

# Memo

To: **Board of Mayor and Commissioners**  
From: **Paul Hanebuth**  
Cc: **Patrick Bryant**  
Date: **5/15/2019**  
Re: **Budget reconciliation request**

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The City ended 2018 in a better financial position than anticipated by the annual budget. The City Manager has completed adjusting budget lines in each department that involve amounts less than \$10,000; as the attached Table 1 shows, this resulted in adjusting total revenues upward by just under \$37,000 and adjusting expenses downward in each department for a total of approximately \$325,000.

Staff now recommends that the BOMC finish the reconciliation process by adjusting budget lines that require amendments in excess of \$10,000, as detailed on attached Table 2. Total net adjustments to General Fund revenues equal about \$635,000, with an additional positive adjustment to Sanitation Fund revenues of \$95,000.

The Police Department had two lines that exceeded budget by more than \$10,000: Overtime and Vehicle Repair and Maintenance. The unanticipated vehicle repair expense is largely attributable to a fleet that has several cars that aged beyond their planned lifespan, since the vehicle purchase planned for 2018 never came to fruition. The Board will recall that two new vehicles have been funded and approved for 2019 and will be ordered in the near future. The overtime overage is due to higher-than-normal turnover in the department, and both overages are more than offset by under-budget expenditures in salaries and benefits.

Sanitation also had two items significantly over budget. Higher-than-usual vehicle repair costs were due largely to three significant repairs to garbage trucks necessary during the year; vehicle repair costs are difficult to predict by nature, and this is even more true of large vehicles. Group health insurance costs for the department were more than anticipated simply because more employees were provided with this benefit; averaging \$10,000 per month rather than the anticipated \$9,000 is roughly equivalent to one employee selecting family rather than individual health insurance.

Three areas require budgetary adjustments to the department that are not offset by lower expenditures elsewhere. The Labor Day and Independence Day events required slightly more in expenditures than anticipated; in the case of the Labor Day event, more funds were raised in 2018, so the increase in expenditures is directly offset by an increase in revenues rather than a decrease in other departmental expenditures. General Government included City Attorney fees that were far higher than usual, due largely to an employment contract dispute. Professional Consultants in that department also included expenditures much higher than usual; these included a hydrology study by Skyline Engineering, resolution of an employment issue by an outside attorney, and headhunting for a new City Manager by the Mercer Group. Finally, Professional Service in the Administration department included approximately \$43,000 in unbudgeted expenditures. These included consulting fees paid to Clai Brown and Ken Turner, a 3D rendering of the Central Business District by Stevens & Wilkinson, and signage provided by Pannier Graphics.

The Capital budget revision includes primarily reductions in appropriated amounts for projects that were not initiated during the year. Expenditure increases are for the final payments on the 4-acre land purchase, which were not included in the budget, and expenditures for design expenses related to the US 278 project in excess of the \$100,000 budget. Please note that the net amount (expenses less reimbursements) was less than the budgeted amount, but it is more appropriate to include expense and revenues separately, as shown on the highlighted rows, rather than the net amount.

This reconciliation process is the final accounting procedure before the presentation of the comprehensive financial statements, at which time the final effect of 2018 revenues and expenditures on overall fund balance will be reported. For reporting purposes, only over-budget General and Special Revenue Fund expenditures need to be officially amended; therefore, staff recommends the BOMC amend the 2018 budget as shown in Table 3.

**TABLE 1: City Manager Budget Reconciliation Adjustments**

	<b>Total Adjustments by Department</b>	
<b>Revenues</b>		
<b>TOTAL Revenue adjustments</b>	<b>\$</b>	<b>36,700.00</b>
<b>Expenses</b>	<b>\$</b>	<b>-</b>
<b>TOTAL BOMC</b>	<b>\$</b>	<b>(2,500.00)</b>
<b>TOTAL Admin</b>	<b>\$</b>	<b>(21,300.00)</b>
<b>TOTAL General Government</b>	<b>\$</b>	<b>(32,300.00)</b>
<b>TOTAL PD</b>	<b>\$</b>	<b>(56,800.00)</b>
<b>TOTAL Court</b>	<b>\$</b>	<b>(3,000.00)</b>
<b>TOTAL Public Works</b>	<b>\$</b>	<b>(85,500.00)</b>
<b>TOTAL Parks</b>	<b>\$</b>	<b>(16,800.00)</b>
<b>TOTAL Events</b>	<b>\$</b>	<b>(1,300.00)</b>
<b>TOTAL Sanitation</b>	<b>\$</b>	<b>(64,000.00)</b>
<b>TOTAL Transfers/Other</b>	<b>\$</b>	<b>(40,800.00)</b>
<b>Total Expense adjustments</b>		<b>\$ (324,300.00)</b>

**TABLE 2: Recommended BOMC Budget Reconciliation Adjustments**

Acct ID	Account Description	2018 Budget	2018 Actual	Recommended Adjustment
<b>General Fund Revenues</b>				
1-401-001	R/E Property Tax - Current Yr	\$ 1,946,271.00	\$ 2,057,891.88	\$ 111,500.00
1-401-012	Property Tax - Prior Year	50,384.00	40,049.06	\$ (10,500.00)
1-402-053	AT&T	2,988.00	20,110.27	\$ 17,150.00
1-402-054	Comcast	31,976.00	62,441.25	\$ 30,500.00
1-402-055	Insurance Premium	196,325.00	211,727.83	\$ 15,400.00
1-402-057	Cell Tower Lease	35,489.00	23,031.00	\$ (12,500.00)
1-402-103	Alcoholic Beverage Taxes	25,972.00	36,383.49	\$ 10,400.00
1-402-104	Intangible Taxes - DeKalb	47,306.00	58,160.46	\$ 10,850.00
1-411-042	Alcoholic Beverage Licenses	26,593.00	39,059.96	\$ 12,450.00
1-411-043	Permit Authorizations	59,516.00	71,725.49	\$ 12,200.00
1-411-049	Other Permits	7,121.00	42,167.00	\$ 35,000.00
1-421-020	Traffic Court Receipts	264,207.00	242,104.36	\$ 35,000.00
1-465-000	Other Miscellaneous Revenue	0.00	70,167.84	\$ 70,150.00
1-495-081	Real Estate Transfer Tax	14,531.00	26,110.76	\$ 11,550.00
1-495-083	HOST/Energy Excise	0.00	150,277.33	\$ 150,250.00
1-495-090	Other Grants	0.00	15,883.37	\$ 15,850.00
1-495-091	LMIG Grant	33,823.00	0.00	\$ (34,000.00)
1-545-101	Sanitation Taxes CY	737,140.00	832,796.74	\$ 95,000.00
<b>TOTAL BOMC Revenue adjustments</b>				<b>\$ 576,250.00</b>
City Manager Revenue adjustments				\$ 36,700.00
<b>GRAND TOTAL REVENUE INCREASE (DECREASE)</b>				<b>\$ 612,950.00</b>
<b>General Fund Expenses</b>				
\$ -				
1-540-450	Labor Day Race	6,000.00	9,919.00	\$ 4,000.00
1-506-132	Legal Services - City Attorney	50,997.00	119,072.55	\$ 68,100.00
1-506-134	Professional Consultants	18,393.00	67,639.69	\$ 49,250.00
1-502-134	Professional Services	38.00	42,798.95	\$ 42,800.00
1-565-050	Transfer to DDA	78,000.00	78,030.00	\$ 30.00
<b>TOTAL add'l operating</b>				<b>\$ 164,180.00</b>
1-511-110	Overtime	37,000.00	51,841.26	\$ 15,000.00
1-511-340	Vehicle R&M	21,700.00	32,782.19	\$ 11,100.00
1-511-100	Salaries - Regular	767,489.00	701,167.34	\$ (65,000.00)
1-511-120	Group Insurance	201,025.00	167,902.82	\$ (33,000.00)
<b>TOTAL PD adjustments</b>				<b>\$ (71,900.00)</b>
1-545-120	Group Insurance	109,808.00	121,883.59	\$ 12,100.00
1-545-340	Vehicle R&M	35,000.00	50,281.64	\$ 15,300.00
1-545-109	Salaries - Regular	342,674.00	309,199.50	\$ (33,000.00)
<b>TOTAL Sanitation adjustments</b>				<b>\$ (5,600.00)</b>
<b>TOTAL BOMC Expense adjustments</b>				<b>\$ 86,680.00</b>
TOTAL City Manager Expense adjustments				\$ (324,300.00)
<b>GRAND TOTAL EXPENSE INCREASE (DECREASE)</b>				<b>\$ (237,620.00)</b>
<b>CAPITAL PROJECT FUND</b>				
1-230	Capital Lease payments	0.00	169,498.86	\$ 169,500.00
1-580-102	Interest Payments	0.00	2,648.01	\$ 2,650.00
1-580-365	Equipment	67,413.00	38,249.50	\$ (29,000.00)
1-462-001	278 Design Reimbursement	0.00	153,397.45	\$ (153,400.00)
1-509-224	278 Design Expense	100,000.00	218,701.81	\$ 118,750.00
1-580-610	Public Works Building	600,000.00	0.00	\$ (600,000.00)
1-580-620	Stormwater Infrastructure	687,863.00	0.00	\$ (687,500.00)
1-580-630	Vehicles	72,688.00	21,700.00	\$ (50,000.00)
1-530-291	Road Paving	302,511.00	0.00	\$ (300,000.00)
<b>TOTAL Capital</b>				<b>\$ (1,529,000.00)</b>
<b>POLICE SEIZURE FUND</b>				
7-502-010	Service Fees	0	640	640

**TABLE 3: Recommended BOMC Official Budget Amendment**

<b>Acct ID</b>	<b>Account Description</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>Recommended Amendment</b>
<b>General Fund Revenues</b>				
1-462-001	278 Design Reimbursement	0.00	153,397.45	\$ 153,400
1-495-083	HOST/Energy Excise	0.00	150,277.33	\$ 150,250
1-495-090	Other Grants	0.00	15,883.37	<u>\$ 15,850</u>
<b>TOTAL</b>				<b>\$ 319,500</b>
<b>General Fund Expenses</b>				
1-502-134	Professional Services Legal Services - City	38.00	42,798.95	\$ 42,800
1-506-132	Attorney	50,997.00	119,072.55	\$ 68,100
1-506-134	Professional Consultants	18,393.00	67,639.69	\$ 49,250
1-509-224	278 Design Expense	100,000.00	218,701.81	\$ 118,750
1-540-450	Labor Day Race	6,000.00	9,919.00	\$ 4,000
1-565-050	Transfer to DDA	78,000.00	78,030.00	<u>\$ 30</u>
<b>TOTAL</b>				<b>\$ 240,130</b>
<b>POLICE SEIZURE FUND (TOTAL)</b>				
<b>7-502-010</b>	Service Fees	0.00	640.00	<b>\$ 640</b>

# Memo

To: **Board of Mayor and Commissioners**  
 From: **Paul Hanebuth**  
 Cc: **Patrick Bryant**  
 Date: **5/15/2019**  
 Re: **April 2019 Financial Position Comments**

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Revenues and Expenses:

Attached is a consolidated statement of activities for the first four months of 2019. Expenses are presented in two ways: departmental totals and city-wide totals by category. Most items shown are within a reasonable variance from the 33% that this point in the year would imply; the exceptions (shaded) are similar to the March report, with one addition: overtime wages are outpacing the budget due to staffing shortages in the Police Department.

Cash Flows: In April, approximately \$1.1M was deposited in the investment pool Georgia Fund 1 as authorized by the BOMC earlier this year. This account serves as a proxy for the reserves mandated by the City's Fund Balance Policy. The balance in this account represents about 34% of actual 2018 expenditures and slightly over 25% of budgeted expenditures for 2019. Other cash balances are also shown below.

<b>CASH BALANCES</b>		
<b>Reserves</b> (Georgia Fund 1)		\$ 1,173,196
% of 2018 actual expenditures	33.9%	
% 2019 budgeted expenditures	25.6%	
<b>Restricted funds</b>		
SPLOST		\$ 436,872
TAD		\$ 29,655
Police Seizure		\$ 8,408
<b>Operational Accounts</b>		
General Fund		\$ 961,134
Stormwater		\$ 1,285,949
Dottie Holmes checking		\$ 132
Lake Avondale		\$ 10,136
Technology		\$ 25,427
<b>Other</b>		
Dottie Holmes CD		\$ 12,321
GF CD		\$ 1,006,595
GF Reserve		\$ 14,637

	<b>April Activity</b>	<b>YTD Activity</b>	<b>Annual Budget</b>	<b>Pct of Annual Budget</b>
Ad Valorem Taxes	\$15,523.00	\$84,139.00	\$2,241,059.00	3.8%
Franchise/Other taxes	\$17,581.00	\$191,549.00	\$531,921.00	36.0%
Licenses & Permits	\$15,915.00	\$806,855.00	\$236,170.00	341.6%
Court Revenues	\$49,849.00	\$212,992.00	\$598,273.00	35.6%
Donations/Charges for Services/Other	\$39,738.00	\$45,319.00	\$61,499.00	73.7%
Sanitation Taxes	\$1,067.00	\$17,506.00	\$869,030.00	2.0%
<b>TOTAL REVENUES</b>	<b>\$139,673.00</b>	<b>\$1,358,360.00</b>	<b>\$4,537,952.00</b>	<b>29.9%</b>
Non-departmental	\$4,787.00	\$475,349.00	\$315,458.00	150.7%
BOMC+Admin	\$62,704.00	\$269,370.00	\$1,024,436.00	26.3%
Public Safety	\$112,210.00	\$432,443.00	\$1,489,959.00	29.0%
Public Works/Parks	\$38,958.00	\$206,435.00	\$817,094.00	25.3%
Sanitation	\$61,650.00	\$247,225.00	\$863,268.00	28.6%
Special Events and Appropriations	\$1,438.00	\$10,078.00	\$73,422.00	13.7%
Capital Investment	\$1,380.00	\$3,165.00	\$0.00	
<b>TOTAL EXP by DEPT.</b>	<b>\$283,127.00</b>	<b>\$1,644,065.00</b>	<b>\$4,583,637.00</b>	<b>35.9%</b>
Salaries and Wages	\$153,102.00	\$603,986.00	\$2,177,936.00	27.7%
Overtime Wages	\$7,945.00	\$25,237.00	\$51,087.00	49.4%
FICA	\$12,146.00	\$47,102.00	\$170,583.00	27.6%
Group Insurance	\$48,689.00	\$254,255.00	\$744,173.00	34.2%
Retirement	\$8,357.00	\$32,331.00	\$103,999.00	31.1%
Other Employee Benefits	\$5,209.00	\$21,026.00	\$115,209.00	18.3%
Legal Services	\$2,200.00	\$19,401.00	\$84,684.00	22.9%
Other contract services	\$4,485.00	\$54,813.00	\$182,618.00	30.0%
Communications/Printing	\$2,113.00	\$17,881.00	\$78,643.00	22.7%
Utilities and Fuel	\$10,033.00	\$35,617.00	\$146,510.00	24.3%
Training expenses	\$1,115.00	\$8,570.00	\$36,334.00	23.6%
Computer/Software	\$624.00	\$2,017.00	\$20,775.00	9.7%
Bldg Plan Review/Inspections	\$0.00	\$405,731.00	\$43,114.00	941.1%
Landfill/recycling expenses	\$11,195.00	\$34,032.00	\$136,820.00	24.9%
Roadways/Walkways	\$193.00	\$2,900.00	\$85,363.00	3.4%
Landscape/Tree Maintenance	\$1,424.00	\$7,309.00	\$49,452.00	14.8%
Vehicle/Equipment R&M	\$3,068.00	\$18,777.00	\$120,597.00	15.6%
Building R&M	\$531.00	\$6,936.00	\$12,420.00	55.8%
Liability Insurance	\$3,699.00	\$14,796.00	\$45,276.00	32.7%
Rental/lease expense	\$1,100.00	\$1,939.00	\$4,826.00	40.2%
Uniform expenses	\$736.00	\$4,609.00	\$33,613.00	13.7%
General Supplies/materials	\$2,224.00	\$10,681.00	\$30,073.00	35.5%
Event/Program/Board Appropriations	\$1,559.00	\$10,954.00	\$79,532.00	13.8%
Capital Investment/Sanitation Depn.	\$1,380.00	\$3,165.00	\$30,000.00	10.6%
<b>TOTAL EXP by CATEGORY</b>	<b>\$283,127.00</b>	<b>\$1,644,065.00</b>	<b>\$4,583,637.00</b>	<b>35.9%</b>