

# **General Fund Financial Condition**

January 11, 2018

# Outline

- Summary of Reserve Balance Policy, Jan. 4<sup>th</sup>
- Five-Year Model/Budget Methodology
  - Past
  - Present: FY18 Budget
  - Future
    - FY19 Budget Planning
    - Assumptions
    - Fund Balance

# General Fund Reserve Balance Policy

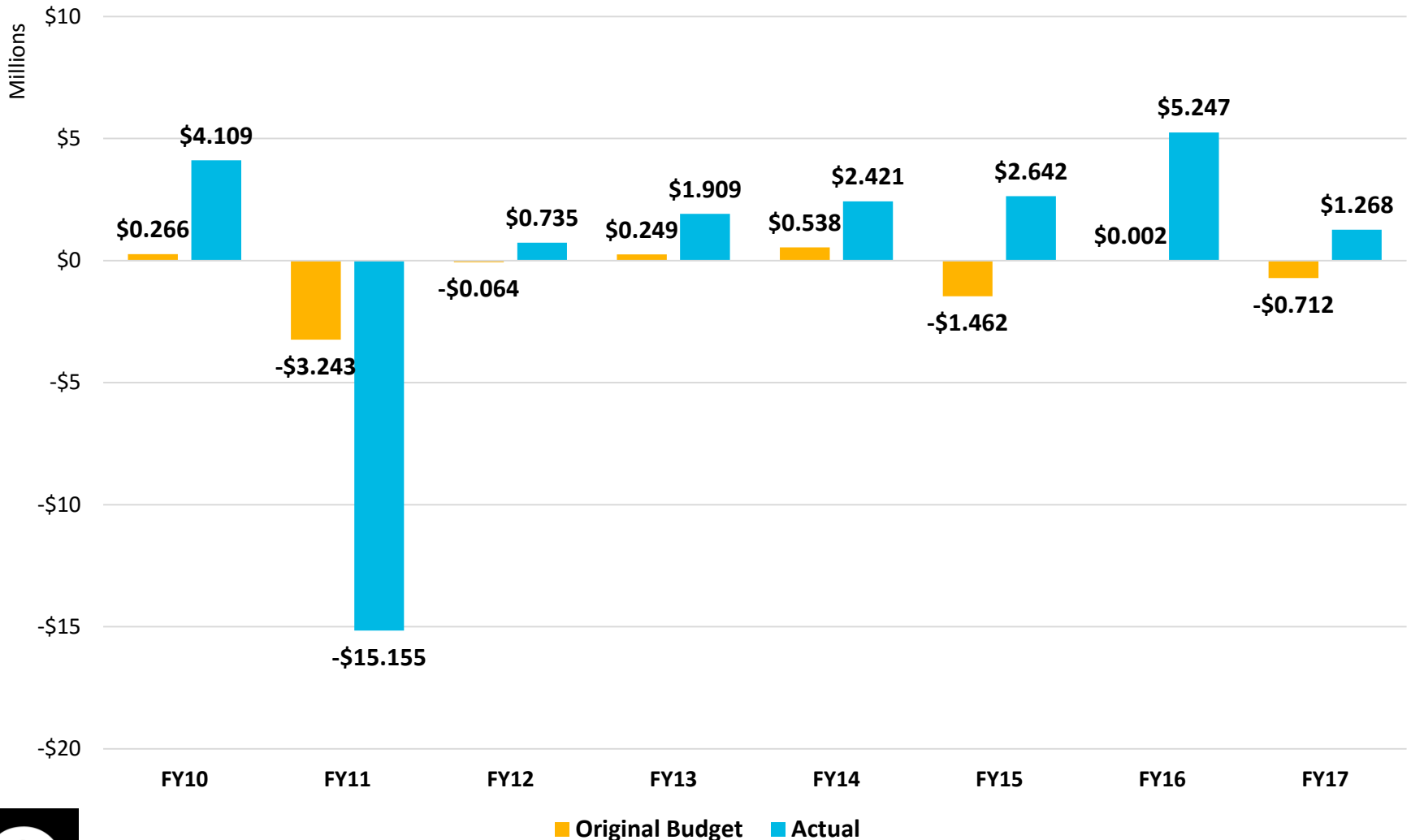
(Ord. 7428)

- At least two months of operating expenses/revenues
- Annual operating expenditures will not exceed annual operating revenues except in unusual and extraordinary circumstances
- Fund balance shall not be used to fund any portion of ongoing and routine operating expenditures

# Model/Budget Methodology

- Goal – Provide revenue and expenditure estimates that are realistic and attainable
- Projects the impact of financial decisions

# Past: Historical Budget Surplus/Deficits



# Present: FY18 General Fund Budget

- Set aside \$2 million in operating capacity for wage adjustments
- Accomplished this by not taking on new expansions in service
- Budget Amendment 3 appropriated COLA for unrepresented employees (\$340,340 annual cost)
- \$1,659,660 remains for wage adjustments

# Future: FY19 Budget Planning

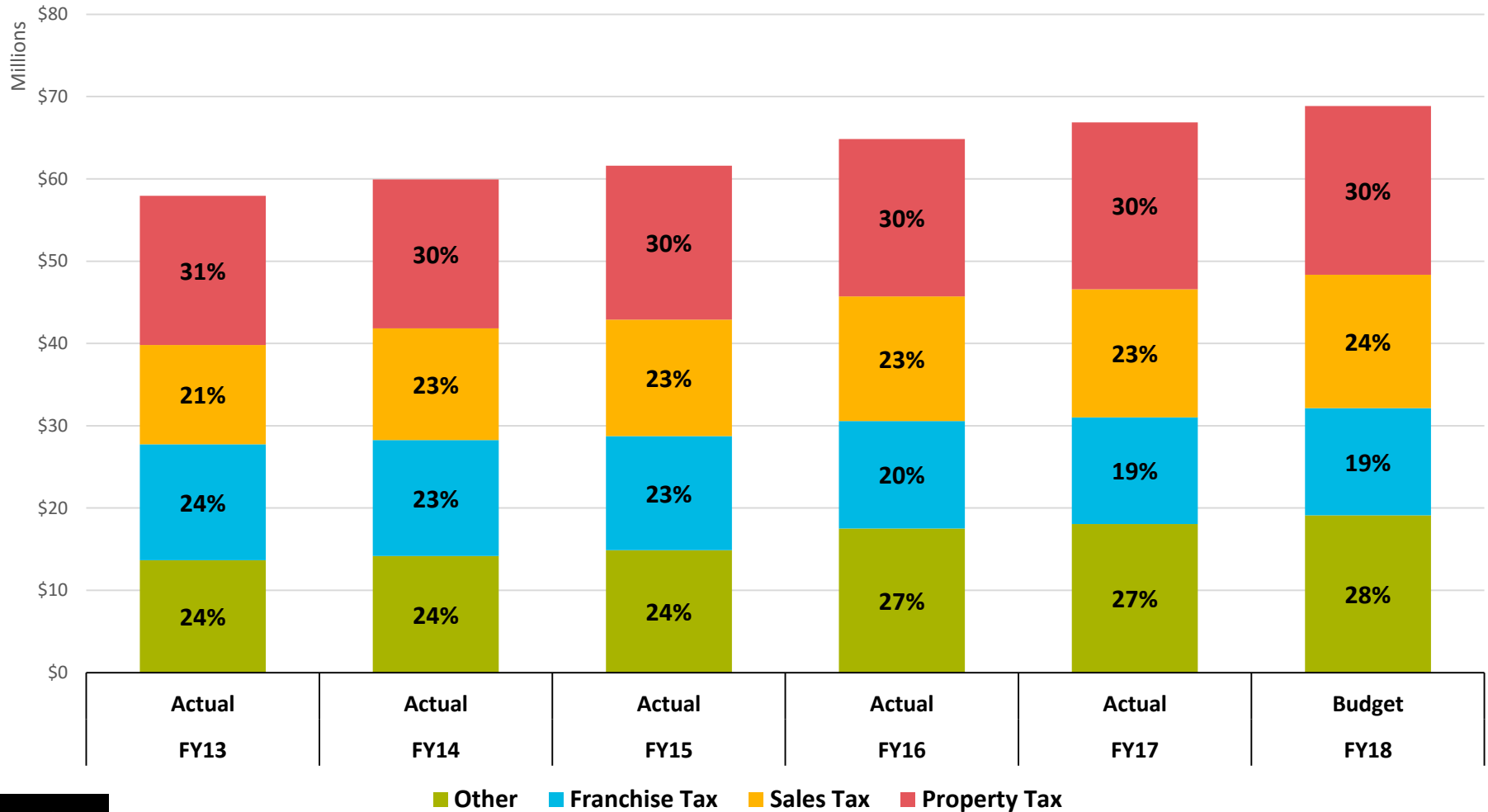
## **FY19 Budget Factors**

- National Economy and Trends
  - Sales Tax
  - Property Tax
  - Development Fees
- Preserving status quo at the expense of expansions
- Health insurance costs

## **FY19 Budget Opportunities**

- We are having this conversation now, and not in “crisis mode.”

# General Fund Revenue Diversification





# Future: 5 Year Model Assumptions

## Revenues

- Property Tax +2.0%
- Sales Tax +3.0%
- Franchise Tax -2.0%
- Motor Vehicle Tax +2.5%
- Other Taxes -1.0%
- Fines +0.5%
- Licenses/Permits +2.5%
- Charges for Service +2.0%

## Expenditures

- Salaries +2.0%
- Pension/Benefits +2.0%
- Health/Dental +9.0%
- Supplies for Resale +2.0%
- Supplies/Services +1.0%
- Repairs/Maint. +1.0%
- Fuel +1.0%
- Misc. +1.0%

# Future: 5 Year Model Assumptions

## Revenues

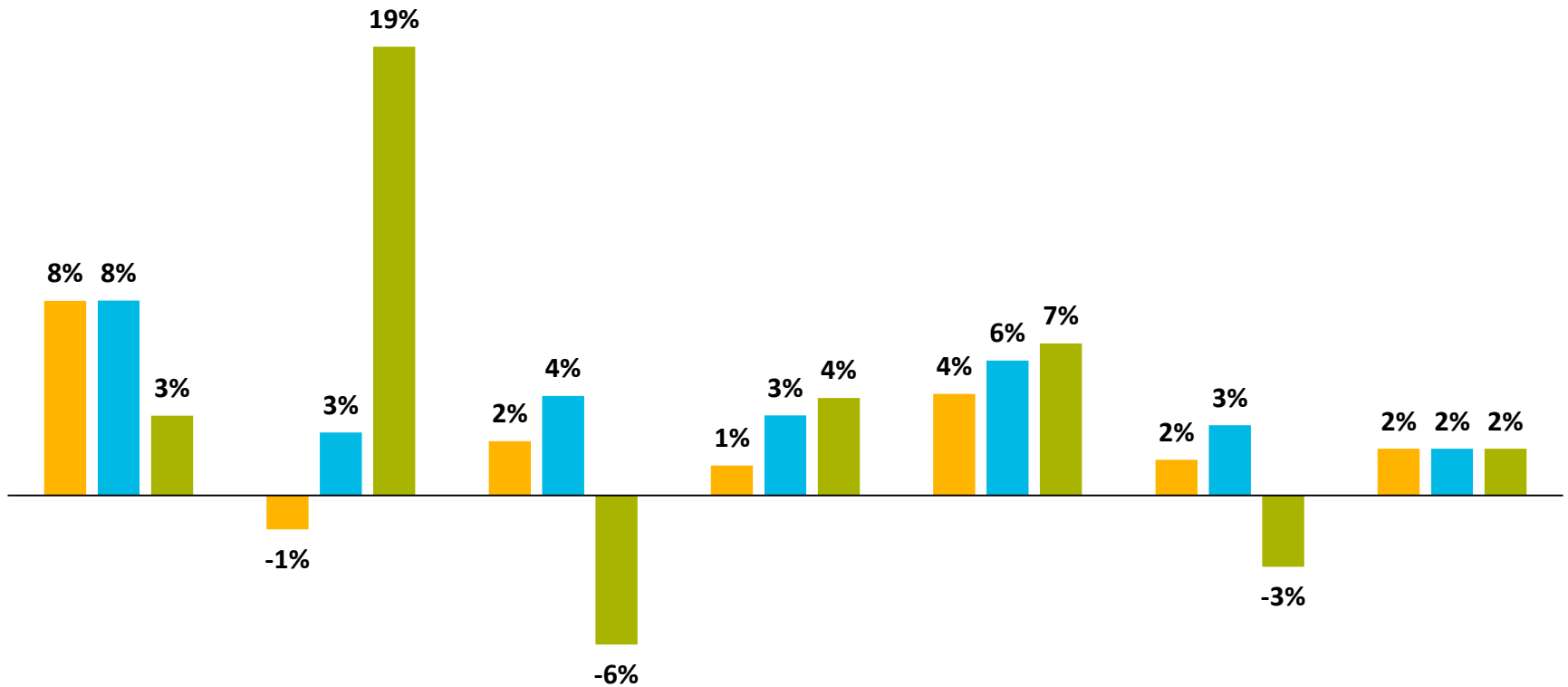
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- Repairs/Maint. +1.0%
- Fuel +1.0%
- Misc. +1.0%

# Property Tax: Annualized Change

■ Jackson County ■ Cass County ■ Replacement Tax



Actual  
2013

Actual  
2014

Actual  
2015

Actual  
2016

Actual  
2017

Budget  
2018

Future  
Assumption

# Future: 5 Year Model Assumptions

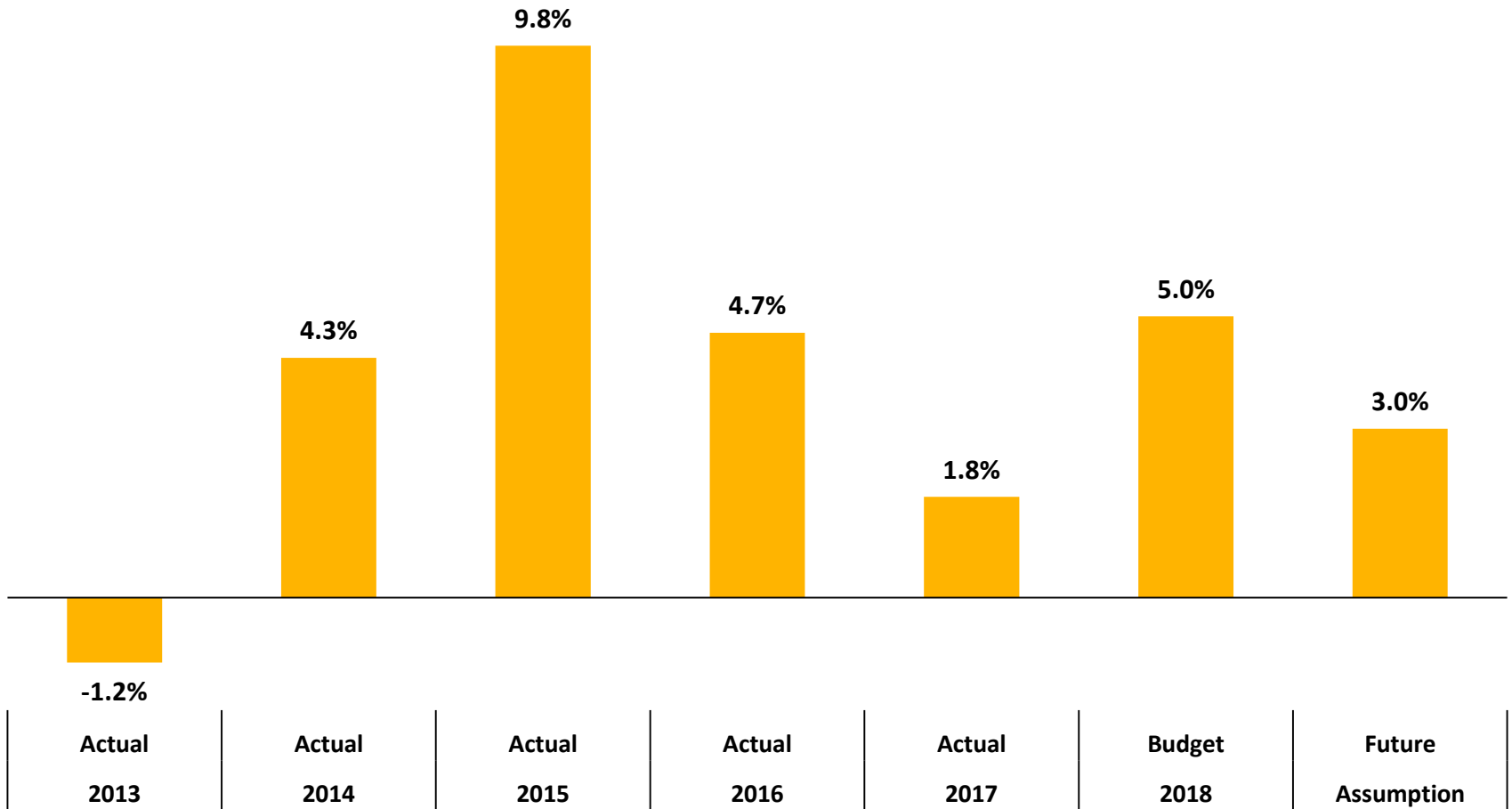
## Revenues

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# Sales Tax: Annualized Change



# Future: 5 Year Model Assumptions

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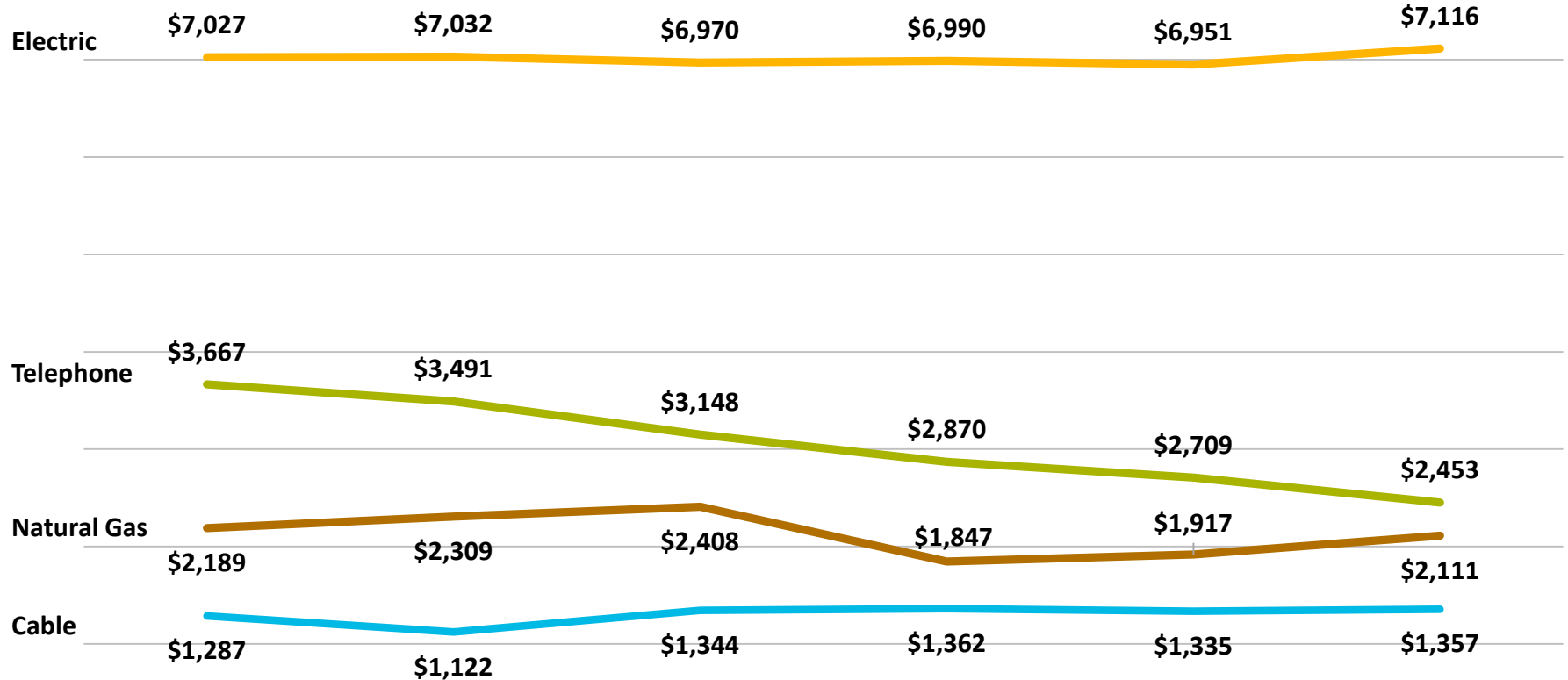
- Property Tax +2.0%
- Sales Tax +3.0%
- **Franchise Tax -2.0%**
- Motor Vehicle Tax +2.5%
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- Licenses/Permits +2.5%
- Charges for Service +2.0%

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# Annual Franchise Tax Receipts

(in \$1,000)



Actual

2013

Actual

2014

Actual

2015

Actual

2016

Actual

2017

Budget

2018

# Future: 5 Year Model Assumptions

## Revenues

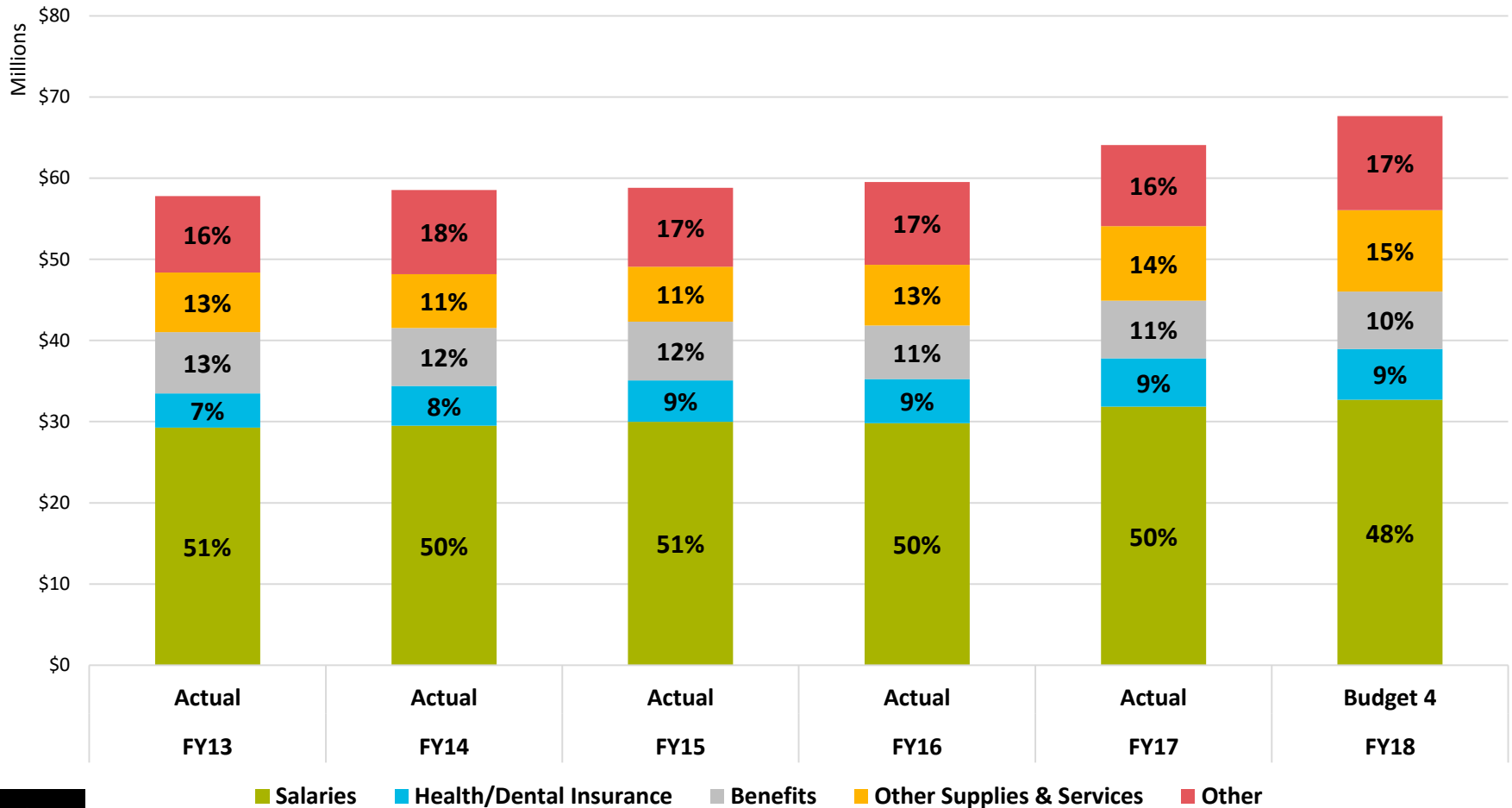
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# General Fund Operating Expenses



# Future: 5 Year Model Assumptions

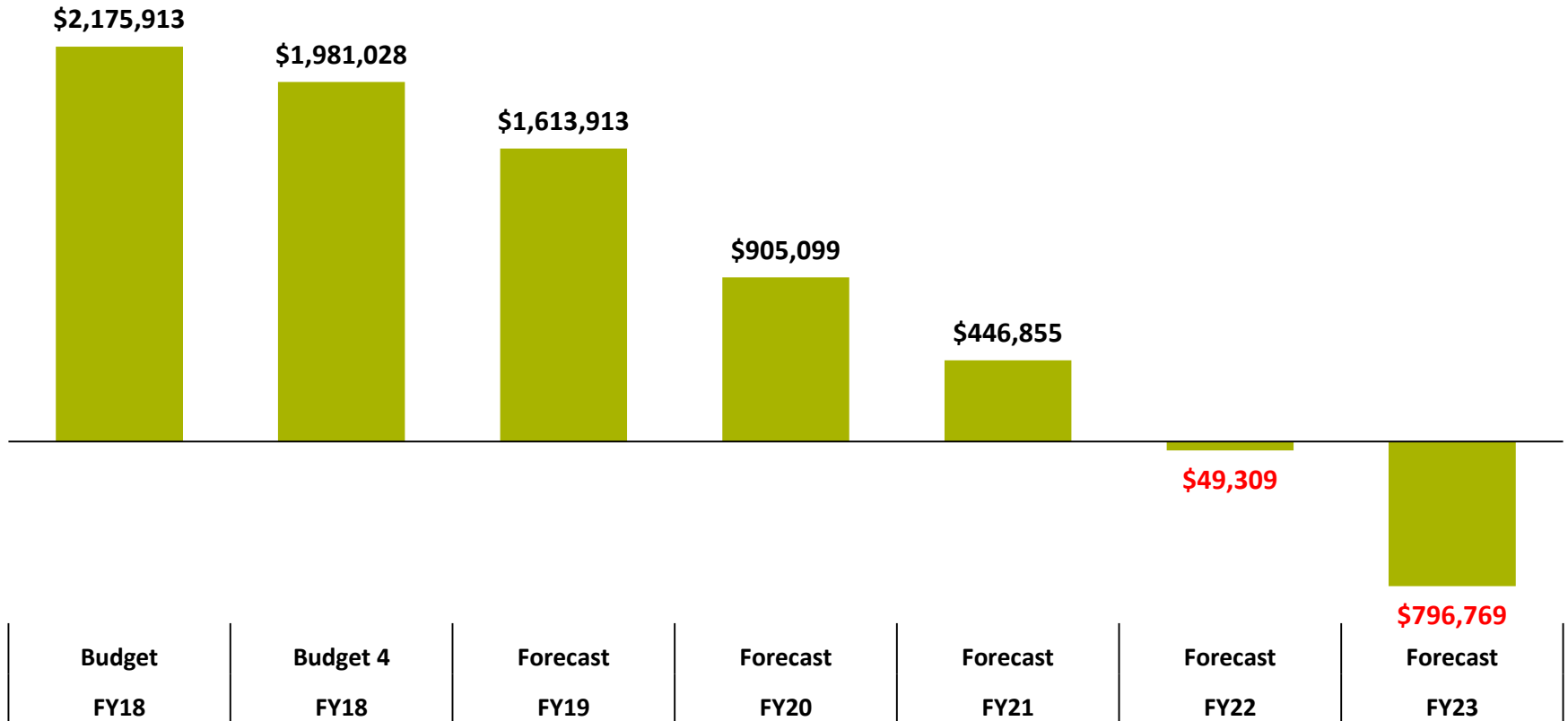
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## Expenditures

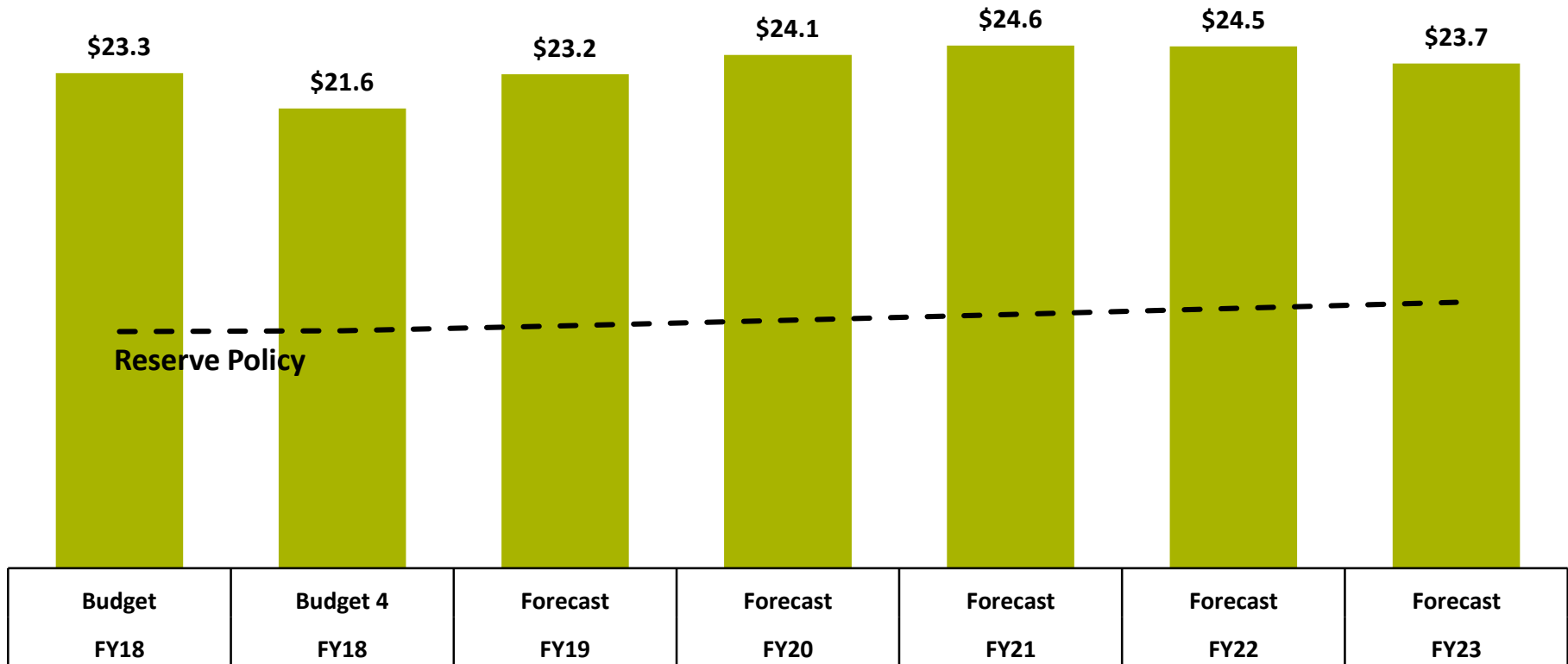
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- Misc. +1.0%

# General Fund Net Operating Surplus/Deficit\*



# General Fund Unassigned Reserve Balance\*

(in \$millions)



# Closing Thoughts

- Five-Year Model is a planning tool for assessing structural trends in the financial condition
- Assumptions are realistic and attainable, given current trends
- \$1.6m for wage adjustments remains for implementation of new pay structures