detailed below; and appropriate \$50,000 to be transferred from Trust Fund Reserve for the purposes detailed below.

Background

In Fiscal Year ending June 30, 2017 fiscal results were positive and resulting in the surplus reported here.

Discussion

The Fiscal Year 2017 General Fund actual revenues received were short of the amended budget by \$950,700. The major variances (greater than \$20,000) to budget are:

<u>Department Revenue Excess/ (Shortage)</u>	<u>Amount</u>
Finance – Property Taxes	(639,900)
Motor Vehicle Registrations	411,700
Interest Costs and Penalties	220,900
Investment Income	85,500
Miscellaneous	195,000

General Overhead – Insurance Distributions & Credits	(80,000)
Transfer In-Golf Fund	(76,300)
Police – Special Police Duty Services	(125,100)
Fire – Multiple Local Governments	28,400
Advanced Life Support Intercept	206,800
CD – Building, Electrical, Mechanical, Plumbing Permits	(233,800)
Miscellaneous Services	(21,500)
Budgetary Use of Fund Balance	(930,000)
All other revenues	<u>7,600</u>
Total Revenue Excess/ (Shortage)	(\$950,700)

Conversely, while some General Fund actual line item expenses exceeded the amended budget, overall, actual expenses were under budget by \$1,320,000. The areas of (over)/under-expenditures are:

Compensation	\$386,100
Benefits	575,300
Outside Services	214,200
Supplies	(27,600)
Utilities	15,200
Insurance	12,300
Capital Outlay	(16,000)
Debt Service	(109,800)
Miscellaneous	<u>270,300</u>
Total Under/ (Over) Expended	\$1,320,000

The basis for the attached resolutions are to support needed initiatives that were either not funded in the FY18 operating budget, issues that arose after the FY18 budget was presented/adopted or looking ahead to resolve future issues. The items requested in the resolution(s) are:

Highway Reserve (Paving) Reserve	\$270,000
Equipment Reserve	75,000
Office Furniture and Equipment	30,000
Economic Development Reserve	250,000
Recreation Reserve	<u>350,000</u>
FY2017 Assigned Fund Balance	\$975,000

Note: \$30,000 from the Equipment Reserve Trust account is recommended to support necessary replacement of office furniture and equipment including a limited number of adjustable height work stations as part of the City’s Wellness program and enhanced telephone software upgrade for customer queuing in the Collections Office. Additionally \$20,000 is requested to be transferred from the Education and Training reserve to support education and training opportunities in FY18.

In addition to the General Fund, the FY17 summary year-end performance by other major funds are:

	Amended <u>Budget</u>	<u>Actual</u>	<u>Over/(Under)</u>
Project Inspection Fund	\$3,000	(\$47,000)	(\$50,000)
Parking Fund	(167,800)	24,900	192,700
Airport Fund	(63,500)	(2,000)	61,500
Golf Course Fund	1,200	(23,900)	(25,100)
Arena Fund	2,200	33,100	30,900
Solid Waste Fund	(77,700)	721,400	799,100
Water Fund	(282,500)	451,700	734,200
Wastewater Fund	(292,800)	323,400	616,200

Note that there are variances in a number of the special revenue and enterprise funds for Fiscal Year 2017. The explanation of variances are below:

1. Project Inspection Fund – \$50,000 worse than anticipated. Upon reconciliation of these funds it was determined that \$42,900 was a double billing issue and an amount of \$13,600 is uncollectible due to company dissolutions or other causes from previous years.
2. Parking Fund – \$192,700 better than anticipated. As of June 30, 2017, revenues exceeded expectations by \$41,600 due to delay of construction of the School Street Garage repairs; \$51,600 was returned to the fund from FY17 Capital Closeout from the kiosks and meters project not needed and \$65,400 remained unspent from the General Services portion of the budget due to less work being provided to the Parking System in FY17 and the tax bill was \$13,700 less than anticipated due to Storrs Street lot project not moving forward as a leased lot.
3. Airport Fund - \$61,500 better than expected. This better than expected result is due to \$29,000 returned to the fund from FY17 Capital Closeout from various projects and a smaller amount spent on Building Maintenance and Repairs in FY17.
4. Golf Course - \$25,100 worse than anticipated. This result is mainly due to lower memberships and greens fees in 2017, as noted in the September 2017 City Council consent report, and is after the City Council forgiveness of general overhead charges from the General Fund, \$76,600.
5. Arena Fund - \$30,900 better than expected. This is mainly due to savings in wages and benefits due to vacancies.
6. Solid Waste Fund - \$799,100 better than expected. This fund received a boost from the purple bag price increases put in place by the City Council, approximately \$84,000 and a return of reserves from the Co-op \$565,500 and the Citizens Bank Rebate from the Purchase Card program, \$36,000 presented to the City Council in September. The fund also realized approximately \$99,800 in expenditures under budget throughout the year. These positive issues will greatly help the Fund's position for the next few years.
7. Water Fund - \$734,200 better than expected. This fund realized commercial sales revenues of \$320,200 more than projected. Additionally, expenditure savings in wages/benefits \$102,700 due to vacancies, \$94,400 savings in Chemicals and \$64,200

savings in Capital Outlay. The remaining amount, \$152,700 is due to higher additional revenues and other savings in supplies and services.

8. Wastewater Fund - \$616,200 better than expected. These results are due to increased revenues for Sewer Service \$356,500 and expenditure savings in wages/benefits \$198,000 due to vacancies, \$64,000 in professional services. The remaining amount is other changes in revenues and expenses.

As a note, these amounts are not inclusive of the supplemental appropriations approved at the October 11, 2017 City Council meeting, for the Inspection and Golf Funds. I will be glad to answer any questions regarding this report.

cc: City Manager
Asst. Finance Director