

CITY OF WASILLA

Fiscal Year 2007-2008 Biennial Budget

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Agenda

This presentation provides an overview of the City's Fiscal 2007 – 2008 Biennial Budget.

- Mission
- How the FY 07-08 Budget supports the Mission.
- FY 07-08 Budget Assumptions
- FY 07-08 Core and Contract Service Additions.
- Highlights
- General Fund
- Special Revenue Funds
- Enterprise Funds



Mission Statement

It is the mission of the city of Wasilla to provide optimum service levels to the public as cost effectively as possible to ensure a stable and thriving economy, promote a healthy community, provide a safe environment and a quality lifestyle, and promote maximum citizen participation in government.

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How the FY 07-08 Budget Supports the Mission

- Proposes a Balanced Operating Budget for FY 07 and FY 08 while transferring over \$1,534,716 in FY 07 and \$1,248,276 in FY 08 to Capital Funds for Infrastructure Investment and Capital Equipment Purchases.
- Definition of a Balance Budget: An annual budget in which revenue anticipated is equal to or exceeds budgeted expenditure or an annual budget in which a portion of Fund Balance is approved for use to finance a specific capital project (First Budget Initiative).
- Provide property tax relief for the City's property owners by setting the FY 07 & FY 08 mill rate at 0.0 and proposing to set a side funds to be able to set the FY 09 mill rate at 0.0 mills. Based on the property tax valuation, the setting of the mill rate at 0.0 for FY 07 and FY 08 will save the property tax owners over \$3,599,758 (based on two mill cap) in taxes not assessed over the FY 07-08 time period.

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How the FY 07-08 Budget Supports the Mission Cont.

- Proposes 96% of staff increases are directly related to providing higher quality service to the citizens (total fte increase 5.71). Projecting no new staff increases in FY 08. These staffing increases meet our Fiscal Policy of Staff Economy " seek to limit staff increases to areas where approved program growth and support absolutely requires additional staff". Approximately 50% staff increases will be funded by outside sources or user fees.
- Majority of recommended increases in operating expenditures are directly related to functions providing services to the public such as Public Safety (39% in FY 07), Public Works (33% in FY 07), Culture and Recreation programs (I.E ensure a safe and quality life style – mission statement – 8% for FY 07) and less than 7% is going to general government. Same type of pattern in FY 08.

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FY 07-08 Budget Assumptions

- General
 - Population will increase by 3.6% in each year to approximately 7,005 in FY 08.
 - Inflation will be approximately 3.0% per year.
- Revenue Assumptions:
 - Sales tax revenue will increase by 7.3 % in FY 07 and 6.32% in FY 08 due to projected economic growth.
 - Property tax rate will be set at 0.0 mills in FY 07 & FY 08 in order to provide tax relief to our citizens.
 - Intergovernmental Revenue will increase by 26% in FY 07 then decrease by 32% in FY 08. Main reason for fluctuation is the City is projecting to receive municipal assistance of \$545,109 in FY 07. Based on the fact that the municipal assistance is not being funded by a reoccurring funding source, the City is treating the municipal assistance as one-time revenue and will not use the funds to fund increased operations.
 - User Fee revenue will increase by approximately 4.7% in FY 07 and 6.5% in FY 08. This increases are mainly due to projected increase in utility customer base due to investment in infrastructure projects and increases in MUSC customer base.

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FY 07-08 Budget Assumptions Cont.

- Expenditure Assumptions:
 - Average Salary Merit Pool for Department Salary Increases will be 3.5%.
 - Health Insurance premium rates will increase by approximately 13.5% but due to switching to a higher deductible plan in combination with HRA, the projected increase in total health insurance coverage cost will be approximately 7.4%.
 - Worker's Comp. will increase by 10%
 - PERS employer contribution will be 18.91% compared to 16.44% in FY 06 (an increase of 15%). Will remain stable in FY 08.
 - Insurance cost growth trend:
 - Property Insurance will increase by 15% per year.
 - General Liability Insurance and Auto will remain flat.
 - Inflationary factors for FY 07 and 08 affecting support goods and services' prices and projected increase in fuel cost will be offset by the savings the city will gain (est. \$125,000 in FY 07) from switching from decentralized purchasing to centralized purchasing.

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FY 07-08 Budget Assumptions Cont.

- Fiscal Policies that affect construction of FY 07-08 Budget (WMC 5.02)
 - The City's goal is to pay for all recurring expenditures with recurring revenues (Balance Budget) and to use non-recurring revenues for non-recurring expenditures.
 - The individual department budget submissions must be prepared with the basic assumption that the Council will always attempt to maintain the current tax rate.
 - Budget review by Administration and Council will focus on the basic concepts of:
 - Staff Economy - limit staff increases to areas where approved program growth and support absolutely require additional staff.
 - Capital Construction - Based on non-debt funding and on a comprehensive capital improvement program.
 - Program Expansions - Must be submitted as detailed budgetary increments and will be scrutinized on the basis of its relationship to the health, safety, and welfare of the community
 - New Programs - Same as program expansions plus an analysis will be completed of the long-term fiscal impacts of implementing the program.
 - Existing Programs - The justification of the base budget program cost will be a major factor.
 - Administrative Cost - Administrative overhead costs should be kept to a minimum.

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FY 07-08 Budget Assumptions Cont.

- Fiscal Policies that affect construction of FY 07-08 Budget (WMC 5.02) continued:
 - The City will integrate performance measurement and productivity indicators into the budget.
 - The City will keep a positive undesignated fund balance in all governmental funds.
 - WMC 5.04.025 (Stabilization of Funds) defines what the undesignated fund balance should be in the General Fund. The Undesignated General Fund Balance will be between 50% and 60% of the sum of budgeted general fund expenditures net of any reimbursement plus budgeted general obligation debt service (not including debt service with dedicated revenue service).
 - FY 07 targeted Undesignated Fund Balance will be between \$4,492,752 and \$5,315,705. Projected FY 07 Undesignated Fund Balance will be \$4,823,723.
 - FY 08 targeted Undesignated Fund Balance will be between \$4,630,702 and \$5,556,842. Projected FY 08 Undesignated Fund Balance will be \$4,834,580.

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Core Service and Contract Service Additions

- Funding of a Child Abuse Investigator.
- Funding of a Park Ranger Program (1,386 hours of patrol time in summer).
- Funding of a Road Technician for increased road maintenance.
- Funding of a Property Maintenance position for increase preventive maintenance of facilities.
- Funding to lease a additional grader in FY08 to improve level of service for snow removal and road grading.
- Funding to expand special incentive program from just public safety to all departments. These incentive will provide motivation and better training for employees to provide the best service available to our citizens.
- Funding for the research and implementation of a tourism bureau in the City of Wasilla.
- Funding to purchase upgrade printer for the Clerks office in FY 08.
- Funding of a Technology Specialist for Dispatch and to work on mobile computing project.
- Funding of an additional call taker for Dispatch.

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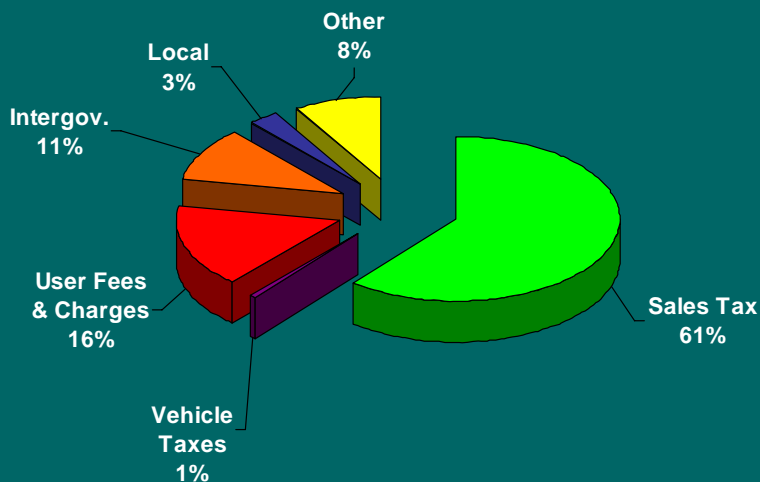
FY 07-08 Operating Budget Highlights

The operating budget for FY 07 will be 13,140,971 and for FY 08 the operating budget will be 13,705,790. The budgeted operating revenue for FY 07 will be \$15,400,838 in FY 07 and \$15,681,280 for FY 08.

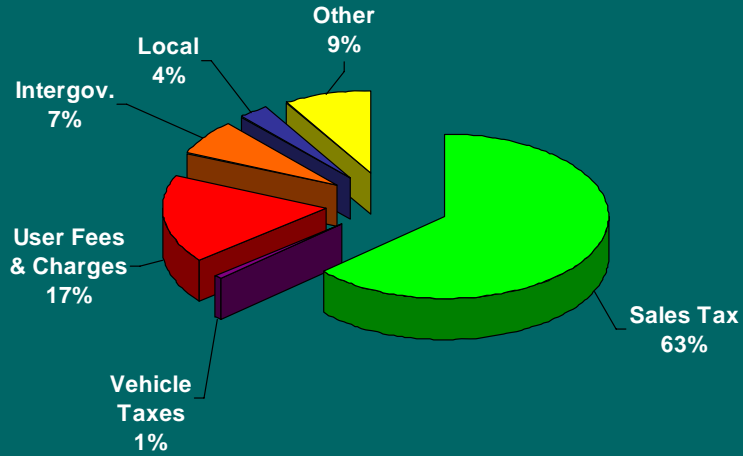
Total General Government appropriation is \$1,444,568 (11%), Legislative is \$515,829 (4%), Community and Econ. Dev. Is \$454,433 (3%). Public Safety is \$4,946,065 (38%), Public Works is \$3,393,189 (26%) and Culture and Recreation is \$2,356,887 (18%). Same percentage breakdown for FY 08.

- Set mill rate at 0.0 for FY 07 – FY 09 for property tax relief.
- 96% of staff increases directly related to improving services to public.
- Monies generated from sales tax continue to be largest revenue source at 61% of total revenues.
- Project no rate increase for Utility services for FY 07 through FY 08.
- Transfer over \$2,783,052 to Capital Funds for Infrastructure investment and capital equipment purchases over FY 07-08 budget years.

FY 07 Total Operating Revenue Breakdown



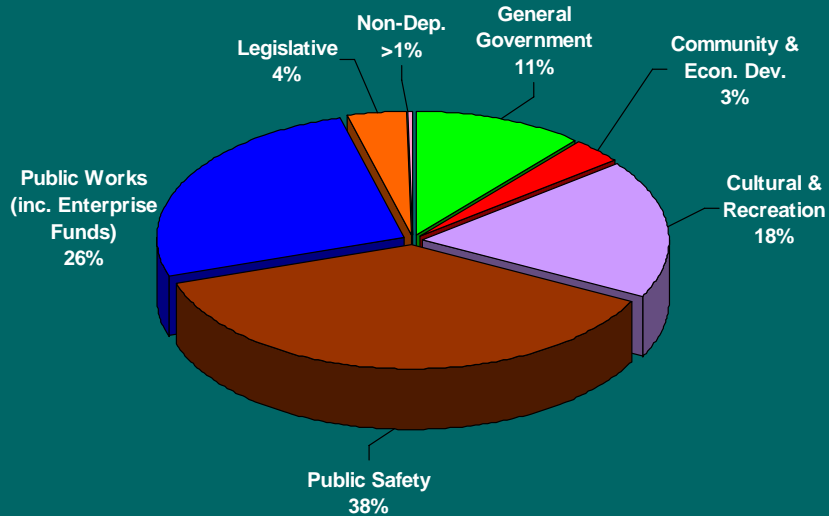
FY 08 Total Operating Revenue Breakdown



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Total Operating Expenditure Breakdown For FY 07-08



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General Fund Highlights

The General Fund is the operating fund of the city and is used to account for all financial resources, except those required to be accounted for in another fund.

Total General Fund Operating Appropriation for FY 07 is \$12,236,763 including transfers of \$2,279,402 (2.94% increase over FY 06) and for FY 08 is 12,684,093 including transfers of \$2,302,621 (3.66% increase over FY 07).

- Sales Tax will be 75% of revenue in FY 07 and 78% in FY 08.
- The City is projected to receive \$548,109 in municipal assistance.
- The budget will provide property tax relief in FY 07 and FY 08 by setting mill rate at 0.0 and reserving enough funds to set FY 09 mill rate at 0.0.
- Total General Government Expenditures will increase only 3.8 % in FY 07 and 4.2% in FY 08. Increases in General Government will be only 6% of total increases.

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General Fund Highlights Cont.

The General Fund is the operating fund of the city and is used to account for all financial resources, except those required to be accounted for in another fund.

- Over 79 % of increases are going to departments that provide direct service to citizens in FY 07 and FY 08.
- Increases in Public safety are 44% of total increases, increases in road maintenance are 18% of total increases and increases in property maintenance are 10% of total increases.
- The General fund will transfer over \$1,172,000 in FY 07 and \$1,185,000 in FY 08 to capital funds for infrastructure and capital equipment investment and \$343,141 (4.75% increase) in FY 07 to the Library Fund and \$381,468 (11.17% increase) in FY 08.

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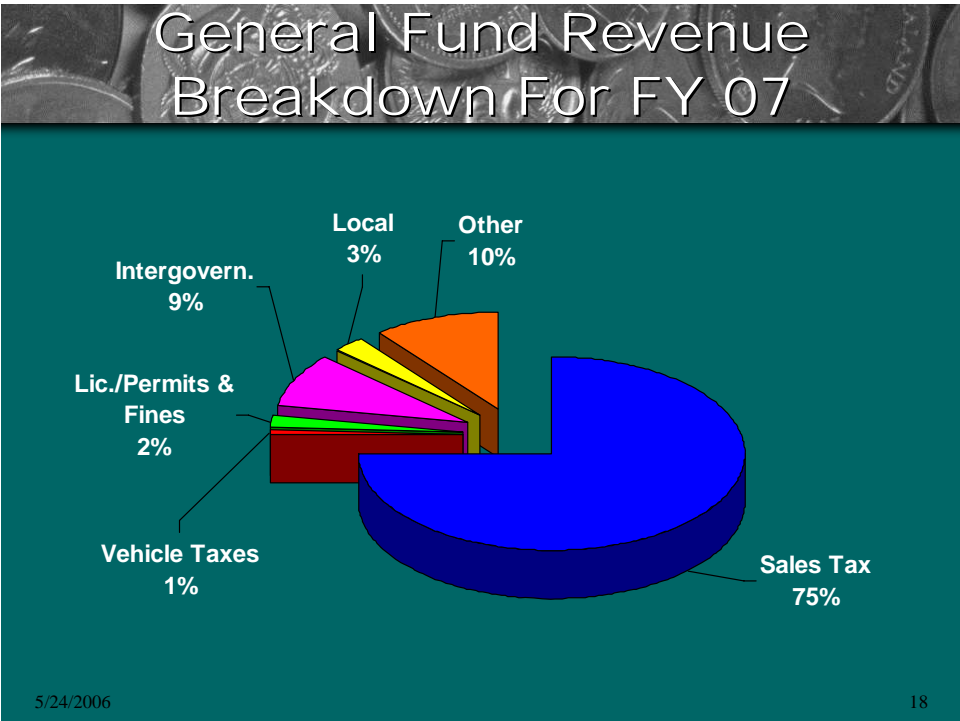
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General Fund Revenue

	<u>Fiscal Year 2005 Actual</u>	<u>Fiscal Year 2006 Budget</u>	<u>Fiscal Year 2007 Budget</u>	<u>Fiscal Year 2008 Budget</u>
Sales Tax	\$ 8,346,749	\$ 8,712,000	\$ 9,355,513	\$ 9,946,776
Property Tax	179,547	192,175	-	-
Vehicle tax	100,725	100,725	105,463	110,200
Licenses, Permits & Fines	133,621	181,835	217,017	222,403
Intergovernmental Revenue	605,721	803,180	1,131,298	604,973
Local Revenue	196,338	205,095	344,987	355,010
Other Revenues	916,651	1,140,778	1,305,284	1,346,032
Total General Fund Revenue	\$ 10,479,352	\$ 11,335,788	\$ 12,459,562	\$ 12,585,394

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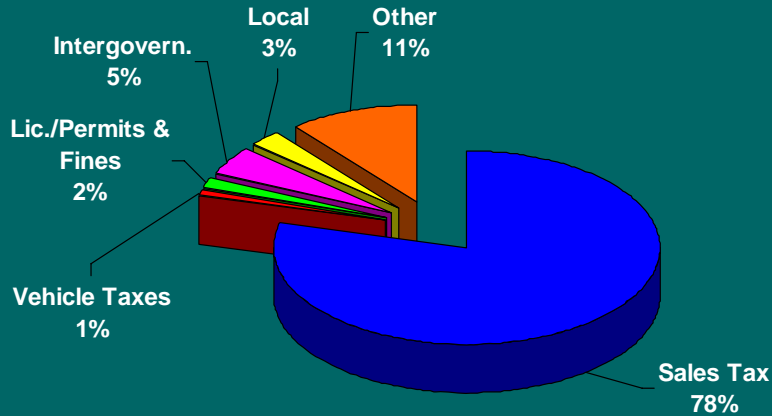
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General Fund Revenue Breakdown For FY 08



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General Fund Operating Expenditures

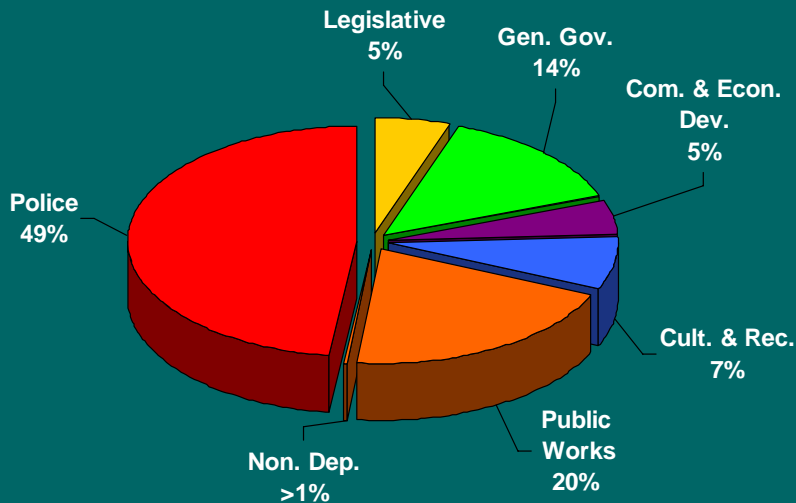
	Fiscal Year 2005 Actual	Fiscal Year 2006 Budget	Fiscal Year 2007 Budget	Fiscal Year 2008 Budget
Council	\$ 365,809	\$ 390,305	\$515,829	\$525,017
General Government	1,249,122	1,363,270	1,414,568	1,475,048
Comm. & Econ. Development	359,712	430,311	454,433	468,040
Culture & Recreation	581,136	739,096	740,436	768,988
Public Safety	3,336,366	4,382,508	4,759,649	4,959,487
Public Works	1,482,764	1,721,714	1,996,641	2,108,872
Non-Departmental	16,591	30,300	30,000	30,000
Total General Fund Expenditures	7,391,500	9,057,504	9,911,556	10,335,452

* FY 05 was the fiscal year the the city contract to provide dispatch services to other agencies.

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General Fund Expenditure Breakdown



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Special Revenue Fund Highlights

The Special Revenue Funds are used to account for the proceeds of specific revenue sources.

The City of Wasilla has five Special Revenue Funds: Library, Youth Court, Asset Forfeiture, Capital Reserve, and Tech. Replacement.

Total operating appropriations for special revenue funds is \$1,281,420 including \$313,000 in transfers to other funds in FY 07 and \$1,029,458 including \$13,000 in transfer in FY 08.

- Total Operating Budget for the Library is \$735,235 (1.85% inc.) in FY 07 and \$769,462 (6.59% inc.) in FY 08. The City will increase funding of library by 4.75% in FY 07 and 11.29% in FY 08.
- Youth Court Budget of \$156,416 is based on receiving \$126,792 (10% increase) in contributions from other governments (81% of total budget).
- Capital Reserve Fund will transfer \$300,000 to the capital funds for infrastructure investment in FY 07.

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Enterprise Funds Highlights

The Enterprise Funds are used to account for operations that are financed and operated in manner similar to private enterprises.

The City of Wasilla has three Enterprise Funds: Utilities, Airport & Multi-Use Sports Complex.

Total appropriations for the Enterprise funds are \$4,442,611 including debt service of \$2,147,116 in FY 07 and \$4,608,306 including debt service of \$2,219,926 in FY 08.

The Utility Fund net revenue will meet the debt covenants set by Loans for FY 07 and FY 08 while not raising utility rates.

Total operating expenditures for the enterprise funds is \$2,260,995 in FY 07 and \$2,353,880 in FY 08.

Debt payment for the utility fund is \$339,500 in FY 07 and \$333,557 in FY 08. Debt service for the MUSCOGO Bond will be 1,807,556 in FY 07 and \$1,886,369 in FY 08

Projected operating transfers to the Airport will be \$76,384 (7.23% reduction) in FY 07 and \$79,376 in FY 08.

The operating transfers to the Multi-Use Sports Complex will be \$141,067 in FY 07 and \$111,967 in FY 08 (7 decrease from FY 06).

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Enterprise Funds Operation Recap For FY 07

	<u>Utility</u>	<u>AIRPORT</u>	<u>MUSC</u>	<u>TOTAL</u>
REVENUES				
Operating Revenue	1,497,609	68,136	719,880	\$ 2,285,625
Non-Operating Revenue	104,191	3,000	46,816	154,007
Transfers	-	76,384	141,067	217,451
Dedicated Sales Tax	-	-	2,354,221	2,354,221
TOTAL REVENUES AND SOURCES	\$ 1,601,800	\$ 147,520	\$ 3,261,984	\$ 5,011,304
EXPENDITURES				
Operating Expenditures	\$ 1,249,028	\$ 147,520	\$ 864,447	\$ 2,260,995
Operating Transfer to Other Funds	28,000	-	6,500	34,500
Debt Service	339,560	-	1,807,556	2,147,116
TOTAL EXPENDITURES AND USES	\$ 1,616,588	\$ 147,520	\$ 2,678,503	\$ 4,442,611
Estimated Increase/Decrease				
To Retained Earnings	\$ (14,788)	\$ -	\$ 583,481	\$ 568,693

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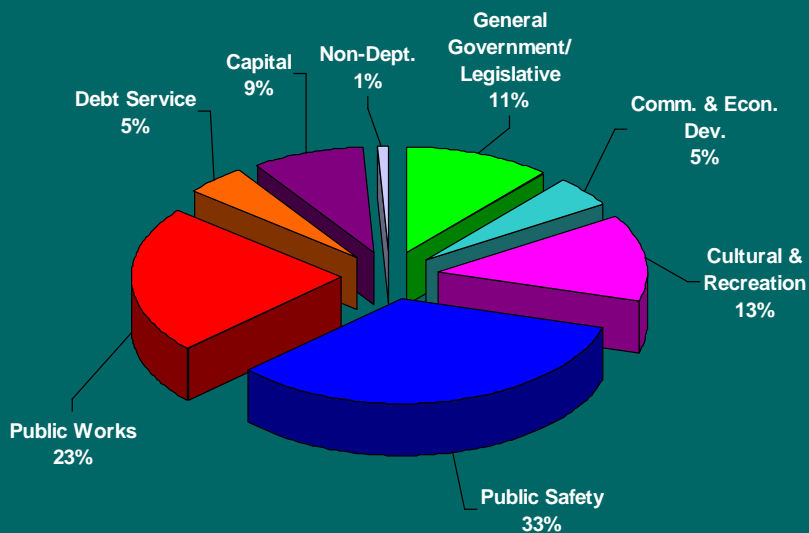
Enterprise Funds Operation Recap. For FY 08

	<u>Utility</u>	<u>AIRPORT</u>	<u>MUSC</u>	<u>TOTAL</u>
REVENUES				
Operating Revenue	1,582,506	72,443	787,500	\$ 2,442,449
Non-Operating Revenue	121,500	3,000	48,000	172,500
Transfers	-	79,376	111,967	191,343
Dedicated Sales Tax	-	-	2,523,614	2,523,614
TOTAL REVENUES AND SOURCES	\$ 1,704,006	\$ 154,819	\$ 3,471,081	\$ 5,329,906
EXPENDITURES				
Operating Expenditures	\$ 1,296,094	\$ 154,819	\$ 902,967	\$ 2,353,880
Operating Transfer to Other Funds	28,000	-	6,500	34,500
Debt Service	333,557	-	1,886,369	2,219,926
TOTAL EXPENDITURES AND USES	\$ 1,657,651	\$ 154,819	\$ 2,795,836	\$ 4,608,306
Estimated Increase/Decrease To Retained Earnings	\$ 46,355	\$ -	\$ 675,245	\$ 721,600

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How General Sales Tax Dollars (\$9,355,513) Are Proposed to be Spent in FY 07



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