

## General Fund Source and Use of Funds Summary

	FY15 Actual	FY16 Budget	FY16 Estimate	FY17 Adopted	FY18 Adopted
<b>Balance Forward</b>	<b>7,759,844</b>	<b>8,406,189</b>	<b>8,406,189</b>	<b>7,689,288</b>	<b>6,364,654</b>
<b>Revenues</b>					
Property Tax	6,629,032	5,977,668	5,897,668	6,213,792	6,240,042
Sales Tax	3,748,172	3,108,225	4,073,960	4,349,841	5,028,839
Payments in Lieu of Taxes	276,376	275,000	275,000	275,000	275,000
State Revenue	1,588,208	1,461,035	1,461,035	1,663,713	1,671,028
Occupation and Franchise Taxes	996,329	1,030,000	1,035,000	1,049,200	1,070,492
Hotel Occupation Tax	907,522	900,000	950,000	950,000	997,500
Licenses and Permits	554,071	341,300	406,400	537,536	537,536
Interest Income	16,627	11,522	30,492	26,594	21,664
Recreation Fees	181,155	156,100	157,100	159,730	162,455
Special Services	20,960	22,500	22,500	23,175	23,889
Grant Income	89,486	215,917	222,317	258,945	256,759
Miscellaneous	343,497	240,865	298,535	293,229	181,759
<b>Total Revenue</b>	<b>15,351,435</b>	<b>13,740,132</b>	<b>14,830,007</b>	<b>15,800,755</b>	<b>16,466,963</b>
<b>Expenditures</b>					
Salary & Benefits	8,149,488	8,933,721	8,722,670	9,271,770	9,710,705
Operating Expenditures	4,944,792	5,326,180	5,161,846	5,763,595	5,983,836
<b>Total Expenditures</b>	<b>13,094,280</b>	<b>14,259,901</b>	<b>13,884,516</b>	<b>15,035,365</b>	<b>15,694,541</b>
EDP Transfer	(600,000)	(600,000)	(600,000)	(800,000)	(600,000)
OSP Transfer	(615,000)	(615,000)	(615,000)	(590,000)	(590,000)
SID Transfers	624	0	0	0	0
Lottery	59,600	70,663	70,663	90,675	93,625
<b>Total Other Uses of Funds</b>	<b>(1,264,428)</b>	<b>(1,194,337)</b>	<b>(1,176,239)</b>	<b>(1,365,825)</b>	<b>(1,096,375)</b>
<b>Operating Cash Annual Inc/(Dec)</b>	<b>992,727</b>	<b>(1,714,106)</b>	<b>(230,748)</b>	<b>(600,435)</b>	<b>(323,953)</b>
<b>Total Capital</b>	<b>346,382</b>	<b>493,499</b>	<b>486,153</b>	<b>724,199</b>	<b>954,742</b>
<b>Total Expenditures &amp; Capital</b>	<b>13,440,662</b>	<b>14,753,400</b>	<b>14,370,669</b>	<b>15,759,564</b>	<b>16,649,283</b>
Prior Year Cash	7,759,844	8,406,189	8,406,189	7,689,288	6,364,654
<b>End of Year Cash Total</b>	<b>8,406,189</b>	<b>6,198,584</b>	<b>7,689,288</b>	<b>6,364,654</b>	<b>5,085,959</b>

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# General Fund

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures not accounted for in other designated funds. It provides for a broad spectrum of programs and critical services such as police, fire, parks and recreation, public works and administrative services. The General Fund is primarily supported by property tax, sales & use tax, occupation tax, franchise fees, and license and permit fees.

The financial strength of the General Fund is significant and receives considerable focus and review during the budget process because of the implications that it has on the City's overall property tax levy, bond rating, operating cash flows and ability to handle contingencies.

## Concluding FY16 Financial Performance

**Revenues** are estimated to total approximately \$14.8 million, which exceeds the FY16 budget of \$13.7 million. This is about an 8% increase which can primarily be attributed to increases in the Sales & Use Tax (31%) and Permits & Licenses (19%) revenues.

**Expenditures & Capital** for FY16 are nearly \$14.4 million which is approximately 2.7% less than the budget of \$14.7 million, but is a 7% increase over FY15 actual.

**Fund Balance** — The anticipated fund balance of \$7.7 million exceeds the budget of \$6.2 million, an increase of 24%.

## FY17 Budget

**Revenues** for FY17 are budgeted at \$15.8 million, which reflects growth of approximately 15% over the FY16 budget level of \$13.7 million. Once adjusted for the FY16 year-end estimate of approximately \$15 million, the FY17 budget reflects growth of 6.5%. Revenues are expected to increase in both sales & use tax and permits & licenses based on new projects.

**Expenditures & Capital** for FY17 are \$15.8 million, which reflects growth of 6.8% over the FY16 budgeted amount of \$14.7 million. A primary factor in the increase relates to capital outlay expenditures. In the past, budgetary constraints limited the amount of funding available for capital purchases, so they were delayed. The City is now in a position to increase the funding for capital purchases and begin catching up.

**Fund Balance** — After expenditures and transfers to the other funds, the budget projects an ending fund balance of approximately \$6.4 million, which is slightly higher than the FY16 budget of \$6.2 million. The fund balance constitutes a 42% reserve, which exceeds the target reserve of 20-25%.

## FY18 Budget

**Revenues** for FY18 are \$16.5 million, which reflects a 4.2% increase over the FY17 budget of \$16 million.

**Expenditures & Capital** for the FY18 budget are approximately \$16.6 million, reflecting a 5.6% increase from the FY17 budget. Capital outlay expenditures increased by approximately 32% from \$724,199 in FY17 to \$954,742 in FY18.

**Fund Balance** — After expenditures and transfers to the other funds, the budget projects an ending fund balance of \$5.1 million which is an approximate 20% decrease from the FY17 budget. The projected fund balance constitutes a 32% reserve, which exceeds the target reserve of 20-25%.

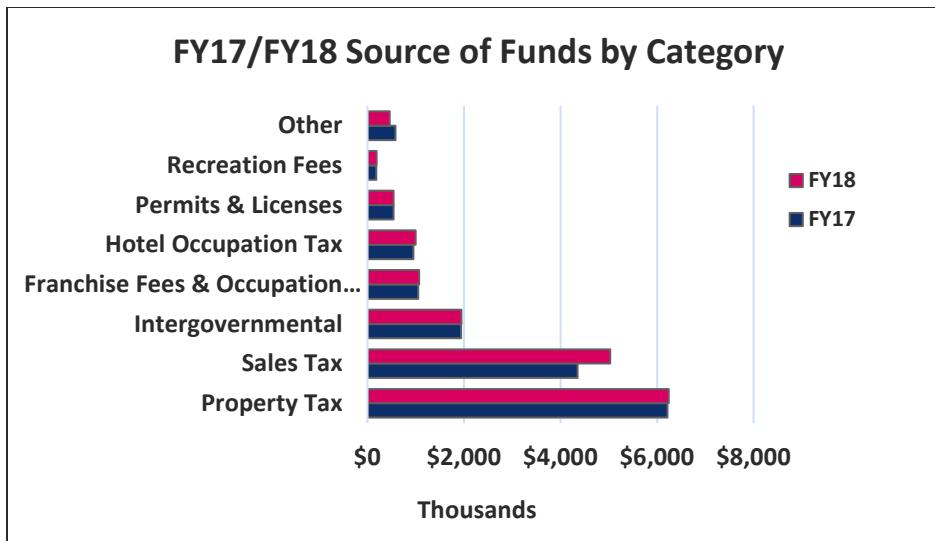
## Revenue Highlights

The City's General Fund has two primary sources of revenue which are the property tax and sales & use taxes.

Property tax (*including real estate taxes, back year taxes, homestead exemption & motor vehicle taxes*) account for 39.3% of the budgeted revenue in FY17 and 37.9% in FY18. The assessed valuation grew by a healthy 6% from FY16 to FY17. No valuation growth is included in the FY18 budget, as the State Auditor requires the same property valuation for both years of a biennial budget. The General Fund property tax levy rate is planned to remain at .41 per \$100 of assessed valuation for both years.

Another significant source of revenue is sales and use tax collection. The City's sales & use tax remains strong and is expected to continue to increase as a result of new business growth and a healthy economy. One percent of the sales and use tax (*the City collects a total of 2%*) goes to the General Fund and accounts for 27.5% of the revenue in FY17 and 30.5% in FY18.

The following chart identifies the sources of funding for the General Fund by category.



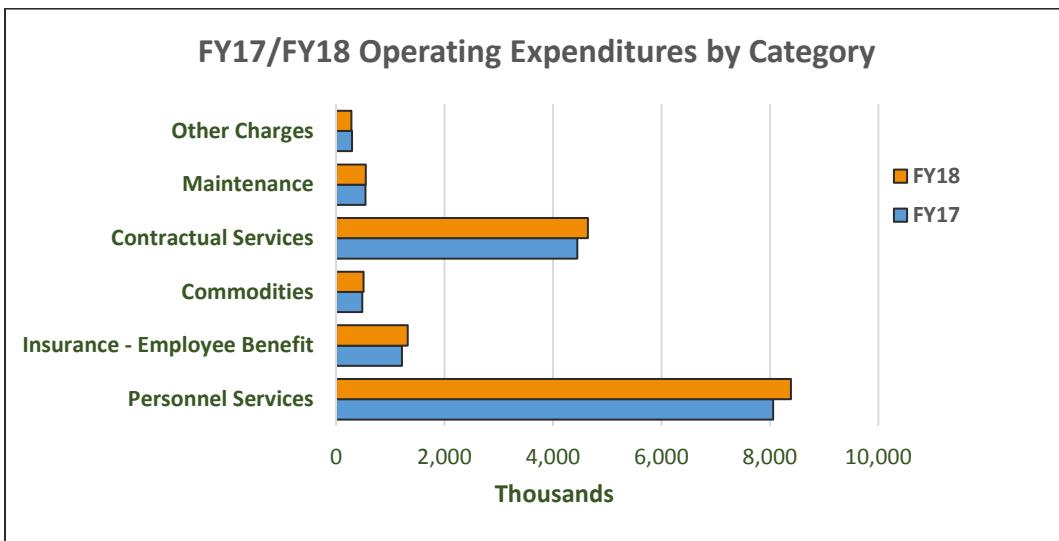
### Operating Transfers In

Lottery funds which are designated for community betterment purposes, are transferred into the General Fund to cover a portion of the Community Relations Coordinator salary and overtime expenses related to Salute to Summer and other community events. The funding for FY17 and FY18 respectively, is \$90,675 and \$93,625.

### Expenditure Highlights

Total budgeted expenditures (*operating & capital*) for FY17 amount to approximately \$15.8 million. Similarly, total expenditures for FY18 are \$16.6 million. The following table identifies the General Fund expenditures by category. The subsequent chart provides an understanding of the proportions of funding.

General Fund Expenditures by Category				
	FY15 Actual	FY16 Budget	FY17 Adopted	FY18 Adopted
Personnel Services	7,195,740	7,788,642	8,058,921	8,388,087
Insurance - Employee Benefit	953,748	1,145,079	1,212,849	1,322,618
Commodities	379,696	512,190	481,752	501,987
Contractual Services	3,876,987	4,077,124	4,449,219	4,648,809
Maintenance	501,299	499,337	539,471	550,061
Other Charges	186,810	237,529	293,153	282,979
<b>Total Operating Expenditures</b>	<b>13,094,280</b>	<b>14,259,901</b>	<b>15,035,365</b>	<b>15,694,541</b>
Capital Expenditures	346,382	493,499	724,199	954,742
<b>Total Operating &amp; Capital</b>	<b>13,440,662</b>	<b>14,753,400</b>	<b>15,759,564</b>	<b>16,649,283</b>



## Operating Expenditures

### Personnel Services (Salary & Benefits)

Personnel services include expenditures for salaries, wages, and related employee benefits, which constitute over 50% of the General Fund expenditures. The FY17 budget is \$8.1 million and \$8.4 million for FY18.

The FY17/FY18 budget reflects pay adjustments for the third and fourth years of a four-year contract with the La Vista Fraternal Order of Police and a change in the employee performance evaluation and compensation methodologies for employees not covered by a collective bargaining agreement.

Payroll costs in the FY17 budget cover 108 full-time positions as well as 30.3 full-time equivalent positions (FTEs), which includes 1.2 FTE paid intern positions. Some positions

have been reclassified and positions will be added in FY 17 and FY18. The new positions are:

#### **FY17**

- Deputy Public Works Director
- Parks seasonal positions (equivalent to 2 FTE)
- Part-time Library Circulation Clerk II (to continue GED program)

#### **FY18**

- Administrative Services position — TBD
- Police Officer
- Police Sergeant
- Sports Complex seasonal positions (equivalent to 1 FTE)

#### **Commodities**

Commodities include expenditures for office supplies, operating supplies, equipment and maintenance parts and supplies. Commodities account for 3% of the General Fund expenditure budget and total \$481,752 for FY17 and \$501,987 for FY18.

#### **Contractual Services**

Contractual services include expenditures with outside entities for professional services, technical services, rents and leases, utilities, communications, travel and training, and repairs and maintenance. Budgeted expenditures for FY17 are \$4.4 million and \$4.6 million in FY18. Contractual services represent 30% of the General Fund budget.

#### **Maintenance**

Maintenance activities are required or undertaken to conserve as nearly and as long as possible the original condition of an asset or resource while compensating for normal wear and tear. Maintenance is about 4% of the budget for both FY17 and FY18. The Maintenance budget is \$539,471 (8%) for FY17 and \$550,061 (2%) in FY18.

#### **Other Charges**

Other charges are those expenses which do not logically fall into any of the scheduled accounts and makes up approximately 2% or less of the General Fund budget in FY17 and FY18.

### Capital Outlay

Capital outlay includes expenditures that result in the acquisition of, or additions to, capital assets. To be classified as a capital outlay, an item must generally have an expected life of more than 5 years and a cost equal to or greater than \$2,000, which is the capitalization threshold for vehicles and equipment. The FY17 budget includes \$724,199 for capital outlay purchases and the FY18 budget includes \$954,742.

As previously noted, capital expenditures have increased primarily because there were several years when it was not feasible to make additional purchases.

### Transfers Out

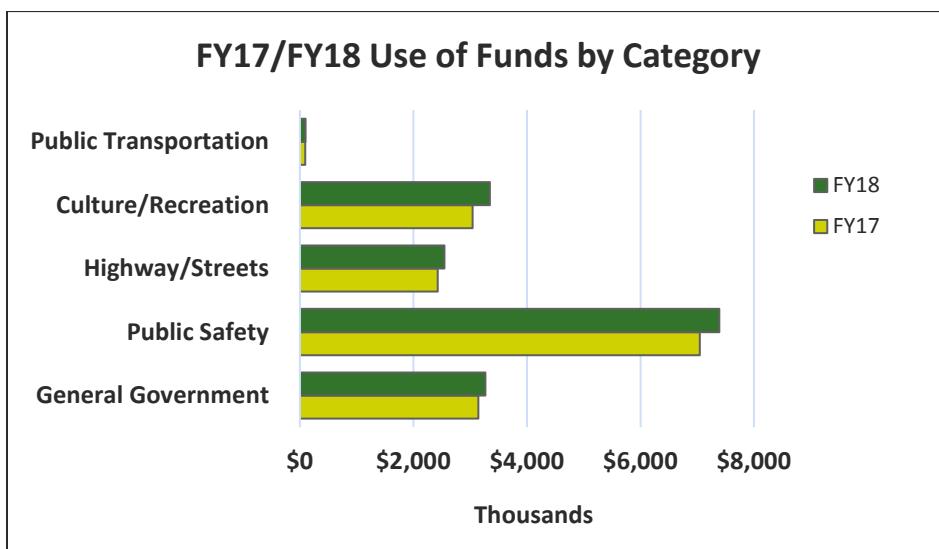
The table below identifies the General Fund transfers for FY17 and FY18. These transfers support debt service in the Economic Development Program fund and Off-street Parking Fund. Also funded is a \$66,500 transfer to the Capital Fund to for the remainder of the Comprehensive Plan Update project and for the purchase of a generator for the Fire Station #4 building.

Transfers Out		
Fund	FY17	FY18
Economic Development Program	\$(800,000)	\$(600,000)
Off-Street Parking	\$(590,000)	\$(590,000)
Capital Improvement	\$(66,500)	
<b>Total</b>	<b>\$(1,456,500)</b>	<b>\$(1,190,000)</b>

Identified in the table on the next page are the individual budgets for the departments and divisions that comprise the General Fund. The chart that follows combines the departments and divisions into related categories.

## General Fund Expenditure Summary by Department/Division (including capital)

		FY15 Actual	FY16 Budget	FY17 Adopted	FY18 Adopted
10	Administrative Services	548,776	590,974	599,146	617,469
11	Mayor and Council	184,142	191,343	231,537	234,444
12	Adv. Boards and Commissions	8,967	9,160	9,934	10,133
13	Building Maintenance	449,571	510,328	703,515	726,138
14	Administration	503,873	500,043	540,122	575,330
15	Police	4,143,306	4,427,985	4,438,546	4,798,487
16	Animal Control	48,875	51,750	53,000	54,934
17	Fire	1,609,839	1,705,949	1,918,317	1,905,319
18	Community Development	553,437	598,448	638,192	630,178
19	Street Admin.	232,180	241,129	310,213	318,922
20	Street Operating	1,986,970	2,152,947	2,117,848	2,229,479
22	Parks	709,000	866,577	1,017,282	1,171,779
23	Recreation	514,803	549,198	667,363	703,273
24	Sports Complex	399,863	462,318	433,852	517,142
25	Library	670,562	766,945	802,913	826,311
26	Information Technology	183,637	208,485	231,478	244,423
27	Swimming Pool	105,661	121,147	121,897	125,989
28	Human Resources	508,904	693,497	828,425	860,463
29	Public Transportation	4,566	5,400	6,000	6,120
30	Senior Bus	73,730	99,777	90,013	92,951
<b>Total Expenditures</b>		<b>13,440,662</b>	<b>14,753,400</b>	<b>15,759,563</b>	<b>16,649,284</b>



### Cash Reserve

One of the objectives of the long-range financial forecast is to maintain an acceptable reserve level. Ideally, it is recommended that the municipal budget maintain a General Fund cash reserve of 20-25%. The FY17 budget maintains a 42% reserve and 32% in FY18.

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