



BUDGET MESSAGE Tentative Budget FY2020

This message may adjust before the May 9th meeting so that I can give updated numbers at that time.

Utah State Code 10-6-111-2(b) requires the budget officer to prepare a budget message on the tentative budget submitted to the governing body which contains an outline of the proposed financial policies of the city for the budget period, and describes the important features of the budgetary plan. It shall also set forth the reasons for salient changes from the previous fiscal period in appropriation and revenue items.

As we end the 2019 fiscal year, the budget plan so far has been to stay ahead maximum allowed Fund Balance. The City has had yearly audit findings that the General Fund balance was over the allowed 25% of budget as required by the State. At the beginning of the 2019 budget year, the unassigned fund balance was \$570,409 in the General Fund. This is where we draw funds to balance the budget as expenditures are projected over expected revenues. Currently that fund balance sits at \$401,604.91, just about where I believe it should sit at the **end** of the budget year. Though we would still get the finding, I consider that amount as prudent, because the overbalance is budgeted, rather than hoarding public money – which is the purpose of the restriction. State Code says that there are three reasons to retain fund balance (1) to provide capital to finance expenditures from the beginning of the budget period until general property taxes, sales taxes, or other applicable revenues are collected; (2) to provide a resource to meet emergency expenditures; and (3) to cover a pending year-end excess of expenditures over revenues from an unavoidable shortfall in revenues. Every year when we put our budget together item (3) is employed because there isn't enough revenue to cover yearly expenses and that fund balance is the vehicle we use to balance the budget.

This year-end process is pretty tricky; over-spending can happen when expenditures are made at the end of the year while the budget is in process from tentative to final. If there is an effort to “spend out” the budget at year-end, the city can experience a shortfall in cash flow if revenues are lower than projected. Last year's budget provided for some important projects, from road maintenance, property acquisition to road realignment and reservoir development. Many of the major expenditures didn't come through, but are still expected in the future. The appropriated amount from the Fund Balance was \$258,450.00, and the current balance is **-\$168,804.60** and shows an amount just over \$100,000.00 that has not been expended from the fund balance as budgeted. (That fund balance would have been \$257,000.) If they are expended this budget will have to be modified to reduce proposed expenditures. So even though we haven't expended all those revenues, they still need to be held available for expenditure in the next year. That \$257,000 Fund Balance proposed in last year's budget would bring it down to the 25% level as allowed by State Code but would give the city nothing to balance a shortfall against. I have suggested in the past that a “spending freeze” should take place every May and June. Even April expenditures can be tricky because the Tentative Budget is being prepared citing current Fund to balance the next budget from. Any project that is set to start should be planned into the budget and then begin earlier in the year – with an eye to revenue and cash flow. Expending cash before it is in the bank even though it is in the budget is like counting your chickens before they hatch. It is well known that Toquerville doesn't have a large budget or a broad revenue base; over-spending leaves us vulnerable. It would be wise for planning to be done in the current year for real projects to complete within the next fiscal year making sure that revenue is actually available. Mid-year projects that come up but weren't in the budget can really mess up the funds and should be saved for the next budget year if at all possible. If large projects are in the planning, they should be either completed in stages, or funds should be “set aside” in Capital Fund 40 or Equity Funds to complete when

revenue has been received. This method takes great control because once projects are designated there tends to be a desire to start to expend funds without an eye to cash flow.

General Fund

As of today (April 26th) the current net revenue in the General Fund is **-\$168,804.09** when balanced against the total expenditures to date.

The majority of property tax revenue has come in for the year and is about the same as was budgeted. We won't set the actual property tax amount until the day that we receive the levy number from the County. That number generally comes in just before the final budget has to be passed. With the 2020 budget, in all revenue lines, I have pressed as far as I feel comfortable to make sure that we are covered in the expenditures. I like to leave room to receive more revenue than the budget reflects.

Revenues:

Tax Revenue 10-31: Generally the city receives unrestricted revenue from three (3) major sources in the General Fund: Property Taxes, State Sales & Use Tax, and Energy & Franchise Sales and Use Tax. Though property tax revenue received is generally higher than budgeted, it is appropriate to only budget the amount as outlined by the County. The actual Property Tax budget number will come from tax levy documents we will receive from the County in June and will be included in the final budget. Sales and Use Tax 10-31-300 has been increased to follow the current trend. Transient Room Tax 10-31-330 also shows a slight increase because of the number of Bed and Breakfast establishments the city has approved. Energy & Franchise Taxes have also been increased to reflect higher than projected revenue in the past two years. All other line items fall in line with the 2019 budget. The bottom line is \$415,500 - \$15,000 more than the FY2019 budget, and close to 2018 actuals. This budget doesn't take into consideration any adjustment that will be made to property tax in the final budget.

License & Permits 10-32: All items in this Fund remain fairly close to 2019 budget. Building permits 10-32-200 continue to be a wild card. And though we could increase this item it is not a stable revenue source. But because building inspection pay comes directly from the building permit monies that are collected, the revenue is set to match with the projected payroll. Development has fueled an increase in encroachment permits in 2019, and there is some expected development in 2020, but since that isn't a stable revenue source, only a slight increase was made in revenue. Bottom line is \$53,000 the same as in the 2019 budget.

Intergovernmental Rev 10-33: B&C funds in 2020 are expected to be the same as in 2019. Liquor funds from the State have increased slightly. The City will continue to apply for grants from Tree City 10-33-590. The application process opens in July with awards given in September and they must be completed by May of the next year. We also have hopes to apply for some grants from recreation during FY20, but without a real knowledge of what may come I left this empty. This Fund is \$88,750 an increase of \$50 from the 2019 budget.

Fees for Services 10-34: Lines in this Fund remain about the same as the 2019 budget. Slight increases show in the Building Permit Review. Trash Collection shows growth. Storm Water Fee rates encouraged an increase in collections there. As population increases this type of revenue increases as more people contribute to monthly fees. This Fund is \$346,500 an increase of \$8,000 from the 2019 budget.

Miscellaneous Revenue 10-36: Miscellaneous revenue is so unpredictable. It is not unnatural to receive some miscellaneous revenue each year but needs to be understated so as not to over-extend expenditures. I have included revenues from Rap Tax that are currently held in Restricted Fund Equity 10-28250 in the Balance Sheet, to be expended in Trails. We also expect to receive \$4,500 from the Mesa Views at Trail Ridge Subdivision 2nd phase for park improvements as part of their development agreement. Again, there

are no grants projected in this budget. This budget line is \$63,700 an increase of \$52,500 from the 2019 budget.

The total projected revenue in the General Fund is \$972,450 which is down \$177,675 from FY2019 revenue of \$1,150,125, which included money from the Viega settlement and grants.

Appropriation of Funds 10-39-900: I have tried to work as many requests as possible into this budget. Total projected expense in the Tentative Budget is \$1,168,025. This is a increase of \$17,900 from the 2019 budget of \$1,150,125. A shortfall of \$195,575 is expected in 2020 revenues. In order to balance the budget, that shortfall can only be drawn from the current Fund Balance. The current General Fund Balance shows \$401,604.91 as of today. The 2019 revenues showing a negative balance of about **-\$168,804.09**. I expect that shortfall to be wider by the end of the FY unless spending stops. As predicted with the 2019 budget, the budget is tight for 2020.

Expenditures Overview:

The City still had an audit finding for being over the maximum allowable Fund Balance in the General Fund in 2018; we'll see what happens when the audit is done for 2019. We include any excess in the Fund Balance in the budget to balance against the expenditures. It is important to carry some buffer into the next budget if possible because our maximum allowable amount is so low. I get really nervous when I see "last minute" spending to clear all the budgeted amounts at the end of the year without an eye at revenue flow. If we were allowed to carry \$400,000 I don't think I'd be as concerned. If all projects for 2019 are carried to their full cost, there will be no Fund Balance to balance against in 2020, or to meet first of year expenses. **Extreme care needs to be given that projects do not go over their projected cost.**

We will continue to lease the work vehicle that the city acquired in FY18, and will continue budgeting most of the cost going to the water budget and each of the other public works departments bearing some expense.

Trails would like to move ahead on several projects. An application for a grant to install a bridge over the creek between Cholla and TRE is being considered as part of a trail system. The bridge will play a secondary role for children in the area to cross the creek to be picked up by bus service at the same location. We believe the area along both sides of the creek belongs to the HOAs in TRE and Cholla. Their children and residents will be the beneficiaries of the bridge and should probably be brought into participation with the project. The bridge shows on our Master Park Plan.

As the Trails and Parks committee has had discussion they have been able to identify other trails to develop. A lot of the trail money will come from impact fees, but there is a Fund Equity Account that has Rap Tax money that can be appropriated toward some of these recreational projects.

The FY19 budget had a lot of road projects on the docket. We were able to chip seal several major roads, do some blading, correct some drainage in the Almond Heights Park Subdivision. \$60,000 was transferred to Capital Funds 40 Fund to assist in land acquisition for the Bypass Road. The Bypass Road did not complete in the fiscal year, and may yet expend within the current year. There were plans to fix the Old Church Road Bridge. There was a proposed development that would have to use the bridge for access, and the repair was put on hold. The proposed development changed plans and the required bridge access was circumvented.

The FY20 budget has some heavy requests, some that just can't be addressed with this year's budget. The Old Church Bridge should probably go back on the list of needed maintenance. There has been a request for a walking bridge in conjunction with the road bridge crossing on Westfield. Requests include \$20,000 for a crack seal on Cholla Drive, curb and drainage on Shangri-La and Rimview for \$40,000, side by side

purchase to be split out between the public works departments, and \$150,000 for a turning lane on the State Highway at Cholla Subdivision. Another \$30,000 should be transferred to Capital Funds 40 to assure that the land acquisition for the Bypass is managed. I am hoping that the budget can provide for everything but the turning lane at Cholla. But as the Fund Balance spends down, some of these projects may need to be on the chopping block.

Ideally, as mentioned in the opening section of this message, current projects should be defined before the beginning of a budget year with a roster showing projects into the next few years. Any year when there is an excess of funds, and as future projects are defined, monies may be set aside in the Capital Projects Fund to build up to cover larger projects. Current year projects need to have defined estimates with good bids and cost projections for all materials to be used in those projects so that the expenditures come very close to the budgeted amount.

Administration 10-45: Employee Wages have been increased to allow for a new employee in the office. Current levels of activity and requirements have added stress in the office for both June and Dana. June also expects to phase down as the new employee learns the position. Benefits and Payroll Taxes have been raised to meet requirements for the new employee. Travel and Training includes the ULCT annual conference, recorder and treasurer annual conferences, payroll law updates for the treasurer, and annual business license training for the recorder. There are always other random training sessions that come up, that are important to participate in. Training is also needed for emergency management and risk manager. Office Supplies and Internet & Phone will need to provide a new computer and phone set up for the new employee. This 2020 Professional Services budget projects a total of \$40,000 to include the possibility of purchasing a GIS program and system (split with water professional expenses), Computer Connection, Caselle, Hinton Burdick, the Spectrum, Steamroller, and Sterling Codifiers. Engineering has increased because of the proposed projects where estimates are needed to proceed. There may be questions about not increasing the Legal line because of the cost for the Bypass, but those expenses will come out of impact fees in Fund 40. Slight increase in Misc Bank Fees covers the cost of going to direct deposit for payroll. The bottom line of \$264,700 for the Administration Fund shows an increase of \$22,500 from the 2019 budget.

Education and Promotion 10-52: Entrance signs have been placed at both ends of the Toquerville Valley to give the City some identification. Lights still need to be provided, and landscaping for the southern tree. Those items are expected to be completed before the FY19 budget year comes to a close, but may have to wait until the 2020 budget. A proposal has been made to build an open-field sporting complex in the Anderson Jct area. Also as the Toquerville Reservoir comes on line the city needs to provide some infrastructure for recreation. The Reservoir is expected to be on line in a couple of years. During the years from 2020-2022, monies should probably be set aside to provide for those needs. There is a new fund set up in the Equity lines for the Reservoir. I believe \$30,000 should be transferred there on a yearly basis. There is also a plan to “market” Toquerville with brochures expected to cost \$10,000. These projects will not be part of this fund in the future, but must carry their own lines. This Department is being funded with \$20,000 and may not be able to purchase all the wants, unless grants or other participation money comes in. This is a decrease of \$27,000 from the FY19 budget.

Public Safety 10-54: We budgeted to receive infrastructure from Pacificorp in the 2019 budget. That hit a snag when they discovered that they had provided us with bad information about our ownership of the existing poles. The budget has been changed to just address the cost of power to Streetlights. The City has appointed one of the public works employees as Public Safety/Emergency Services coordinator. There could be some costs associated with that appointment. This Fund bottom line is \$41,500 a decrease of \$16,500 from the FY19 budget.

Building Inspections 10-59: There is an increase to the Building Inspector Wages and Payroll Tax. With new subdivisions on line, building is expected to continue. This Fund may need to be amended along with the June budget. Bottom line of this Fund is \$47,000 an increase of \$6,500 over the FY19 budget.

Streets Department 10-60: Line items Storm Drain Utility 10-60-210 and Repair and Maintenance 10-60-440 have been used to track B&C Road Funds and Storm Drain revenue. Current balance in the Storm Drain Fund Balance is \$39,511.94; B&C Road Fund is at **-\$86,421.50**. That is calculated after using the Viega Funds that were received in FY2018. Storm Drain Funds of \$40,000 are to be appropriated to Shangri-la and Rimview drainage concerns. \$60,000 of future B&C Road Funds will be expended on the Cholla Drive crack seal and possible repair of the Old Church Bridge. \$30,000 of other General Fund revenue or B&C Road Funds will be transferred to Fund 40 for land acquisition for the Bypass Right of Way. The transfer is shown in Fund 10-70-100. An increase to Vehicles & Fuel takes into consideration Street's portion of purchase of a side by side. Tools and Capital Construction have been reduced. Street Funds are also used to pay the annual Westfield Debt Service of about \$64,000 (line items 10-71-100 and 10-71-101). This debt will be retired during FY2020. That should free up some of the B&C Road Funds in the future. As was projected in the FY19 budget narrative, all B&C Road Funds have been depleted through the FY19 year. Projects other than Storm Drain projects will be taken from regular General Funds and posted against B&C Funds in the future. Bottom line is \$164,500 and shows a decrease of \$57,500 from the FY2019 budget.

Tree City 10-61: The most recent project and awarded grant was to plant 19 trees along particular areas of Toquerville Blvd. and was finished in FY2019. The project provided watering for the trees. There are no applications in the works at this time, but funding for a project has been included if a grant application is completed and approved by Tree City. All expenditures for Tree City projects need to be cost evaluated prior to any application for the grant – including wages, benefits and payroll taxes tied to those wages. No extra monies are included in this budget for any overage – and Tree City will not grant the full \$8,000 match if the budget doesn't reach \$16,000. This Fund has been budgeted minimally at \$19,000 to meet the requirements of a Tree City grant.

Utility Collections 10-62: Garbage Collection has been raised to meet growth projections. This Fund bottom line is \$250,000 and shows an increase of \$3,000 from the FY19 Budget.

Trails 10-63: This Fund was set up for administration of trails. This budget has been funded minimally for wages and benefits, but \$50,000 from RAP Tax Equity has been entered as support funding to the applied-for grant for the TRE Bridge. As Impact Fees accrue, and as Master Planning and Capital Facilities Plans are completed, this department will need to be better funded for maintenance costs as trails are installed. Bottom line is \$52,100 an increase from 2019 of \$45,200.

Parks 10-64: Maintenance Supplies have been increased slightly to reflect actuals. Park Lighting is more expensive even with the LED installations because Pacificcorp is now charging us for their pole ownership. That budget line has been raised. The Vehicle/Fuel line is also increased slightly to pay Park's portion of the side by side to be purchased. Tree Maintenance is a new line. Because there are costs associated with a Tree City Grant not part of a grant project, and other tree maintenance, we created this line to manage those other costs. It was not funded last year, but has been given \$8,000 to fall in line with expenditures. Tools line has been reduced in line with current costs. Capital Improvements have been reduced because most capital projects involve impact fees. The TRE Expense line shows expenditure of \$4,500 that will come with the recording of the second phase of the Mesa View Subdivision - 18 lots @ \$250 each per development agreement. The Fund shows a decrease of \$11,500 from budget FY2019 with new bottom line of \$64,175.

Cemetery 10-65: Maintenance and supplies have been increased. Expected hydro-seeding and other special care to improve the ground are included. Increase in Vehicles and Fuel are for cemetery's portion of the purchased side by side. Capital Outlay of \$10,000 reflects mapping costs. The bottom line of \$43,400 shows a decrease of \$3,800 from the 2019 budget.

Town Hall 10-66: The historic town hall roof is starting to show some collapse. Embellishments and other cosmetic effects of the building are also in need of care and maintenance. An estimate of the repairs projected a cost of \$30,000. This needs to be done to maintain the building's integrity. If the roof is lost, the building will not stand. The floor, sub-floor and the foundation are also failing and in need of refurbishment. Expectation is that the floor will last another year, but must be included in the 2021 budget. This Fund shows an increase of \$31,000 from the 2019 budget with a bottom line of \$44,950.

Culture and Recreation 10-67 Increases here include setting aside \$30,000 for the reservoir as explained earlier. The royalty will have \$1,000 to do calendars. This Fund shows an increase of \$29,000 from the 2019 budget.

Transfers to Other Funds: 10-70: A transfer of \$30,000 to Fund 40 will be done in order to help meet the cost of property acquisition for the Bypass Road. These funds come from B&C road funds and will be mixed with impact fees in Fund 40 to cover the entire cost expected for the Bypass Road in 2020. The total transfer will be \$30,000.

Debt Service 10-71: There are two payments in this debt. Each year, as the debt is paid down, the principal adjusts as necessary with incremental increases, and the interest decreases. The 2010 Westfield Road project principal payment is \$57,000 and the Town Hall is \$19,000 for a total of \$76,000. I pad this in case there is a difference that I miss. Interest on the Westfield project is over \$6,000 with Town Hall interest just under \$6,000. Total budget amount is \$91,000 for FY20. Payment for these debt services comes at the first of the Fiscal Year and the Westfield project draws on the revenue received from B&C Road and Storm Drain funds which currently sit with a total balance at about **-\$46,000**. This budget shows an increase of \$5,000 over FY2019. This is the last year of debt with the Westfield project.

This budget is not in a comfortable safe level. Depending on year-end revenues and/or expenditures increase we could be left without Fund Balance to appropriate as projected here. **Spending freeze is in effect for the General Fund.** Again, the budget is projected to be spent to the allowable 25%. I truly believe it is wise to retain a little too much money and not worry about the finding – otherwise, the cushion is gone.

Total Projected Revenue and Expenditures:

FY20 Projected Revenue is \$972,450 with Expenditures at \$1,168,025 – a shortfall of \$195,575 – leaving a balance of only \$206,030 in the Fund Balance as it currently sits. (Not the \$250,000 maximum as allowed by the State.) These numbers all depend on the Fund Balance at the end of FY2019 needed to balance for the next year. Currently that Fund Balance is about **-\$168,804.09 below** the 2019 adjusted starting balance of \$570,409.00. Should that projected balance fall any more before the end of the year, there will be no available money in the Fund Balance to cover this 2020 shortfall. This part of the budgeting process can be so confusing, but that Fund Balance needs to stay level in order to have the cushion in the next year. **We have met a lot of needs in this FY2020 budget, but if all the FY2019 projected expenses are made, the expenditures portion of the budget will have to be reworked to reduce the shortfall projections.**

Capital Projects Fund

Revenues:

Impact Fees 40-34: Impact Fees are restricted funds and cannot be used for maintenance projects. Projects where these funds may be expended come from the Capital Facilities Plan. Current money in the Streets Impact Fee Account is over \$110,000. Park Impact Fee balances are about \$49,000 after expenditures for drainage and park improvements at Center Street and Almond Heights Park; Trails are at about \$132,000. We currently have eight building permits on the table that will boost those numbers by the end of FY2019. Expected new revenue for FY20 should follow trend at about \$40,000 in each fund. There is no reason to expect growth to stop, but neither should we over-estimate these funds.

Miscellaneous Revenue: Our PTIF accounts are adding a lot more interest and as balances grow, that interest will continue. Road Funds of \$60,000 transferred here from the General Fund in 2019 and \$30,000 expected to move in 2020 will pay a portion of the land acquisition for the Bypass Road - are part of this miscellaneous fund.

Appropriation of Funds: Expected capital project expenditures include \$20,000 for a revision of the Capital Facilities Plan to include better designation of trails and streets; \$130,000 for Litigation and land acquisition costs for the Bypass Road; and \$50,000 for Almond Heights Park Improvements. Park funds have been expended down in the past 2 years, and should probably wait for another year to do larger projects but all of the current Fund Balance in Parks has been listed for AHP park improvements. The Capital Facilities Plan rewrite should include any proposed eligible improvements in streets, parks, trails, (and water). Total projected revenue from all sources is \$336,000 - an increase of \$1,500 from the 2019 budget.

Expenditures:

Capital Projects 40-40:

Parks 40-40-700:

Projects for FY2020 include a walkway at Center Street Park, improvements at Almond Heights Park and a portion of the Capital Facilities Plan rewrite.

Total planned expenditure of \$50,000.

Streets 40-40-720: As the Capital Facilities Plan is rewritten, the Streets Impact Fees will pay their portion, but focus has been on installation of the Bypass Road. There is the need for land acquisition and the city may have to take legal action. Expected cost has been projected at \$100,000 for those legal fees. The projected cost of the land is set at \$42,000. There was also some discussion of receiving private donation to help purchase the land. That being said the City needs to be able to pay those costs upfront with any granting/donations applied back into the impact fees should it be forthcoming. \$60,000 was appropriated to the Capital Fund as a transfer from the General Fund in FY19. Another \$30,000 is projected to transfer from the General Fund to Fund 40 again in FY20.

Total projected expenditure is \$160,000.

Trails 40-40-730: The WCWCD has been expecting to start work on the reservoir at Anderson Junction for a few years now. That completion date has been moved out to 2022. The City would like to start working on trails projects, some that connect to that area, and others within the City parameters. \$55,000 was set aside to develop a Trails Master Plan in FY19. That was not done as such, but a list was created by the Parks and Trails Committee of trails to be discussed in the Capital Facilities Plan. As that Capital Plan is completed, the Trails Committee can start to work on those trails. The Trails Fees will also bear a portion of the cost for the Capital Facilities Plan.

Total projected expenditure is \$50,000.

Total budgeted Fund Expenditure is \$275,000 an expected draw from 40-40 Fund Balance of \$61,000.

Enterprise Fund

The Water budget works differently than the General Fund budget. Technical things are left to Candus. Many of the budget items are couched in the financial statements. Money doesn't always go through the cash receipting program, but is sometimes only done by bank transfers and is expensed out as asset or liability payments rather than expenditures – again tracked by bank reconciliation and journal entry. Some expenses are adjusted through year-end audit entries and so can affect cash flow at the time of that journal entry. In this type of accounting, year-end entries can actually show a loss where there appeared to be a cash balance or vice versa. Current PTIF bank account holding for Impact Fees in the Water Fund is over \$139,000.

Revenues:

Charges for Services 51-34: Utility payments are the major source of funding for the water company. With growth in the City, billing currently generates around \$28,500 per month - \$342,000/year. I have adjusted the projected revenue to \$338,000 – which is right in line with 2019 actuals. Depreciation funds are held in the depreciation PTIF account. Current holding is \$777,359. The City also receives payment at \$.44/1,000 gallons from the Water Conservancy District for water rights that the City isn't currently using. The payment received in 2019 was just over \$18,000. Service connection fees are tied to building permits and have updated to meet current receipts. Impact fee projections are increased as well. Bottom line is projected at \$415,000 up \$25,000 from FY2019.

Interest Income 51-36: The 51-36-100 account is for interest paid on impact fees and is projected in line with 2019 actuals; 51-36-110 is for interest on the depreciation account. We currently are receiving more than \$1,000 each month on that account. Both of these accounts are in PTIF. The bottom line for this budget item is \$15,000, an increase of \$8,000 of the 2019 budget.

Source 30: Transfer from Other Funds 51-39-900: We applied for a Department of Reclamation Grant to replace water meters in the city. The current meters are failing faster than was projected with poor support from the company. New technology allows customers to actually go into the app and see their own water use. The grant would have paid \$75,000 toward any purchase under \$200,000. In order to match the grant amount, direction was to use set-aside depreciation funds. The grant was not accepted and so the city will not be funded outside of the depreciation funds. There has also been discussion about the need to raise water rates. Alpha Engineering has given us an estimate of \$10,000 to do that study. Again, this will need to be an expenditure out of depreciation funds. In order to preserve the life of the Spring Drive water tank, Alpha suggested burying the tank to put off replacement for a few more years. They proposed \$40,000 to do this. This budget shows a transfer of \$250,000 for the meter upgrade, tank maintenance, and for the water study. This draw out of depreciation will leave a balance of \$527,359 in that account.

Total projected revenue from all sources is \$680,000 an increase of \$283,000 from the 2019 budget.

Expenditures:

Water Department 51-40: All employees draw some of their wages from water. That line item has been increased \$10,000. As stated in General Fund Administration, work in the office has become such that the stress level is pretty high for both June and Dana. June also expects to phase down as the new employee learns the position. Benefits and taxes have been increased to meet taking on that new employee. A slight increase has been given to Water Administration. Contract Services includes the water department share for the purchase of GIS. Water Vehicles and Fuel includes the water department share for purchase of a new sided by side. Other Water is for items that don't fit anywhere else and usually is funded \$20,000±. This item is where the meter exchange, the Spring Drive water tank bury, and the water study expenditures will take place... \$270,000 has been included there. Other line items haven't changed from FY2019.

Expenditures project spending at \$637,000 not including depreciation. There is still one more installment expected to go into the depreciation account for 2019. However, because the Water account is currently in the red - \$104,918.02 that payment may not be made. Also because we will be pulling from depreciation to do the projects as stated above, transfers in or out may only be made as needed - not on a regular basis as in the past. We still need to track them, so they are included as such in the budget. The FY2020 budget including depreciation is expected to be \$787,000 an increase of \$240,000 over FY2019. If transfers are made to the depreciation PTIF account, the expected fund balance will be down by -\$107,000. Without making those transfers in, the fund balance should be at about \$43,000. Current fund balance will change as revenue comes in with bill payments each month. Also as stated before, year-end journal entries and the audit will also change those numbers.

Budget Statement

As long as there are no expenditures between now and the year-end, the only thing I see that will change between now and the final budget will be emergency, last minute spending, or surprise revenue. I believe the budget has been followed in most circumstances and has been a good guide for actual situations.

Amendments in the FY2019 Budget:

There may not be any amendments to last year's budget - possibly in the Building Inspections 10-59. There will be a budget message addressing any amendment at the time of the budget public hearing in June.