



July 25, 2016

City Council:

I am pleased to present the City of Jefferson, Missouri Fiscal Year 2017 Mayor's Approved Budget. Once a budget is adopted by Council, the adopted budget will be effective November 1, 2016.

As you know, a budget is only a plan. It is not only likely the budget will change as we move forward through the fiscal year, it is a certainty. Income and expense projections have been developed to reflect the best estimates for the upcoming fiscal year, and we recognize there will be some variations in both that will require budget amendments and fund transfers. The budget was developed to limit these requests, but I accept that such a goal can never be fully accomplished.

I once again want to congratulate the staff and Council for receiving the Government Finance Officers Association Distinguished Budget Recognition Award for the FY16 budget and for continuing to receive the GFOA recognition for the Comprehensive Annual Financial Report.

Some of the budget highlights are as follows:

- **Overall Budget.** The overall City of Jefferson budget including all funds for FY17 is \$60,820,613.51. The General Fund budget is \$32,227,269.08.
- **Revenues.** The FY17 Mayor Approved General Fund budget includes a 4.8% or \$1,478,382.61 increase in revenues from the FY16 Adopted Budget. As of the June 30, 2016 reporting period, revenues for FY16 are up approximately \$891,000 over the FY16 budgeted revenue figures. A majority of this increase is in sales tax revenues which are up approximately \$651,000 over the projected sales tax remittances. The FY17 General Fund revenue projections represent only a 0.59% increase over ACTUAL FY15 General Fund revenues.
- **Salary Wage/Salary Adjustments.** The budget includes a two percent across the board salary/wage adjustment for all full-time employees and all part-time with benefits employees. It is estimated this increase will cost approximately \$502,000 across all funds. The impact on the General Fund for FY17 is approximately \$380,000. There is a placeholder totaling \$575,000 across all funds for recommendations that may result from the Classification and Compensation review currently in progress. Please note that this number is only an estimate; the actual fiscal impact may be more or less than this estimate.
- **Health Insurance Costs.** The City is assuming a ten percent rise in health insurance coverage, based on conversations with the City's health insurance broker. This results in an increase of \$265,255 for FY2017 across all funds. The impact to the General Fund for FY17 is \$190,886.

- **Mayor's Additions.** Included in the Non-Departmental budget is \$20,000 funding for MSP projects. There is also an addition of \$5,000 to the City Administrator proposed budget in the Planning and Protective Services Redevelopment/Grant Section to maintain the \$10,000 funding for Old Town projects that was added in the FY16 budget.

Fiscal challenges for FY17 include:

- **Capital Expenditures.** Capital expenditure fiscal challenges for the City include aged equipment and vehicles, as well as aged and/or deferred maintenance for buildings. There is a projected estimated funding gap of \$300,000 for buildings and \$900,000 for vehicles and equipment annually for the General Fund. As part of the Mayor's Approved Budget you will find \$997,639 worth of vehicle and equipment purchases. You will also find \$300,000 budgeted in Capital Projects for ongoing infrastructure/facility needs.
- **Staffing Levels.** The City Staff has adjusted and refined the longer term financial planning documents in an effort to determine the funds available for the staffing and equipment needs of the City. The FY17 approved budget does include funding for additional staffing. Some of the staffing requests would be enhancements to the overall level of service currently being provided. The positions that are funded in the Mayor's Approved Budget are two Firefighters, a Police Officer, a Police Information Manager, a Civil Engineer, a Street Worker, an Airport Maintenance Worker, a Utility Maintenance Worker, a Neighborhood Services Administrative Technician, a part-time Plan Reviewer, and a part-time Building Service Worker.
- **Transit.** In order to keep Transit from making expenditure or service reductions, I have recommended a fund balance transfer in order to balance the budget. This would provide for a PROJECTED General Fund subsidy of Transit in the amount of approximately \$1,007,266 compared to a projected General Fund subsidy of approximately \$1,220,110 for the FY16 budget year.

General Fund Unreserved Fund Balance:

- The City's Financial Policies require an unreserved, undesignated General Fund balance at a minimum of 17% of expenditures as originally adopted for the General Fund budget.
- According to the financial policy adopted by Council, in any fiscal year the General Fund reserve balance is not achieved, the City Administrator and Finance Director are required to present to the City Council a strategy to meet the fund balance reserve level within two fiscal years.
- The current General Fund balance reserve estimate for the FY16 year end is 23.03%.
- The General Fund unreserved fund balance for the FY17 budget year is projected at 21.97%. This amount includes an expense total of \$32,227,269.08 for the FY17 Mayor Approved Budget.

This concludes the summary of the FY17 Mayor's Approved Budget. If you have any questions or would like additional information, please let me know.

Sincerely,



Mayor Carrie Tergin
Enclosure