



CITY OF BLAINE

Finance Department

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To: City Council
Michael Jones, City Manager

From: Jeffrey Lazenby, Finance Director

Date: November 25, 2019

Subject: Preliminary 2020 General Fund Budget Changes

This memo explains the preliminary 2020 General Fund budget line-item changes from the last version of October 28. It also provides an estimated breakdown of program costs for which the Business and Occupation tax would offset.

Reductions

The following are the line-item reductions:

- Salaries: (\$58,670)
- Benefits: (\$26,111)
- Supplies (\$700)
- Communications: (\$400)
- Travel & Training: (\$900)
- Advertising: (\$1,500)
- Miscellaneous: (\$500)
- Capital Outlays: (\$75,000)

Increases

The following are increases from the October 28 version:

- Intergovernmental: \$10,000
 - Increased due to the anticipated increase in jail costs.
- Professional Services: \$1,500
 - Increased due to notice that audit costs are increasing in 2020.
- Transfers: \$25,000
 - For LEOFF 1 expenses, reflecting anticipated increases in medical and potential long-term care costs for the City's LEOFF 1 retirees.

Net Change

Net change in expenditures is a decrease of \$127,281.

Total Reductions	(\$163,781)
Total Increases	<u>\$36,500</u>
Net Change	(\$127,281)

B&O Tax Analysis

As was presented when the Business and Occupation Tax ordinance was adopted, the tax will fund economic development, police staffing, police vehicle replacement program, What-Comm 911 dispatch services, and parks and facilities maintenance.

The 2020 budget includes funding for these programmatic costs. The estimated incremental cost breakdown is as follows:

B&O Tax Funding	
Police Officer hired in 2019	115,000
Police Vehicle Replacement Program	75,000
911 What-Comm Dispatch	78,000
Parks & Building Maintenance	40,000
Economic Development	60,000
Total	368,000

Staff recommends that this estimate be included on the revenue side to offset these programmatic increases. Including the estimate will more accurately represent expectations for the upcoming budget year. It will also further reduce the General Fund variance between total revenue and total expenditures.

Balanced Budget

The budget as presented is balanced, and the estimated ending fund balance exceeds the target. See table on following page.

	2020 Preliminary Budget
Beginning Fund Balance	1,200,000
Taxes	4,680,000
Licenses and Permits	416,200
Intergovernmental Revenues	200,466
Charges for Goods and Services	1,571,164
Fines and Penalties	144,050
Miscellaneous Revenues	253,620
Total Operating Revenue	7,265,500
Other Increases in Fund Resources	-
Other Financing Sources	32,500
Total Revenue	7,298,000
Salaries	3,339,022
Benefits	1,491,059
Supplies	335,044
Professional Services	1,006,174
Intergovernmental	215,320
Communications	139,770
Travel & Training	128,185
Advertising	17,300
Leases & Rentals	74,156
Insurance	137,000
Utilities	119,400
Repairs & Maintenance	101,150
Miscellaneous	50,560
Total Operating Expenditures	7,154,140
Agency Type Remittances	50,000
Debt Service-Principal	23,649
Debt Service-Interest and Issuance Costs	1,833
Capital Outlays	75,000
Transfers Out	83,085
Total Expenditures	7,387,707
Ending Fund Balance	1,110,293
Target Balance	\$ 615,642
Difference Between Ending and Target	494,651
Variance Between Revenue & Expenditures	(89,707)