June 11, 2019

TO: Council Members

**RE: Budget Message**

 I submit to you the proposed budget for the fiscal year ending June 30, 2020. The General Fund budget has been prepared in accordance with Louisiana Act R.S. 39:1301-1315. The proposed budget represents a continuation of the present service level and the current rates in every department. The council is in the process, at the time of budget preparation, of studying rate changes necessary to make major repairs to the sewer system and support the cost of water production. While a grant is in the process of being approved for repairs to the sewer system, the town will share half the cost of those repairs pending approval by the bonding commission. Information needed for budget preparation won’t be fully known until after July 1, 2019, and the budget will be revised at that time.

**General Administrative:**

There are no significant changes to the funding levels within the general fund area except for the removal of grant funding for capital outlay in the previous year. There are no large grants within the general fund anticipated in the current budget.

**Police Department:**

The 2017-18 budget contained capital outlay funding for a police patrol unit funded partially by a reserve account set up for that purpose and partially by proceeds from a special police reserve account. Purchase of the vehicle did not occur until the 2018-19 budget year, therefore the 2018-19 budget has been adjusted accordingly and the one-time expenditure removed from the proposed 2019-20 budget. This accounts significantly to the excess of expenditures over revenue in the budget.

**Fire Department:**

There is no 2% Fire Insurance Return in the current budget. At the time of budget, no amount is known. A lawn mower was added to the revised 2018-19 budget which reduced the fund balance of the department by approximately $5000.

**Commercial Building:**

A new five-year contract for use of the building by the state for a shelter was signed last fiscal year and a full year’s funding is shown on the current budget and proposed budget. The loan debt has been fully paid which left funds to do some needed repairs. The Revised 2018-19 budget includes a sizable roof repair. While nothing is known officially at the time of budgeting, it is a possibility that the state will eliminate funding for the hurricane shelter to balance the state’s budget in this current session. The proposed 2019-20 budget will be revised when or if we are notified of the state’s breaking of the contract.

The General Fund will have an anticipated beginning fund balance of $365,750.00 on July 1, 2019 and an anticipated ending fund balance of $451,865.00 on June 30, 2020.

**Water and Sewer Departments:**

Pending final approvals, the town will incur up to up to $422,500 in debt for sewer repairs in fiscal year 2019-2020. This would be from a grant of $845,000 with a 50% loan forgiveness clause. After a rate study, changes will be made to rates to support a debt service fund for loan repayment.

Rhonda Elliott, Mayor

Town of Olla