



# City of Lake Forest Park



Budget Open House Presentation  
Updated October 2018



# Presentation Objectives

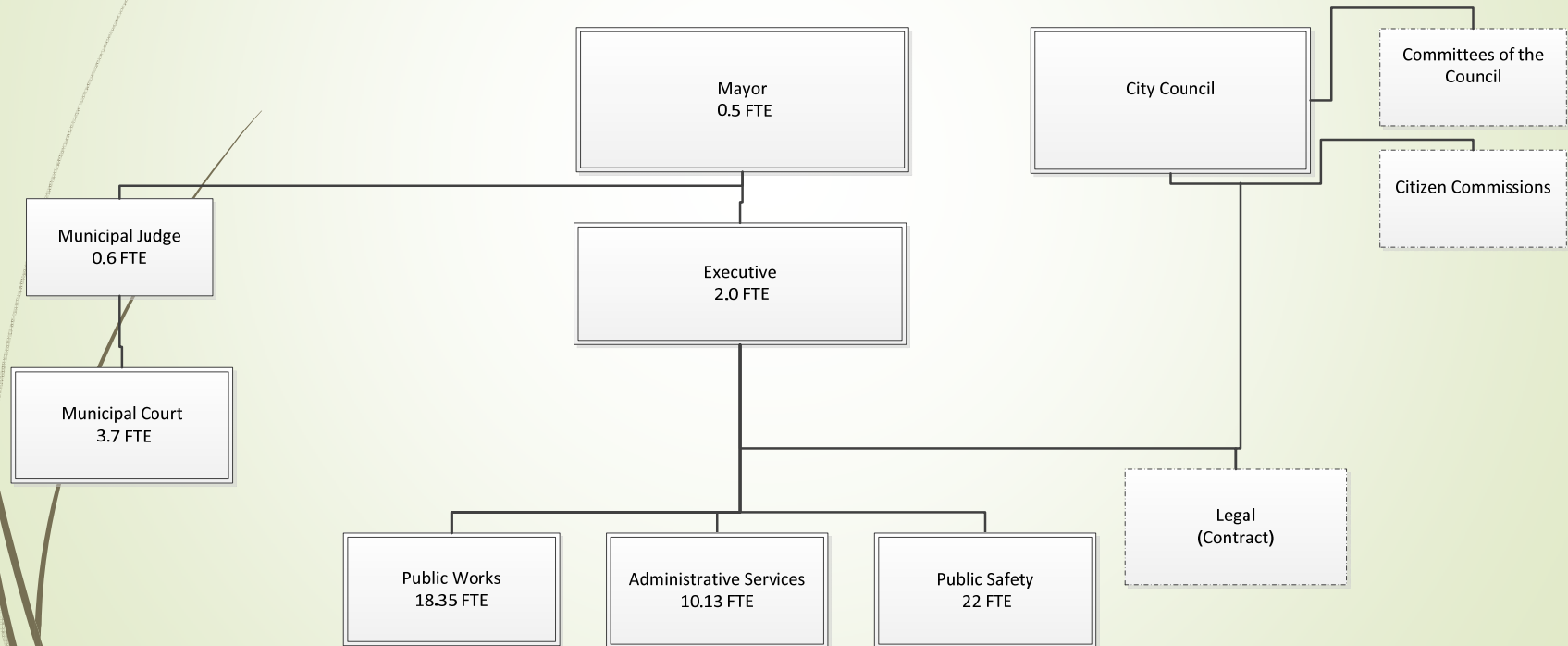
1. Inform attendees about the budget and how it relates to service delivery
2. Present high level financial information about the budget
3. Address why balancing the budget is so difficult
4. Present the budget process and next steps



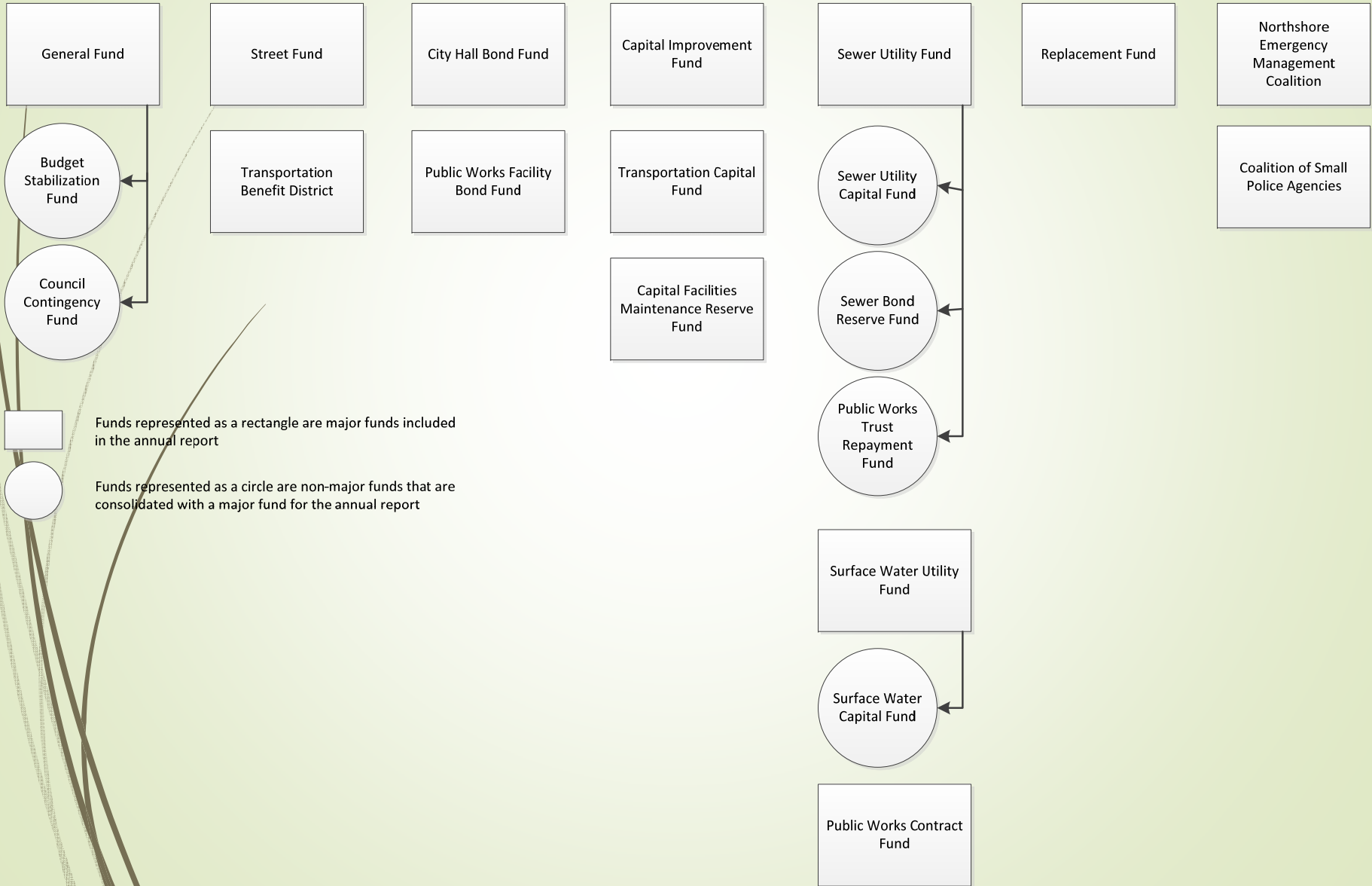
# City Budget Overview

- ▶ Mayor - Council Form of Government
- ▶ Biennial Budget Covers the Calendar Years of 2019 & 2020
- ▶ Budget at Fund Level
- ▶ We Balance the Budget for Each Fund

# Department Org. Chart



# Fund Structure






# State Law and Fund Accounting

- ▶ Fund accounting required
- ▶ Restricts certain revenues and funds to the purpose prescribed by law or adopted policy.
- ▶ General Fund is the exception
  - May be used for any lawful purpose of government.



# THE GENERAL FUND- 001

- Primary Operating Fund
- Departments:
  - Legislative
  - Executive
  - Municipal Services
  - Police
  - Finance
  - Municipal Court
  - Planning and Building
  - Parks Maintenance
  - Facilities Maintenance



# SPECIAL REVENUE FUNDS– 100 Series

- Street Fund (101)
- Council Contingency Fund (102)
  - Maximum fund balance set by state law.
- Transportation Benefit District (104)
- Budget Stabilization Fund (105)





# DEBT SERVICE FUNDS

## 200 Series

Reserved for Debt Service

*These debt obligations were paid off during the 2017-2018 biennium*

- ~~➤ Long Term General Obligation Bond Fund (201) "City Hall Bond Fund"~~
- ~~➤ Public Works Facility Bond Fund (202)~~



# CAPITAL PROJECT FUNDS– 300 Series

Restricted, committed or assigned for the acquisition or construction of capital facilities or other capital assets


- Capital Improvement Fund (301)
- Transportation Capital Fund (302)



# PROPRIETARY (Enterprise) FUNDS-400 Series

Provide goods and services to public or other governments, supported by user charges

- ▶ Sewer Utility Fund (401)
  - Sewer Capital Fund (402)
  - Sewer Bond Reserve Fund (406)
  - Public Works Trust Repayment Fund (407)
  
- ▶ Surface Water Utility Fund (403)
  - Surface Water Capital Fund (404)
  
- ▶ Public Works Contract Fund (450)



# INTERNAL SERVICE FUNDS- 500 Series

Provide goods or services to other departments or funds of the City on a cost-reimbursement basis



## The Vehicle and Equipment Replacement Fund (501)

Purchase, maintain and replace:

1. Public Works and Police vehicles and capital equipment
2. Information Technology equipment for all City activities




## FIDUCIARY (Agency) FUNDS- 600 Series

Account for funds the City holds in an agency capacity  
(not funds of the City)

Responsibility for management of the funds

- ▶ Coalition of Small Police Agencies (632)
- ▶ Northshore Emergency Management Coalition (635)



# Ending Fund Balance Targets (Operating Reserves)

- ▶ City Financial Policies set minimum ending/beginning fund balances for operating funds
  - ▶ Serves as a reserve to ensure that funds are available to provide services

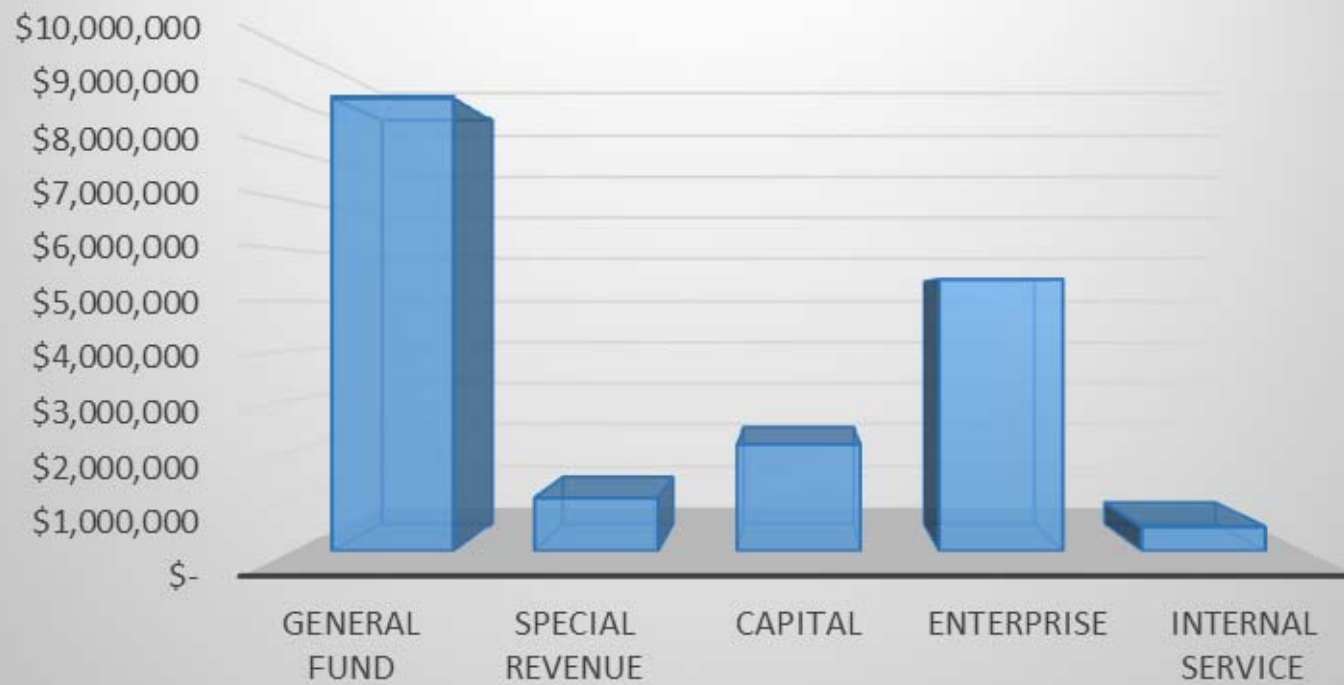
<u>Fund</u>	<u>Target %</u>	<u>2017 Target</u>	<u>2017 Actual</u>	<u>Over/(Under)</u>
General	16%	1,448,640	3,098,348	1,649,708
Street	16%	100,794	860,379	759,585
Transportation Capital	8%	34,880	653,424	618,544
Sewer Utility	16%	502,793	751,065	248,272
Surface Water Utility	16%	190,210	938,543	748,333

# Non-Operating Reserves

- ▶ Set aside and can only be expended by Council legislative action.
- ▶ Currently ~\$1million

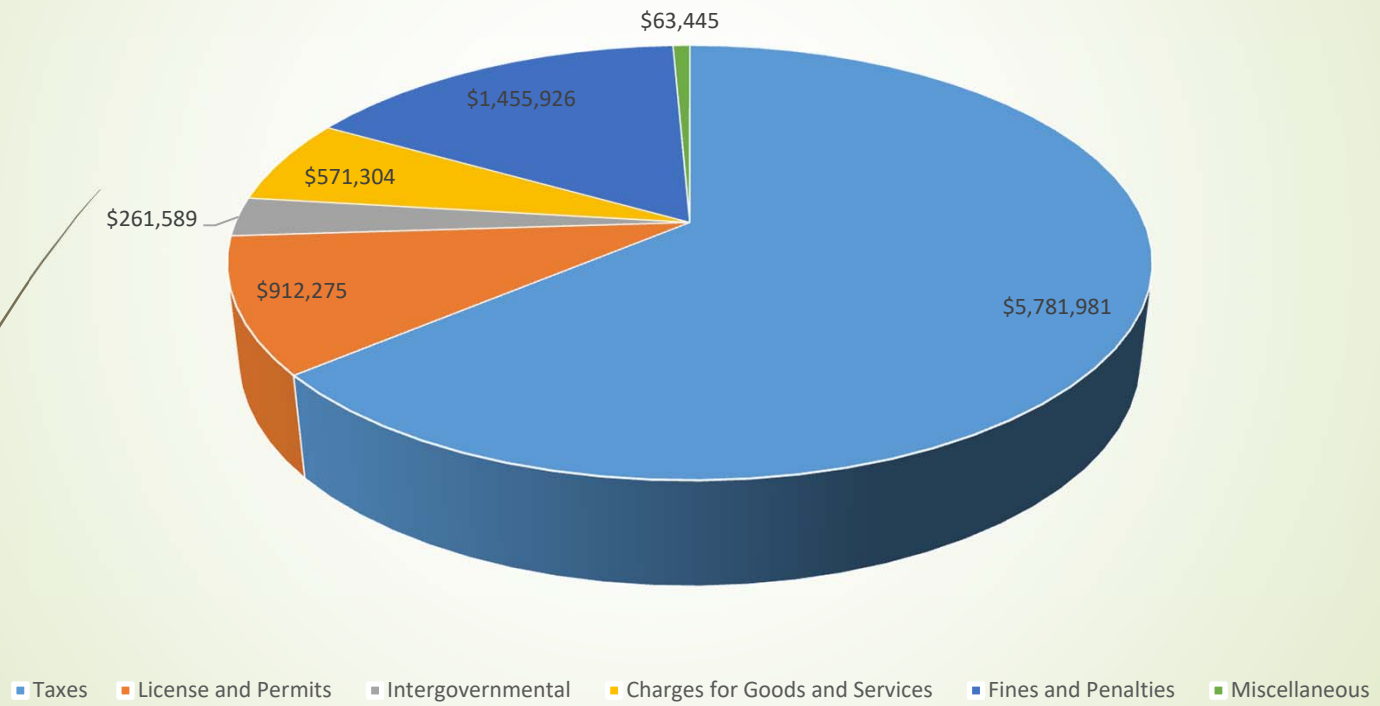
<b>Council Contingency Fund</b>	<b>\$690,000</b>
Budget Stabilization Fund	\$300,000

## 2017 Revenue by Fund Type

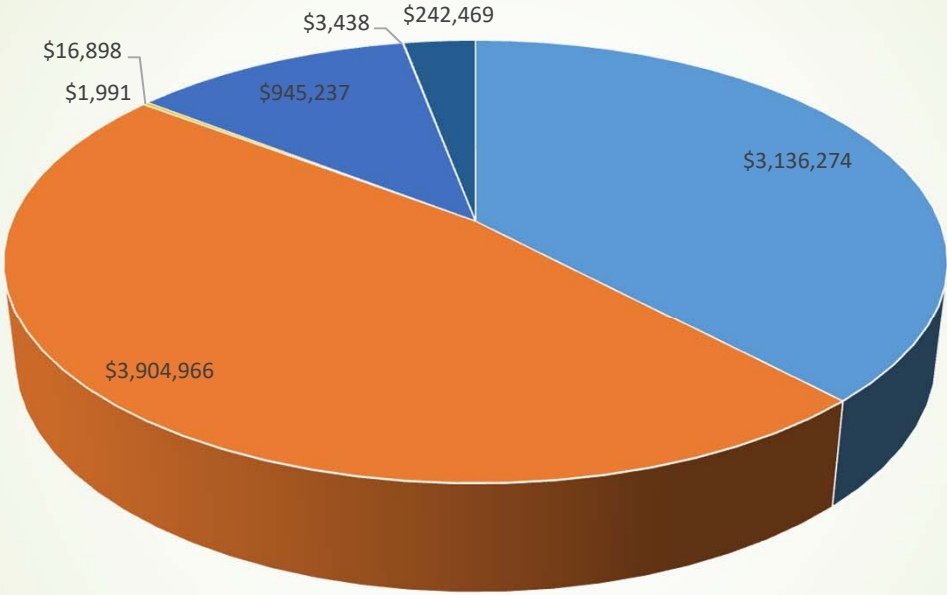




2017 General Fund Revenues by Type



### 2017 General Fund Expenditures by Type




■ General Government ■ Public Safety ■ Utilities ■ Transportation ■ Natural and Economic Environment ■ Social Services ■ Culture and Recreation



# The Budget Challenge

To make sure that we have the revenue required to provide the services that are legally required and/or desired by residents





# Why is Balancing So Difficult?

- ▶ City was founded as a residential community with very little commercial and/or retail
- ▶ The State sales tax equalization program ended
- ▶ Property tax increase limits are often below inflation



# The Structural Deficit

General Fund revenue growth is limited and is most often lower than the rate of inflation.

General Fund expenses track with the rate of inflation over time.

The result is a gap between revenue and expenses that widens every year.

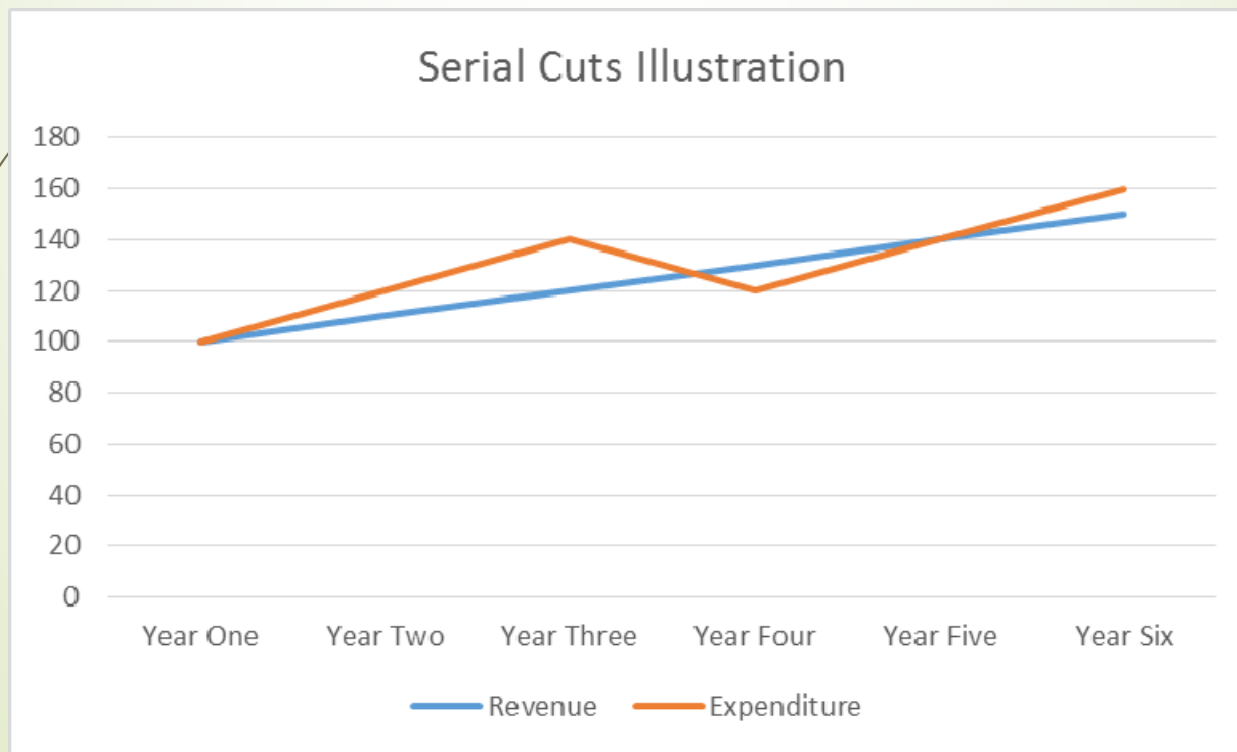
# General Fund Structural Deficit

Structural Deficit Illustration



# Why is the Structural Deficit Still Relevant?

- Structural Problem that doesn't have an easy fix for this community





# What has the City Done to Address the Structural Deficit?




## Increased Revenue

- Passports
- Traffic Safety Cameras
- Transportation Benefit District






# What has the City Done to Address the Structural Deficit?



## Expenditures

- Cut and/or did not fund positions in the Executive, Finance/IT, Police, Planning and Building, and Facilities
- Cut discretionary spending in nearly every department
- Made changes to employee contribution to benefits



# Outlook for 2017 and Beyond

- ▶ Development and remodel activity expected to continue through 19-20 biennium
- ▶ New sales tax State law and case law expected to increase sales tax collections for the 19-20 biennium
- ▶ Relatively low inflation is projected to continue through 19-20 biennium
- ▶ Continue to economize and try to find places to save money