

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
NOVEMBER 15, 2016 AGENDA**

<p>Subject:</p> <p>Authorization to adjust the Fiscal Year 2016 Budget for changes to the General, Street and Waste Disposal Funds</p> <p>Submitted By:</p> <p>Finance Department</p>	<p>Action Required:</p> <p style="text-align: center;">√ Ordinance Resolution Approval Information Report</p>	<p>Approved By:</p> <p style="text-align: center;">Bruce T. Moore City Manager</p>
---	---	---

SYNOPSIS

Eight (8) adjustments need to be made to the 2016 Budget to adjust for changes in anticipated revenues and expenditures.

FISCAL IMPACT

Adjustment	Revenue	Expenditure	Net
1. Revenue	(\$3,035,956)	0	(\$3,035,956)
2. Pension Pass-Thru	545,619	545,619	0
3. General Fund Expenditures	0	(2,411,376)	(2,411,376)
4. Transfer 311 Operations	62,178	62,178	0
5. Prior-Year Contingency Transfer In	624,580	0	862,000
6. Vacancy Savings & Vac/Sick Alloc.	0	0	0
General Fund Total	(\$1,803,579)	(\$1,803,579)	\$0
7. Street Fund Special projects		0	\$0
Street Fund Total		(\$158,975)	(\$158,975)
Waste Disposal Fund		\$0	\$0

RECOMMENDATION

Approval of the ordinance.

BACKGROUND

Each year, the Board considers adjustments to the adopted budget. Eight (8) adjustments should be made to the FY16 Budget to reflect changes to the General, Street, and Waste Disposal Funds that have occurred since the adoption of the 2016 Budget in Ordinance No. 21,156, passed on December 15, 2015.

1. Budget Adjustments for General Fund Revenues: General Fund revenues will be adjusted for the decrease in estimated property tax revenues (increase in regular property taxes associated with excess commissions, less reductions in Port and Act 9 revenues), sales tax revenues, franchise fees, charges for services (War Memorial Golf, Fitness, RiverMarket), fines and fees, and miscellaneous revenues. The decrease will be partially offset by increases in licenses and permits, false alarms, Zoo charges for services, intergovernmental revenues, and investment income.

Property Taxes	(\$111,159)
Sales Taxes	(1,674,000)
Licenses and Permits	412,500
Franchise Taxes	(1,850,750)
Intergovernmental Revenues	392,853
Charges for Services	
Zoo	348,200
War Memorial Golf	(125,400)
Jim Dailey Fitness and Aquatics	(63,500)
RiverMarket	(75,000)
False Alarms	198,500
Fines and Fees	(369,600)
Miscellaneous Revenues	(185,000)
Investment Income	66,400
Net decrease to General Fund Revenues	<u>(\$3,035,956)</u>

2. Adjust the General Fund for changes in revenues and expenses dedicated to the Local Police and Fire Pension Plans: An increase in the annual Intergovernmental Pension Turnback Funds. Pension Turnback Funds were received in July. The increase reflects the final year of the phase in adjustment to the turnback formula. These revenues are dedicated to the closed Police and Fire Pension Funds and are directly offset by an increase in the pension contributions to those plans.

Revenue:

Intergovernmental – Insurance Turnback	\$545,619
	<u>\$545,619</u>

**BACKGROUND
CONITNUED**

<u>Expense:</u>	
Police – Pension Contribution	\$436,565
Fire – Pension Contribution	<u>109,054</u>
	<u>\$545,619</u>
Net Impact to Budget	<u>\$0</u>

3. Adjust the General Fund for increased vacation/sick payouts, increased vacancy savings, District Judges vacation/sick payouts, reduction in fuel cost, and other expense adjustments: Personnel expenses are being adjusted for an increase in vacation/sick payouts for retiring employees and an increase in vacancy savings to reflect current trends. In addition, expense adjustments include a reduction in fuel cost due to reduced fuel prices throughout the year, funding for Police safety equipment, an increase in the contribution for First Tee, and utilization of the 2016 contingency allocation to help offset the reduction in revenues.

<u>Expense:</u>	
General Government – Increase in Vacation/ Sick Payouts	\$350,000
Increase in Vacancy Savings	(1,250,000)
Fuel Cost Reduction	(591,804)
Police Safety Equipment	25,428
Increase in First Tee Funding	55,000
Contingency Allocation	<u>(1,000,000)</u>
Decrease to General Fund Expenses	<u>\$2,411,376</u>

4. Transfer 311 Operations to the General Government Department: To transfer the operating budget for 311 from the Little Rock Police Department and the Waste Disposal Fund to the General Government Department.

<u>Revenue:</u>	
Transfer In – General Fund	\$62,178
	<u>\$62,178</u>

<u>Expense:</u>	
General Government – 311	\$118,450
Police Department - 311.	<u>(56,272)</u>
Increase to General Fund Expense	<u>\$62,178</u>
Net impact to General Fund	<u>\$0</u>
Waste Disposal Fund Salaries	(\$62,178)
Waste Disposal Transfers Out	<u>62,178</u>
Net impact to Waste Disposal Fund	<u>\$0</u>

**BACKGROUND
CONTINUED**

5. Utilize prior-year contingency allocation:
To utilize the prior-year contingency allocation set aside for bonuses in 2015 that was not needed when 2015 revenues exceeded expectations and to allocate additional 2015 carry-over of net income to balance the budget amendment.

Revenue:

Transfer In (2015 Contingency Allocation)	\$550,000
Transfer In (2015 Carry-over of net income)	<u>74,580</u>
Net impact to General Fund Revenues	<u>\$624,580</u>

6. Allocate Vacancy Savings and Sick/Vacation Payouts experienced through August 31, 2016:

Vacancy savings and vacation/sick payouts are allocated monthly based on actual savings and retirements/separations from service. The table below reflects the allocations through August 31, 2016. Additional allocations will be made monthly through year-end.

	<u>Vacancy Savings 8/31</u>	<u>Vac/Sick Payouts</u>	<u>Total</u>	<u>Original Pers. Budget</u>	<u>AdditionalVac . Savings Payouts and Transfers</u>	<u>Revised Pers. Budget</u>
General Government	(\$83,139)	(\$1,124,857)	(\$1,207,996)	\$7,575,403	361,040	\$6,728,447
Board of Directors	0	11,550	11,550	284,614		296,164
Community Programs	(250)		(250)	419,592	107,410	526,752
City Attorney	(111,450)	9,679	(101,771)	1,764,424		1,662,653
District Court - Criminal	0	1,856	1,856	1,328,238	0	1,330,094
District Court - Traffic	(13,033)	3,907	(9,126)	1,172,663	0	1,163,537
District Court - Environmental	0		0	588,397	0	588,397
Finance	(24,380)	14,917	(9,463)	2,790,427		2,780,964
HR	(115,668)	16,091	(99,577)	1,471,307		1,371,730
IT	(124,952)	26,852	(98,100)	3,140,346		3,042,246
Planning and Development	(134,330)		(134,330)	2,352,041		2,217,711
Housing & Neigh. Programs	(461,191)	34,156	(427,035)	4,830,653		4,403,618
Public Works	(85,546)		(85,546)	693,838		608,292
Parks & Recreation	(364,930)	23,460	(341,470)	7,273,199		6,931,729
RiverMarket	0		0	644,331		644,331
Golf	(30,608)	35,029	4,421	1,353,540		1,357,961
Fitness	(17,228)	4,165	(13,063)	651,416		638,353
Zoo	(199,621)	4,835	(194,786)	3,889,437		3,694,651
Fire	(436,459)	245,309	(191,150)	43,752,478	109,054	43,670,382
Police	(3,192,088)	693,051	(2,499,037)	63,858,106	195,528	61,554,597
Vacancy Savings	5,394,873		5,394,873	(6,000,000)	(1,250,000)	(1,855,127)
	\$0	\$0	\$0	\$143,834,450	(\$476,968)	\$143,357,482

**BACKGROUND
CONTINUED**

7. Reclassify Street Fund Expenses to fund special projects for capital equipment purchases, the Clinton Island Bridge, and the Re-Entry ROW Program:

Reduce Capital Allocation	(\$1,900,000)
Increase Transfers Out – vehicles & equipment	1,000,000
Increase Transfers Out – Clinton Island Bridge	400,000
Increase Transfers Out – Re-entry ROW Program	<u>500,000</u>
Net Impact to Street Fund	<u>\$0</u>

8. Reduce fuel expenses in the Street Fund:

Fuel Expenses	<u>\$158,975</u>
Net Impact to Street Fund	<u>(\$158,975)</u>