

Budget notes 2018/2019

Short summary:

This budget will use dollars from our savings account in order to pay down the loan on the new fire station, and do it at an accelerated rate (4 years instead of 5 years). It will also use dollars that we have been saving for road projects in order to do those road projects. Thus, we are spending more dollars than we are taking in revenue and making up the difference with the CIP funds. This is precisely what our savings (CIP) funds are intended for.

Detailed explanation:

These notes are not meant to repeat any of the budget explanation that took place at the February board meeting.

This budget does NOT take into account an increase in revenue due to an increase in the percentage of building permits.

In comparing column E and H, note that the revenue generated in the first 10 months of the present year exceeds the amount of revenue budgeted for the proposed budget. While all of the other revenue line items are intended to be close to the amount actually anticipated – this was not done so with the lines for building permits, electrical permits, plumbing permits, mechanical permits, and reimbursements from developers. The intention is to be conservative in the event that the housing market slows down and the commercial construction slows down. At this point there are no indications that this will happen in Jamestown. In fact, just the opposite is occurring. However, the brakes could be put on these proposed projects in short order – which is why the numbers are somewhat conservative.

Sheriff's deputy: The Sheriff's office sent a spreadsheet (included in this packet) which includes all of the costs of an additional deputy. Their figures include the cost of equipment (one time expense) and the cost of the car (amortized over 5 years). Their figures also take into account the time that it will take to hire and train a new officer before that person gets added to Jamestown on their own. While the spreadsheet indicates that the earliest start date is September. However, October may be more realistic.

Budget spreadsheet lines 323-328 show transfers both into and out of the General Fund. Also highlighted are a few changes from last month's budget document. On the same lines in columns E-H are indicated the change in fund balance (actual and anticipated) over the past 3 budget years. Two things to note are that we used less of the fund balance than last year – and we have a fund balance (43.9%) that far exceeds state minimum of 25%. The amount of decrease in this fund is \$9,600. I anticipate that the fund balance for the next several years will maintain about the same.

In the Road Fund (Ledger # 204-446) we are spending almost \$400,000 more than our revenue for subdivision projects. This is what the board agreed to several months ago and is exactly what we have been saving a percentage of Revenue Sharing funds for. Thus the balance of funds to pay for these projects comes from that savings account. Therefore, this specific fund balance (see spreadsheet rows 362-368) will decrease by \$380,000 this coming year. I anticipate this to be a cyclical pattern of growth for a few years, then projects which bring the fund balance down again. This is a normal pattern.

Fire Department operating fund increases in operating expenses are primarily the result of changing to a full-time chief and from an increase in insurance.. It is much more costly to insure new fire trucks than it is to insure old ones. The Fire Dept is also paying 25% of the loan payment for the new fire station. As a result, (see spreadsheet lines 346-351) the fund balance for this specific fund is decreasing by \$177,000 this coming year. This type of decrease is probable for the next several years until the new fire station is paid off.

Fire Department replacement fund has decreases in expenditures this year. We are not buying new trucks this years. Thus the fund is increasing (see spreadsheet lines 479-483) by \$71,000 this year. This fund will also see several years of growth until a new piece of equipment, such as a truck, is needed. Then the balance will drop again. This is a normal pattern.

The Sewer fund (see spreadsheet lines 617-621) is in a growth year. The fund balance increased by \$71,000 in contrast with last years' decline of approximately the same amount. This too, is a cyclical pattern of saving until new projects are called for.

The Water fund (see spreadsheet lines 687-691) has a decrease in fund balance for the current year and for next year. This is due to the cost of improvements to the booster station project that the board approved of several months ago. Several years ago we knew this was going to be needed, had been saving for it, and now the expenses are being spread over two fiscal years. Again, this is a normal cycle of saving for a number of years, then using the saved funds for a project that needs to be done.