

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

**BOARD OF DIRECTORS COMMUNICATION
AUGUST 21, 2018 AGENDA**

<p>Subject:</p> <p>Authorization to Adjust the Fiscal Year 2018 Budget for Changes to the General and Fleet Funds</p> <p>Submitted By:</p> <p>Finance Department</p>	<p>Action Required:</p> <p align="center">√ Ordinance Resolution</p>	<p>Approved By:</p> <p align="right">Bruce T. Moore City Manager</p>
--	---	---

SYNOPSIS

Eight (8) adjustments need to be made to the 2018 Budget to adjust for changes in anticipated revenues and expenditures. An additional amendment will be brought forward later in the year to address the remaining net deficit to current year operations.

FISCAL IMPACT

Adjustment	Revenue	Expenditure	Net
1 Revenue Adjustments	(\$3,538,482)		(\$3,538,482)
2 Pension Pass-Thru	(219,915)	(219,915)	0
3 Personnel Expenses		2,821,400	(2,821,400)
4 Operating expenses		246,000	(246,000)
5 Contingency		(1,000,000)	1,000,000
6 Transfers In	2,674,972		2,674,972
7 Vacancy Savings & Vacation/Sick Allocation		0	0
General Fund Total	(\$1,083,425)	\$1,847,485	(\$2,930,910)
8 Fleet Fund Transfers		\$1,000,000	(\$1,000,000)

RECOMMENDATION

Approval of the ordinance.

BACKGROUND

Each year, the Board considers adjustments to the Adopted Budget. Eight (8) adjustments should be made to the FY18 Budget to reflect changes to the General and Fleet Funds that have occurred since the adoption of the 2018 Budget in Ordinance No. 21,521 passed on December 19, 2017.

1. Budget Adjustments for General Fund Revenues: General Fund revenues will be adjusted for the decrease in estimated Property Tax Revenues, Sales Tax Revenues, Franchise Fees, net charges for services (Parks, Zoo, Golf, River Market, Police Services, Fire Services, and False Alarms), and fines and fees, partially offset by increases in licenses and permits, intergovernmental revenues and investment income.

Property Taxes	(\$387,000)
Sales Taxes	(1,974,000)
Licenses and Permits	518,000
Franchise Taxes	(1,233,000)
Intergovernmental Revenues	417,818
Charges for Services	
Parks	(53,000)
Zoo	(311,200)
Rebsamen Golf	(85,000)
War Memorial Golf	(57,800)
Hindman Golf	(47,300)
River Market	(55,000)
Police Services	(68,000)
Fire Services	11,000
False Alarms	(124,000)
Fines and Fees	(140,000)
Investment Income	50,000
Net decrease to General Fund Revenues	<u>(\$3,538,482)</u>

2. Adjustment to the General Fund for changes in revenues and expenses dedicated to the Local Police and Fire Pension Plans: An adjustment to reflect the decrease in the budget for the dedicated 1-mil property tax levies and the increase in the annual Intergovernmental Pension Turnback Funds received in July and for Police and Fire Pensions. These revenues are dedicated to the closed Police and Fire Pension Funds and are directly offset by a net decrease in the pension contributions to those plans.

<u>Revenue:</u>	
Pension Property Tax Levies	(\$238,000)
Intergovernmental – Insurance Turnback	<u>18,085</u>
	<u>(\$219,915)</u>

**BACKGROUND
CONTINUED**

<u>Expense:</u>	
Fire – Pension Contribution	(\$138,935)
Police – Pension Contribution	(80,980)
	<u>(\$219,915)</u>
Net Impact to Budget	<u>\$0</u>

3. Adjustment to personnel cost for Police Sick Leave Incentives, Fire overtime, additional anticipated Vacation/Sick Leave payouts for retiring employees, and a reduction in estimated vacancy savings:

<u>Expense:</u>	
Police Sick Leave Incentives	\$1,744,500
Fire Overtime	650,000
Reclassify Marathon Personnel Cost	(58,500)
Vacation/Sick Leave Payouts	273,400
Reduction to Vacancy Savings Estimate	<u>212,000</u>
Net Impact to General Fund Expense	<u>\$2,821,400</u>

4. Adjustment to the General Fund for increased operating expenses:

<u>Expense:</u>	
City Attorney – Case Management Software (Ordinance No. 21,596, June 19, 2018)	\$156,000
First Tee Outside Agency Allocation	<u>90,000</u>
Net Impact to General Fund Expense	<u>\$246,000</u>

5. Utilization of Contingency Allocation included in the Original Adopted Budget to offset reduced revenue projections:

<u>Expense:</u>	
Reduce Contingency Transfer Out	(\$1,000,000)
Reduction to General Fund Expense	<u>(\$1,000,000)</u>

6. Transfers In from closed Projects, prior year Contingency Allocation, and Fleet Fund Balance to offset reduced revenue projections, partially offset by an adjustment to Transfers In from the 3/8-Cent Sales Tax Fund for Debt Service:

Closed Projects (unspent allocations prior to 2016)	\$1,600,000
Transfer In – Prior-Year Contingency Alloc.	252,772
Transfer In – from Fleet Fund	1,000,000
Transfer In – Debt Service (3/8-Cent Fund)	<u>(177,800)</u>
Net increase to General Fund Transfers In	<u>\$2,674,972</u>

**BACKGROUND
CONTINUED**

7. Allocation of Vacancy Savings and Sick/Vacation Payouts experienced through June 30, 2018: Note: 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 June 30, 2018, and other personnel adjustments included in the budget amendment. Additional allocations will be made monthly through year-end.

	<u>Vacancy Savings 6/30/18</u>	<u>Vac/Sick Payouts</u>	<u>Total</u>	<u>Original Pers. Budget</u>	<u>Additional Vac Savings, Payouts and Transfers</u>	<u>Revised Pers. Budget</u>
General Government	(\$71,967)	(\$750,912)	(\$822,879)	\$8,061,838	273,400.00	\$7,512,359
Board of Directors			0	287,813		287,813
Community Programs			0	573,893		573,893
City Attorney	(1,348)	15,638	14,290	1,629,738		1,644,028
District Court - Criminal	(24,019)	613	(23,406)	1,171,534		1,148,128
District Court - Traffic	(4,199)	1,212	(2,987)	989,165		986,178
District Court - Environmental	(30,567)		(30,567)	461,011		430,444
Finance	(49,779)	1,923	(47,856)	2,864,625		2,816,769
HR	(14,550)		(14,550)	1,613,128		1,598,578
IT	(170,141)	6,743	(163,398)	3,409,564		3,246,166
Planning and Development	(128,609)	7,079	(121,530)	2,440,207		2,318,677
Housing & Neigh. Programs	(226,916)	2,494	(224,422)	4,691,560		4,467,138
Public Works	(26,624)		(26,624)	630,966		604,342
Parks & Recreation	(261,823)	25,104	(236,719)	7,545,844	(20,000)	7,289,125
RiverMarket	0		0	627,021		627,021
Golf	(19,068)	15,887	(3,181)	1,319,355		1,316,174
Fitness			0	649,030	(30,000)	619,030
Zoo	(196,800)	16,237	(180,563)	4,112,090	25,000	3,956,527
Fire	(297,590)	381,280	83,690	46,516,376	650,000	47,250,066
Police	(1,757,555)	276,702	(1,480,853)	68,962,627	1,706,000	69,187,774
Vacancy Savings	3,281,555		3,281,555	(6,500,000)	212,000	(3,006,445)
	\$0	\$0	\$0	\$152,057,385	\$2,816,400	\$154,873,785

8. Transfer accumulated Fleet Funds to General Fund:

Fleet Fund Transfers Out	<u>\$1,000,000</u>
Net Impact to Fleet Fund Expense	<u>\$1,000,000</u>