Edwards,Michelle

From: Bennett,Duke A
Sent: Friday, August 04, 2017 2:17 PM
To: Auler,Amy; Azar, George; Crossen,Martha; DeBaun,Curtis; Elliott,Earl; Garrison,Neil; Morris,Don; Nasser,Karrum; Nation,Todd
Cc: Felling,Darrell; Meeks,Molly; Edwards,Michelle
Subject: 2017 Budget

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CITY CLERK

All,

I wanted to provide you with some information regarding the DLGF approved budget for 2017. Here are the keys points:

1. The DLGF changed the budget forms for calculating appropriations for FY 2017. The change was to include the circuit breaker (estimated) on the form as an expense against the levy. The result was that the circuit breaker ($8.9 mil of additional expenses) forced the appropriation totals to be out of balance - even though the city submitted a balanced budget.

2. It is important to note that the city still has a balanced GF budget for 2017. Our revenues will exceed expenses and we will continue to reduce the deficit.

3. The end result is that the appropriations were cut for FY 2017 by approximately the total amount of the GF circuit breaker. This means the calculation forced the approved appropriations to correct the negative cash balance in the GF in one year. That is simply not possible to make all that up in less than 12 months.

4. The fact is that basically the same GF budget that was approved in 2016 was reduced by the DLGF in 2017 by $7.8 million dollars. It is our understanding that the DLGF is possibly considering changing the final 2018 budget forms and may include the circuit breaker in the revenue calculations for the levy versus being treated strictly as an expense. This may just be a one year issue.

5. Some the ways to help address this before the end of the year include: Having the City Council officially reduce the 2017 GF budget (as we have done in the past), reallocate some specific department GF expenses to other related operating funds (CCD, EDIT, EMS, etc.) with excess cash balances, and potentially make some transfers from other funds to help close the gap. Any (or all) of these actions will help us both reduce our current GF deficit and also close the gap with the 2017 DLGF approved budget.

6. HJ Umbaugh is currently completing a comprehensive financial plan which will specifically address this along with other pertinent information. They will be presenting the updated plan at the September 14th City Council meeting.

7. We will also be meeting very soon with the DLGF to further discuss the 2017 appropriations and strategize on the 2018 budget and also with the SBOA regarding our overall financial plan to eliminate all remaining fund deficits.

Mayor Duke A Bennett