

**City of Canyon Lake  
City Council  
Staff Report**

**TO:** Honorable Mayor and City Council Members

**FROM:** Aaron Palmer, City Manager

**BY:** Terry Shea, Accountant

**DATE:** February 7, 2018

**SUBJECT:** Review of the Fiscal Year 2017-2018 Mid-Year Budget Review and Projections, and approval of proposed Budget Adjustments

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**Recommendation**

It is recommended the City Council review the Fiscal Year 2017-18 Mid-Year Budget report and approve the recommended budget adjustments.

**Background**

In June 2017 the City Council adopted Resolution 2017-09 for adoption of the 2017-18 (FY 17/18) budget and appropriations limit. The Adopted General Fund FY 17/18 budget included \$4,784,300 in revenues and \$4,720,849 in expenditures for a budgeted surplus of \$63,451.

**Discussion**

Actual revenues through December 2017 with projections for the remainder of the fiscal year are higher than anticipated by \$114,000. The largest projected increases are in Sales Tax, \$15,000, Property Tax VLF Swap, \$27,260, and new funding for the Emergency Management Performance Grant (EMPG) for \$6,950 for Emergency Operations Center (EOC) equipment and a SHSP Grant for \$1,653 for CERT Training. .

Actual expenditures through December 2017 with projections for the remainder of the fiscal year are in line with the original budget, however, certain line items are over and some items need to be added to the budget. Also included in the Fire & Medical Department are costs for the Fire Station improvements which were approved in Fiscal Year 2016-17 and the appropriation was carried over to the current fiscal year. The increases and proposed budget adjustments are as follows:

- 1) Account 10-100-6080            \$1,800 Increase for Worker's Compensation insurance, amounts are higher than anticipated.

- 2) Account 10-100-6610           \$40,000 to hire a consultant for UUT polling.
- 3) Account 10-200-6610           \$10,000 Increase in City Attorney expenditures, costs through December were higher than anticipated.
- 4) Account 10-320-6010           \$17,725 increase in salary for the City Clerk for July and August of \$4,725. Increase for new part-time employee from October to June for \$13,000. The additional salary for the part-time employee is offset by the savings from Code Compliance Officers retirement.
- 5) Account 10-320-6610           \$6,800 increase in contract professional services for the City Clerk during the period of maternity leave for the Deputy City Clerk.
- 6) Account 10-420-6720           \$3,000 increase for landscaping costs at the fire station, amounts originally not budgeted.
- 7) Account 10-420-8000           \$1,800 for a fence around the storage shed, amount originally not budgeted.
- 8) Account 10-425-6215           \$6,950 to purchase EOC equipment, the amounts will be offset by an EMPG Grant.
- 9) Account 10-425-6710           \$1,653 for CERT Training, the amounts will be offset by an SHSP Grant.
- 10) Account 10-510-6610           \$42,000 increased costs for public works projects.
- 11) Account 10-515-6015           \$(6,500) decrease in salaries due to the Code Compliance Officers retirement.
- 12) Account 10-520-6015           \$(6,500) decrease in salaries due to the Code Compliance Officers retirement.
- 13) Account 20-520-6720           \$15,600 for mulch for the parkway planters and slope, to aid in water retention and pipe protection. These costs will be paid from the Gas Tax Fund.

Please see the attached worksheet for the recommended Budget Adjustments.

**Budget (or Fiscal) Impact**

If the proposed Budget Adjustments are adopted then the budgeted surplus goes from \$63,541 to a deficit of \$19,414. The amended budget amount includes the additional \$10,000 for LESJWA.

**Attachments**

1. Mid-Year Review and Expenditures - General Fund
2. Mid-Year Proposed Budget Adjustments

**CITY OF CANYON LAKE  
MID-YEAR REVIEW - REVENUES AND EXPENDITURES  
10 - GENERAL FUND  
FISCAL YEAR 2017-18**

	<u>Year-to-Date Actual 31-Dec-17</u>	<u>Projected January to June</u>	<u>Projected FY 2017-18</u>	<u>Amended Budget</u>	<u>% Total of Budget Used</u>	<u>Variance</u>
<b>REVENUES</b>						
PROPERTY TAXES	\$ 616,599.10	\$ 2,116,850.17	\$ 2,733,449.27	\$ 2,720,700.00	100.47	\$ 12,749.27
SALES TAXES	123,412.55	119,000.00	242,412.55	227,000.00	106.79	15,412.55
UTILITY USERS	435,477.30	585,000.00	1,020,477.30	1,020,000.00	100.05	477.30
TRANSIENT LODGING TAX	15,949.80	48,000.00	63,949.80	64,000.00	99.92	(50.20)
BUSINESS LICENSE FEES	23,365.90	24,000.00	47,365.90	48,000.00	98.68	(634.10)
FORECLOSURE FEES	286.00	914.00	1,200.00	4,400.00	27.27	(3,200.00)
COURT, VEHICLE, PARKING	8,603.96	9,100.00	17,703.96	15,000.00	118.03	2,703.96
FRANCHISE FEES	56,074.52	272,300.00	328,374.52	319,100.00	102.91	9,274.52
INTEREST INCOME	6,237.98	22,000.00	28,237.98	25,000.00	112.95	3,237.98
PERMITS AND FEES	151,148.44	128,350.00	279,498.44	229,100.00	122.00	50,398.44
GRANTS	9,923.35	41,800.00	51,723.35	41,800.00	123.74	9,923.35
LEASE INCOME	21,915.06	23,260.00	45,175.06	45,200.00	99.94	(24.94)
MISCELLANEOUS	23,620.74	15,000.00	38,620.74	25,000.00	154.48	13,620.74
<b>TOTAL REVENUES</b>	<b>1,492,614.70</b>	<b>3,405,574.17</b>	<b>4,898,188.87</b>	<b>4,784,300.00</b>	<b>102.38</b>	<b>113,888.87</b>
<b>EXPENDITURES</b>						
<b>CITY COUNCIL</b>						
SALARIES AND BENEFITS	10,766.17	10,592.64	21,358.81	19,540.00	109.31	(1,818.81)
OPERATIONS AND MATERIALS	18,942.98	23,733.90	42,676.88	48,355.00	88.26	5,678.12
	<b>29,709.15</b>	<b>34,326.54</b>	<b>64,035.69</b>	<b>67,895.00</b>	<b>94.32</b>	<b>3,859.31</b>
<b>CITY ATTORNEY</b>						
CONTRACT SERVICES	44,955.65	35,000.00	79,955.65	70,000.00	114.22	(9,955.65)
	<b>44,955.65</b>	<b>35,000.00</b>	<b>79,955.65</b>	<b>70,000.00</b>	<b>114.22</b>	<b>(9,955.65)</b>
<b>CITY MANAGER</b>						
SALARIES AND BENEFITS	140,179.29	131,970.00	272,149.29	274,774.00	99.04	2,624.71
OPERATIONS AND MATERIALS	60,145.15	28,519.63	88,664.78	93,890.00	94.43	5,225.22
	<b>200,324.44</b>	<b>160,489.63</b>	<b>360,814.07</b>	<b>368,664.00</b>	<b>97.87</b>	<b>7,849.93</b>
<b>CITY CLERK</b>						
SALARIES AND BENEFITS	50,398.18	44,652.00	95,050.18	81,078.00	117.23	(13,972.18)
OPERATIONS AND MATERIALS	6,088.87	9,599.25	15,688.12	20,600.00	76.16	4,911.88
	<b>56,487.05</b>	<b>54,251.25</b>	<b>110,738.30</b>	<b>101,678.00</b>	<b>108.91</b>	<b>(9,060.30)</b>

**CITY OF CANYON LAKE  
MID-YEAR REVIEW - REVENUES AND EXPENDITURES  
10 - GENERAL FUND  
FISCAL YEAR 2017-18**

	<u>Year-to-Date Actual 31-Dec-17</u>	<u>Projected January to June</u>	<u>Projected FY 2017-18</u>	<u>Amended Budget</u>	<u>% Total of Budget Used</u>	<u>Variance</u>
<b>FINANCE</b>						
SALARIES AND BENEFITS	\$ 1,951.62	\$ 1,940.00	\$ 3,891.62	\$ 3,900.00	99.79	8.38
CONTRACT SERVICES	62,464.21	68,340.00	130,804.21	132,300.00	98.87	1,495.79
OPERATIONS AND MATERIALS	4,013.70	6,130.38	10,144.08	11,125.00	91.18	980.92
	<u>68,429.53</u>	<u>76,410.38</u>	<u>144,839.91</u>	<u>147,325.00</u>	<u>98.31</u>	<u>2,485.09</u>
<b>PLANNING</b>						
SALARIES AND BENEFITS	-	-	-	-	-	-
CONTRACT SERVICES	21,763.61	33,600.00	55,363.61	56,000.00	98.86	636.39
	<u>21,763.61</u>	<u>33,600.00</u>	<u>55,363.61</u>	<u>56,000.00</u>	<u>98.86</u>	<u>636.39</u>
<b>BUILDING &amp; SAFETY</b>						
CONTRACT SERVICES	76,991.51	86,100.00	163,091.51	140,000.00	116.49	(23,091.51)
OPERATIONS AND MATERIALS	667.29	473.92	1,141.21	1,600.00	71.33	458.79
	<u>77,658.80</u>	<u>86,573.92</u>	<u>164,232.72</u>	<u>141,600.00</u>	<u>115.98</u>	<u>(22,632.72)</u>
<b>LAW ENFORCEMENT</b>						
CONTRACT SERVICES	392,860.74	1,188,400.00	1,581,260.74	1,584,430.00	99.80	3,169.26
OPERATIONS AND MATERIALS	14,487.90	75,687.10	90,175.00	94,650.00	95.27	4,475.00
	<u>407,348.64</u>	<u>1,264,087.10</u>	<u>1,671,435.74</u>	<u>1,679,080.00</u>	<u>99.54</u>	<u>7,644.26</u>
<b>FIRE &amp; MEDICAL</b>						
CONTRACT SERVICES	327,390.48	1,050,000.00	1,377,390.48	1,436,000.00	95.92	58,609.52
OPERATIONS AND MATERIALS	6,804.46	8,625.00	15,429.46	16,300.00	94.66	870.54
STATION UPGRADES	107,414.43	-	107,414.43	110,000.00	97.65	2,585.57
	<u>441,609.37</u>	<u>1,058,625.00</u>	<u>1,500,234.37</u>	<u>1,562,300.00</u>	<u>96.03</u>	<u>62,065.63</u>
<b>EMERGENCY PREPAREDNESS</b>						
OPERATIONS AND MATERIALS	513.00	15,730.00	16,243.00	9,980.00	162.76	(6,263.00)
	<u>513.00</u>	<u>15,730.00</u>	<u>16,243.00</u>	<u>9,980.00</u>	<u>162.76</u>	<u>(6,263.00)</u>
<b>ANIMAL CONTROL</b>						
CONTRACT SERVICES	86,776.67	109,021.00	195,797.67	197,000.00	99.39	1,202.33
	<u>86,776.67</u>	<u>109,021.00</u>	<u>195,797.67</u>	<u>197,000.00</u>	<u>99.39</u>	<u>1,202.33</u>
<b>PUBLIC WORKS ADMINISTRATION</b>						
CONTRACT SERVICES	61,724.50	29,400.00	91,124.50	50,000.00	182.25	(41,124.50)

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FISCAL YEAR 2017-18**

	<b>Year-to-Date Actual 31-Dec-17</b>	<b>Projected January to June</b>	<b>Projected FY 2017-18</b>	<b>Amended Budget</b>	<b>% Total of Budget Used</b>	<b>Variance</b>
OPERATIONS AND MATERIALS	-	100.00	100.00	300.00	33.33	200.00
	<u>61,724.50</u>	<u>29,500.00</u>	<u>91,224.50</u>	<u>50,300.00</u>	<u>181.36</u>	<u>(40,924.50)</u>
<b>NPDES</b>						
SALARIES AND BENEFITS	\$ 8,403.79	\$ 2,448.00	\$ 10,851.79	\$ 21,098.00	51.44	10,246.21
OPERATIONS AND MATERIALS	65,453.00	5,200.00	70,653.00	70,300.00	100.50	(353.00)
	<u>73,856.79</u>	<u>7,648.00</u>	<u>81,504.79</u>	<u>91,398.00</u>	<u>89.18</u>	<u>9,893.21</u>
<b>SPECIAL ENFORCEMENT</b>						
SALARIES AND BENEFITS	79,274.61	66,600.00	145,874.61	152,518.00	95.64	6,643.39
OPERATIONS AND MATERIALS	14,305.35	8,137.59	22,442.94	18,930.00	118.56	(3,512.94)
CAPTITAL OUTLAY	-	60,000.00	60,000.00	60,000.00	100.00	-
	<u>93,579.96</u>	<u>134,737.59</u>	<u>228,317.55</u>	<u>231,448.00</u>	<u>98.65</u>	<u>3,130.45</u>
<b>BUILDING &amp; FACILITY</b>						
CONTRACT SERVICES	10,088.63	5,490.00	15,578.63	19,600.00	79.48	4,021.37
OPERATIONS AND MATERIALS	23,249.51	23,108.00	46,357.51	45,680.00	101.48	(677.51)
	<u>33,338.14</u>	<u>28,598.00</u>	<u>61,936.14</u>	<u>66,180.00</u>	<u>93.59</u>	<u>3,343.86</u>
<b>TRANSFERS TO OTHER FUNDS</b>	-	-	-	-	-	0
<b>TOTAL EXPENDITURES</b>	<u>1,698,075.30</u>	<u>3,128,598.41</u>	<u>4,826,673.71</u>	<u>4,840,848.00</u>	<u>99.71</u>	<u>13,274.29</u>
<b>EXCESS (DEFICIT) REVENUES OVER EXP.</b>	<u>\$ (205,460.60)</u>	<u>\$ 276,975.76</u>	<u>\$ 71,515.16</u>	<u>\$ (56,548.00)</u>	<u>(126.47)</u>	



**CITY OF CANYON LAKE  
MID-YEAR PROPOSED BUDGET ADJUSTMENTS  
FISCAL YEAR 2017-2018 BUDGET ADJUSTMENTS**

<u>Account#</u>	<u>Account Name</u>	<u>Reason for Adjustment</u>	<u>Mid-Year Adj.</u>	<u>Budget FY 2017/18</u>	<u>Mid-Year Adjustment</u>	<u>Adjusted Budget FY 2017/18</u>
<b>GENERAL FUND REVENUES</b>						
10-000-4705	Property Tax VLF Swap	Revenues are higher than anticipated	\$ 27,260	\$ 850,000	\$ 27,260	\$ 877,260
10-000-4100	Sales Tax	Revenues are higher than anticipated	\$ 10,000	\$ 227,000	\$ 10,000	\$ 237,000
10-000-4592	Grant Revenue	EMPG for EOC equipment	\$ 6,950	\$ -	\$ 6,950	\$ 6,950
10-000-4593	Grant Revenue	SHSP CERT Training Grant	\$ 1,653	\$ -	\$ 1,653	\$ 1,653
		<b>Increase in Revenues</b>			<b>\$ 45,863</b>	
		Original General Fund Budget - Revenues			\$ 4,784,300	
		Adjusted General Fund Budget - Revenues			<b>\$ 4,830,163</b>	
<b>GENERAL FUND EXPENDITURES</b>						
<b><u>City Council</u></b>						
10-100-6080	Benefits	Workers' Comp costs higher than budgeted	\$ 1,800	\$ 1,540	\$ 1,800	\$ 3,340
10-100-6610	Professional & Specialized Serv.	Polling for UUT	\$ 40,000	\$ 5,000	\$ 40,000	\$ 45,000
<b><u>City Attorney</u></b>						
10-200-6610	Professional & Specialized Serv.	Costs are higher than anticipated	\$ 10,000	\$ 70,000	\$ 10,000	\$ 80,000
<b><u>City Clerk</u></b>						
10-320-6010	Salaries & Wages	July & August for Ariel October to June for Victoria	\$ 4,725 \$ 13,000 \$ 17,725	\$ 55,194	\$ 17,725	\$ 72,919
10-320-6610	Professional & Specialized Serv.	Contract increase for Ariel	\$ 6,800	\$ 5,000	\$ 6,800	\$ 11,800
<b><u>Fire &amp; Medical</u></b>						
10-420-6720	Landscape, Maint and Repairs	Lanscaping for fire station	\$ 3,000	\$ -	\$ 3,000	\$ 3,000
10-000-8000	Capital Improvements	Fencing around storage shed	\$ 1,800	\$ -	\$ 1,800	\$ 1,800
<b><u>Emergency Preparedness</u></b>						
10-425-6215	EOC Equipment Supplies	Purchase EOC equipment with grant	\$ 6,950	\$ -	\$ 6,950	\$ 6,950
10-425-6710	CERT Training	CERT training offset by SHSP Grant	\$ 1,653	\$ -	\$ 1,653	\$ 1,653
<b><u>Public Works</u></b>						
10-510-6610	Professional & Specialized Serv.	Additional costs to cover projects for Public Works	\$ 42,000	\$ 50,000	\$ 42,000	\$ 92,000
<b><u>NPDES</u></b>						
10-515-6015	Special Enforcement Salaries	Savings from Jean retiring	\$ (6,500)	\$ 16,714	\$ (6,500)	\$ 10,214
<b><u>Special Enforcement</u></b>						
10-520-6015	Special Enforcement Salaries	Savings from Jean retiring	\$ (6,500)	\$ 120,829	\$ (6,500)	\$ 114,329
		<b>Total Budget Adjustments - Expenditures</b>			<b>\$ 118,728</b>	
		Amended General Fund Budget - Expenditures			\$ 4,730,849	
		Adjusted General Fund Budget - Expenditures			<b>\$ 4,849,577</b>	
		Amended General Fund Budget - Suplus			\$ 53,451	
		Adjusted General Fund Budget - Deficit			<b>\$ (19,414)</b>	
<b>GAS TAX FUND EXPENDITURES</b>						
20-520-6720	Landscape, Maint and Repairs	Mulch for parkway and slopes	\$ 15,600	\$ 92,400	\$ 15,600	\$ 108,000