



City of Ashland

First Quarter Financials and End of Biennium update

CITY COUNCIL STUDY SESSION

NOVEMBER 4, 2019

Ending Fund Balances

BN 17/19

- The Eighth Quarter Financial Report will be brought to Council after the audit is complete.
- We have concerns with the Insurance Fund and will need to address a possible transfer due to higher premium and claims costs than anticipated. The budgeted ending fund balance was projected too high.
- We have concerns with the Capital Improvement Fund and will need to address the cost of maintenance and repairs to existing structures in BN 19/21 and into the future.
- The General Fund is on track ending with a higher than anticipated ending fund balance due to staffing reductions and vacancies.
- The Street Fund is on track ending with a higher ending fund balance than projected which is based on when projects are completed. This fund will cash fund improvements as the health of the fund allows.

Ending Fund Balances

BN 17/19

- The Water Fund is on track ending with a lower than projected ending fund balance as progress on multiple capital projects exceeded the projected timeline.
- The Wastewater Fund is on track ending with a slightly lower ending fund balance than anticipated which is not detrimental or cause for concern.
- The Equipment Fund is on track ending with a higher ending fund balance than projected due to the Capital Improvement, Water, Wastewater, Central Service and Electric funds paying in advance of their replacement schedules to prepare for future purchases to stabilize the health of the fund.
- The Parks General Fund, Capital Improvement, and Equipment Funds are on tracking as expected as built within the budget.

Ending Fund Balances

BN 17/19



City of Ashland
Summary of Fund Balances
as of June 30, 2019

Fund	Budgeted Ending Fund Balance June 30, 2019	Actual Ending Fund Balance June 30, 2019	Over/(under)
General Fund	\$ 4,119,443	\$ 4,963,180	\$ 843,737
Parks General Fund	611,076	842,877	231,801
Housing Fund	451,668	69,986	(381,682)
Community Block Grant Fund	-	36,617	36,617
Reserve Fund	38,410	38,440	30
Street Fund	3,762,408	4,815,937	1,053,529
Airport Fund	225,306	235,658	10,352
Capital Improvements Fund	1,349,174	860,718	(488,456)
Parks Capital Improvements Fund	1,139,000	1,428,985	289,985
Debt Service Fund	1,424,054	1,035,855	(388,199)
Water Fund	12,575,444	10,495,073	(2,080,371)
Wastewater Fund	9,328,398	8,826,690	(501,708)
Stormwater Fund	1,784,746	1,866,537	81,791
Electric Fund	3,208,518	2,249,387	(959,131)
Telecommunications Fund	1,081,142	1,135,308	54,166
Central Services Fund	751,050	839,733	88,683
Insurance Services Fund	831,976	44,383	(787,593)
Health Benefits Reserve Fund	882,648	932,374	49,726
Equipment Fund	2,424,868	3,328,444	903,576
Parks Equipment Fund	210,094	264,491	54,397
Cemetery Trust Fund	1,009,964	984,915	(25,049)
Total Fund Balances	\$ 47,209,387	\$ 45,295,588	\$ (1,913,799)
	on track	acceptable	concern

1st Quarter Financial Report

BN 19/21

City of Ashland
Summary of Fund Balances
as of September 30, 2019

Fund	Balance September 30, 2019	Balance September 30, 2018	Change From FY 2019
General Fund	\$ 1,645,328	\$ 1,479,877	\$ 165,451
Parks General Fund	633,447	670,815	(37,368)
Housing Fund	93,764	(4,047)	97,811
Community Block Grant Fund	26,159	23,081	3,078
Reserve Fund	38,657	37,727	930
Street Fund	2,998,131	5,028,052	(2,029,921)
Airport Fund	247,996	200,860	47,135
Capital Improvements Fund	935,792	1,119,180	(183,389)
Parks Capital Improvements Fund	1,446,070	887,659	558,411
Debt Service Fund	146,785	147,137	(353)
Water Fund	11,891,741	11,132,080	759,661
Wastewater Fund	9,013,044	7,992,969	1,020,075
Storm Drain Fund	1,840,134	1,795,584	44,551
Electric Fund	2,100,318	2,623,436	(523,118)
Telecommunications Fund	1,249,454	804,667	444,787
Central Services Fund	1,107,844	1,092,281	15,562
Insurance Services Fund	31,980	135,540	(103,559)
Health Benefits Reserve Fund	939,810	211,759	728,051
Equipment Fund	4,095,289	3,711,457	383,831
Parks Equipment Fund	302,919	156,715	146,204
Cemetery Trust Fund	941,143	975,492	(34,349)
	<u>\$ 41,725,803</u>	<u>\$ 40,222,321</u>	<u>\$ 1,503,483</u>
Total Fund Balances	\$ 41,725,803	\$ 40,222,321	\$ 1,503,483
<u>Restricted and Committed Funds</u>			
Restricted	\$ 10,745,231	\$ 10,640,170	\$ 105,060
Committed	14,617,120	12,788,535	1,828,585
Unassigned	16,363,453	16,793,616	(430,163)
	<u>\$ 41,725,803</u>	<u>\$ 40,222,321</u>	<u>\$ 1,503,483</u>
	on track	acceptable	concern

1st Quarter Financial Report

BN 19/21

- The General Fund balance is tracking as expected.
- The Street Fund balance decreased compared to last year as expected with the cash funding of the Hersey Street project.
- The Capital Improvement Fund balance decrease is on track with the expectation that a financial analysis of the fund will occur this biennium.
- The Wastewater Fund balance increase is expected and tracking with the expectation of upcoming Capital Projects that were identified in the Wastewater Facilities Assessment.
- The Insurance Fund balance is concerning and a transfer will take place for a portion of the Lock and Key project allocated to the Capital Improvement Fund.
- The Health Benefits Reserve Fund balance is on track and expected to continue to increase with the change in coverage that will be effective January 1, 2020.

1st Quarter Financial Report

BN 19/21 Revenue Summary

- Food and Beverage and Transient Occupancy Taxes for the first quarter are not due until the end of October therefore this amount is only for those providers that have reported monthly.
- Electric Sales and the Electric Users Tax are lower than last year due to a milder summer and less smoke.
- Ambulance Revenue is artificially high as we have recently changed who provides our billing service and all bad debt has not been accounted for yet by the new provider.
- Building Revenue should increase in the coming year with the permit issuance of the large OSF project.

Adopted Budget Update General Fund

Budget Committee Recommended Actions			
<u>Expenditure Reductions</u>		<u>Revenue Enhancements</u>	
Eliminate 6 FTE (2 Police, 1 Admin, 1 Admin Svcs, 1 Court, 1 Comm Dev)	530,000	Increase Building Fees	95,000
Parks Contribution Held Flat	262,260	Utilize Health Benefits Reserve	100,000
Reduce Fire OT	100,000	AFR Fee Increase	202,698
Ambulance Billing Contract Changes	25,000	GEMT Ambulance Billing Changes	50,000
Total Expenditure Reductions	917,260	Total Revenue Enhancements	447,698

Original General Fund Deficit	2,050,239
Expenditure Reductions	917,260
Revenue Enhancements	447,698
Remaining General Fund Shortfall	685,281

Additional Potential Actions			
<u>Expenditure Reduction Options</u>		<u>Revenue Enhancement Options</u>	
Fire Dept Administration	200,000	Property Tax Increase of \$.045 (To Maximum)	150,000
Administration/Admin Svcs Re-structure	50,000		
Fire Dept Budget Reduction	100,000	Establish 5% AFN Franchise Fee	120,000
Police Dept - Jail Bed Contract Reduction	35,000		
Expenditure Reduction Option Totals	385,000	Revenue Enhancement Option Total	270,000

Remaining General Fund Shortfall	685,281
Additional Expenditure Reductions	385,000
Additional Revenue Enhancements	270,000
	(30,281)
Balance from Ending Fund Balance	30,281

Adopted Budget Update

General Fund

Expenditure Reductions:

- All FTE reductions remain at this time.
- Parks property tax contribution will be held flat.
- Fire Overtime will need to be monitored to achieve the \$100,000 reduction.
- The change in the Ambulance Billing contract is tracking as anticipated resulting in decreased expenditures.
- The Administration/Administrative Services Re-Structure is in place with the City Administrator filling the role as the Finance Director.
- The Fire Department reduction of \$100,000 in Materials and Services will be monitored and may need adjustment based on service levels.
- The Police Department Jail Bed contract and charges associated will be kept to a maximum of \$38,000 which is a \$35,000 decrease from the previous year.

Adopted Budget Update

General Fund

Revenue Enhancements:

- The increase to Building Fees will come before Council for approval November 19.
- A transfer of \$100,000 has taken place from the Health Benefits Reserve Fund.
- The AFR fee increase was effective July 1, 2019.
- The GEMT Ambulance billing changes are tracking as anticipated.
- Property tax revenue will not be received until November and an update on the total revenue received will be included in the second quarter financial report.
- The 5% AFN Franchise Fee will be established and is expected to produce the budgeted amount of \$120,000.