

COUNCIL DECISION REQUEST

SUBJECT: 2008/2009 Spending Plan

MEETING DATE: November 20, 2008

PAYSON GOAL: NEW: EXISTING:

ITEM NO.:

TENTATIVE SCHEDULE:

SUBMITTED BY: Debra A Galbraith

AMOUNT BUDGETED: \$0.00

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER

EXPENDITURE REQUIRED: \$0.00

CONT. FUNDING REQUIRED: \$0.00


EXHIBITS (If Applicable, To Be Attached):

POSSIBLE MOTION

- 1) I move to approve the 2008/2009 Spending Plan 3B - layoffs;
OR
- 2) I move to approve the 2008/2009 Spending Plan 3C - loan

SUMMARY OF THE BASIS FOR POSSIBLE MOTION:

Neither motion changes the budget submitted to the State and adopted by the Town Council.

The 2008/2009 budget was created using very conservative revenue estimates and large decreases in projected expenditures from the 2007/2008 budget. However, the recent dramatic decline in the national and regional economy has caused the projected revenue receipts to be far less than planned. Departments have voluntarily cut expenditures further as a result. However, the revenues continue to decline causing the final year end projections to decline as well. This puts the Town into a situation where there are more expenditures than revenues. Both spending plans cut departmental expenditures even further. Unfortunately, there are not enough operating expenditures to cut to resolve the deficit. All capital has all ready been reduced from the budget. We, like other municipalities and private businesses, are left with reducing personnel costs.

Plan 3B will layoff 6 employees, affecting 4 departments. Plan 3C borrows money, allowing the layoffs not to happen. The loan will require a future debt as the Town begins to pay off it off.

PROS: Both plans will allow the Town to maintain a balanced budget allowing us to start the next budget year, which may be as precarious as this budget year, in positive position.

CONS: 3B puts valued employees of work; 3C causes more debt and does not guarantee that layoffs would not still happen based on the economy.

PUBLIC INPUT (if any):

BOARD/COMMITTEE/COMMISSION ACTIONS/RECOMMENDATIONS (if any) (give dates and attach minutes):

FUNDING:

Account Number:

Title: H.2 Amount: \$
** Added 11-19-08 NOV 20 2008 8:38 a.m.

COUNCIL DECISION REQUEST

Account Number:

Title:

Amount: \$

Total Cost: \$

CFO: _____ Date: _____

2008/2009 Spending Plan - Phase 3b

Analysis:

	General Fund	HURF	Other Special Revenue Funds	Capital Project Funds	Debt Service Funds	Water Fund	Other Enterprise Fund	Totals
Beginning Balance	348,600	45,500	1,908,900	1,409,100	1,642,900	4,785,500	4,909,600	15,050,100
Est. Revenues*	13,115,300	2,015,000	3,508,350	1,029,600	943,700	4,491,600	125,000	25,228,550
Est. Expenditures**	(13,097,507)	(2,051,100)	(3,848,800)	(1,849,450)	(1,131,700)	(5,984,400)	(1,685,000)	(29,647,957)
Est. Ending Balance	366,393	9,400	1,568,450	589,250	1,454,900	3,292,700	3,349,600	10,630,693

Adopted budget vs. Estimated budget

Revenue increase (decrease)	(1,613,400)	(587,000)	(583,550)	(3,540,200)	(89,400)	(624,900)	(87,000)	(7,125,450)
Expenditure increase (decrease)	(1,918,829)	(781,400)	(990,800)	(2,448,135)	(43,700)	(113,000)	-	(6,295,864)
Ending Fund Balance increase (decrease)	(161,671)	9,400	160,850	199,435	66,700	(797,075)	2,472,600	1,950,239

* Includes inter-fund transfers IN and replacement of Enterprise fund depreciation expense

** Includes inter-fund transfers OUT

Notes:

- 1 \$ 75,000 Reduction in expenditures if payment to the State is not required
- 2 131,000 Possible 1% increase in estimated revenues
- \$ 572,393 Possible ending fund balance in the General Fund
- 3 \$100,000 in the General Fund ending fund balance will be transferred to the Rainy Day Fund.

2008/2009 Spending Plan - Phase 3b

General Actions:

Reductions:

1 Release part-time employees except in Police, Fire and Legal	
2 Reduce funding to PREDC as of January 2009	\$ (26,500)
3 Corrected wrong budget for non-profits	(2,880)
4 Reduce Travel and Registrations budgets	(109,000)
5 Reduce personnel costs (part-time, full time, hiring freeze, etc)	(596,421)
6 Reduce capital expenditures	(3,346,150)
7 Reduce supply expenditures	(274,032)
8 Reduce service expenditures	(163,523)
9 Corrected wrong budget for debt service	(68,000)
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	\$(4,586,506)

Additions:

1 Possible DPS Crime Lab fees - estimate	\$ 50,000
2 Possible return of funding to the State	75,000
3 Cost of November election - estimate	40,000
4 Added possible retirement payouts	40,000
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	\$ 205,000

Note:

The HURF funds were reduced by the State by \$177,000. This happened AFTER our budget was adopted. Therefore, the HURF fund expenditures have been reduced to cover that reduction and revenues lower than expected beyond the State reduction.

2008/2009 Spending Plan - Phase 3c

Analysis:

	General Fund	HURF	Other Special Revenue Funds	Capital Project Funds	Debt Service Funds	Water Fund	Other Enterprise Fund	Totals
Beginning Balance	348,600	45,500	1,908,900	1,409,100	1,642,900	4,785,500	4,909,600	15,050,100
Est. Revenues*	13,415,300	2,015,000	3,508,350	1,029,600	943,700	4,491,600	125,000	25,528,550
Est. Expenditures**	(13,477,500)	(2,051,100)	(3,848,835)	(1,893,150)	(1,131,700)	(5,984,400)	(1,685,000)	(30,071,685)
Est. Ending Balance	286,400	9,400	1,568,415	545,550	1,454,900	3,292,700	3,349,600	10,506,965

Adopted budget vs. Estimated budget

Revenue increase (decrease)	(1,313,400)	(587,000)	(583,550)	(3,540,200)	(89,400)	(624,900)	(87,000)	(6,825,450)
Expenditure increase (decrease)	(1,538,836)	(781,400)	(990,765)	(2,404,435)	(43,700)	(113,000)	-	(5,872,136)
Ending Fund Balance increase (decrease)	(241,664)	9,400	160,815	155,735	66,700	(797,075)	2,472,600	1,826,511

* Includes inter-fund transfers IN and replacement of Enterprise fund depreciation expense

** Includes inter-fund transfers OUT

Notes (General Fund):

- 1 \$ 75,000 Reduction in expenditures if payment to the State is not required
- 2 133,500 Possible 1% increase in estimated revenues
- \$ 494,900 Possible ending fund balance in the General Fund

- 3 \$100,000 in the General Fund ending fund balance will be transferred to the Rainy Day Fund.

General Actions:

Reductions:

1 Release part-time employees except in Police, Fire and Legal	
2 Reduce funding to PREDC as of January 2009	\$ (26,500)
3 Corrected wrong budget for non-profits	(2,880)
4 Reduce Travel and Registrations budgets	(109,000)
5 Reduce personnel costs (part-time, hiring freeze, etc)	(325,968)
6 Reduce capital expenditures	(3,346,150)
7 Reduce supply expenditures	(274,032)
8 Reduce service expenditures	(189,523)
9 Corrected wrong budget for debt service	(68,000)
10 Added \$300,000 transfer to General Fund	300,000
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	\$(4,042,053)

Additions:

1 Possible DPS Crime Lab fees - estimate	\$ 50,000
2 Possible return of funding to the State	75,000
3 Cost of November election - estimate	40,000
4 Added possible retirement payouts	40,000
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	\$ 205,000

Note:

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