



City of Grand Island

Tuesday, June 12, 2018

Council Session

Item I-5

#2018-170 - Consideration of Approving FY 2019 Balanced Budget

Staff Contact: Marlan Ferguson

Council Agenda Memo

From: Marlan Ferguson, City Administrator
Meeting: June 12, 2018
Subject: Fiscal Year 2019 Balanced Budget
Presenter(s): Marlan Ferguson, City Administrator

Background

During the budget process for the 2017 Fiscal Year Budget much discussion was held concerning future budgets and sustainability. The Mayor and City Council had a desire to have a balanced budget for Fiscal Year 2018. A balanced budget was the result of the concern of sustainability of the City's general fund. Expenditures were increasing at a faster rate than the revenues, thereby reducing the reserves to an unacceptable level. This is the result of a number of events, including becoming an MSA community which caused salaries to increase substantially by way of comparing to a different array of Cities. At the same time the City made the decision, after a recommendation from a Public Safety Study completed by the ICMA, to increase the number of police officers and support staff in the police department by 17 FTE since 2012.

The City Administration presented a balanced budget for 2018, which resulted in some reduction of staff and reduction of services. Additionally an increase in property taxes and an addition of a wheel tax were approved to offset some of the reduction in expenses.

As the City Administration prepared for the FY 2019 budget the first 6 months of revenues and expenses for 2018 were considered. It was determined that a base budget matching the 2018 budget plus a 2% increase by department would be allowed and would maintain a balanced budget. This balanced budget guideline has been given to the Department Directors as they prepare their FY 2019 budget.

It is imperative that the City Council supports a balanced budget prior to the forthcoming City Council budget sessions. Therefore a resolution has been submitted for the Council's consideration.

Discussion

In order to maintain sustainability of the General Fund budget there needs to be budget guidelines for the Departments to abide by as they prepare their budgets. City

Administration has prepared a resolution asking the City Council to support a balanced budget.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve and adopt the resolution.

Sample Motion

Move to approve Resolution #2018-170.



General Fund Projection

	2018 Projected	2019	2020	2021	2022	
Beginning Cash	9,476,562	10,840,990	11,151,048	10,725,038	9,478,619	
Revenue	39,321,200	41,049,627	41,870,619	42,708,032	43,562,192	Assumes a 2% increase each year, with most of Debt Service property tax coming to the General Fund in 2019
Transfers In	67,750	-	-	-	-	
Total Revenue	39,388,950	41,049,627	41,870,619	42,708,032	43,562,192	
Personnel Services	27,854,710	28,549,890	30,120,134	31,776,741	33,524,462	Assumes a 5.5% increase from 2020-2022
Operating Expense	6,509,510	7,034,174	7,034,174	7,034,174	7,034,174	No increases
Transfers Out	1,935,000	4,435,000	4,435,000	4,435,000	4,435,000	To Equipment, Cap. Proj., Econ. Dev., Com. Dev. and Transit funds
Department Equipment	997,241	-	-	-	-	
Debt Pymts	728,062	720,505	707,321	708,535	697,475	For HEC payment and Fire Equipment
Total Appropriations	38,024,523	40,739,569	42,296,629	43,954,451	45,691,111	
Ending Cash	10,840,990	11,151,048	10,725,038	9,478,619	7,349,700	

RESOLUTION 2018-170

WHEREAS, the 2016-2017 budget process resulted in much discussion and concern in regards to future budgets and sustainability; and

WHEREAS, the City Council requested the preparation of a balanced budget for the 2017-2018 budget year; and

WHEREAS, the City Council did adopt a balanced budget for 2017-2018 budget year at the September 12, 2017 meeting; and

WHEREAS, the balanced budget required a reduction of staff and services and additional tax and other revenues, which were incorporated into the 2017-2018 budget; and

WHEREAS, the City Council desires that city administration present a balanced budget for 2018-2019 for council consideration; and

WHEREAS, a budget increase limited to not more than 2% over the current budget appropriations will be required in order to accomplish a balanced budget for 2018-2019.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that general fund budgets adopted for the 2018-2019 and subsequent budget years will balance with current revenues and cash forward greater than or equal to total appropriations.

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Adopted by the City Council of the City of Grand Island, Nebraska, June 12, 2018

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☒ _____
June 8, 2018	☒ City Attorney