



# City of Grand Island

Tuesday, June 16, 2020

Study Session

## Item -1

### **Initial 2020/2021 Budget Discussion and Update from City Finance Director**

Staff Contact: Patrick Brown

**June 16, 2020 City Council Study Session**

**RE: FY2020 End of Year Projection and FY2021 Proposed Budget Projection**

**FY2020 End of Year Projections:**

Original revenue projection for the General Fund for FY2020 was \$39,243,970. General Fund revenues were trending up until March 2020. The pandemic has shut down some of our facilities and programs and in turn will affect our revenues. As of the date of this report we are projecting sales tax collections to be reduced by 50% in June, 30% in July, 25% in August, and 20% in September. Department Directors have gone through their revenue projections for FY2020 and made some adjustments. We are projecting a reduction of General Fund revenues of \$1,756,004 reducing it to \$37,487,966. Other sources of revenues for May 2020 and the seven months ending May 31, 2020 are on page 5.

Original General Fund expenditures for **Personnel expenses** for the 2020 budget year was \$29,865,965. We are projecting a vacancy savings of \$939,134. The vacancy savings include not hiring a City Attorney and receptionist, library being closed for 6 weeks and reduction in workforce, Island Oasis not opening, Police Department vacancies, not opening some of the Parks facilities and/or delayed openings, reduction and delayed hiring of seasonal staff, and other department vacancy savings. The projected Personnel expenses for 2020 is \$28,926,831.

Original General Fund expenditures for **Operating expenses** for the 2020 budget year was \$7,249,062. We are projecting an Operating savings of \$405,907 putting our 2020 end of year operating expenditures at \$6,843,155. These savings are due to some purchases not being made at this time, closures of facilities, and delayed opening of some facilities.

The General Fund had projected a **transfers out** of \$2,100,000 in the 2020 budget year. Those transfers included Economic Development (LB840) of \$750,000, Community Development of \$25,000, Transit of \$125,000 and Capital Equipment of \$1,200,000. Part of the \$1.2m for Capital Equipment was for the Library HVAC system and computers for \$220,000 and savings on purchases made. We will transfer back to the General Fund of \$382,020.

The net effect of all the projections would not build or use any cash reserves. Our ending Cash in Bank would be the same as our beginning Cash in Bank of \$13,305,411.

**Draft proposed Budget for FY2021:**

As of the date of this report we are projecting revenues to be \$1,886,729 less than last years budgeted revenue of \$39,208,970. FY2021 proposed budgeted revenues are \$37,322,241. We used a 2% growth for Property Taxes, a 15% reduction in Sales tax collections, and reductions in other revenue sources as well.

Transfers in for FY2021 is proposed at \$1,100,000. This number consists of \$35,000 from City owned farm ground that is leased and \$65,000 from 2004 Sales Tax for Grand Generation. We are exploring the possibility of using KENO funds of \$250,000 and \$750,000 from the Food & Beverage fund for the City's commitment to Economic Development for LB840 funds. This of course depends on Council's direction with Grow Grand Island.

Personnel and Operating expenses are budgeted at \$30,551,496 and \$6,625,382 respectively. The Personnel costs do not include any additional FTE's, includes a reduction of Library FTE's from 23.5 to 18.

Proposed transfers out include Economic Development of \$750,000, Community Development of \$25,000, Transit of \$210,000, and Capital Equipment of \$500,000 totaling \$1,485,000.

Currently we are short of balancing our FY2021 budget by \$239,637. As I mentioned before these are all projections and they will change as revenues come in. We will have a better idea on Sales Tax collections after we've collected June and July's revenues.

Revenue Growth % 2.00%  
 Transfers OUT % 3.00%

Operating Exp. Growth % 1.50%  
 Personnel Exp. Growth % 4.00%

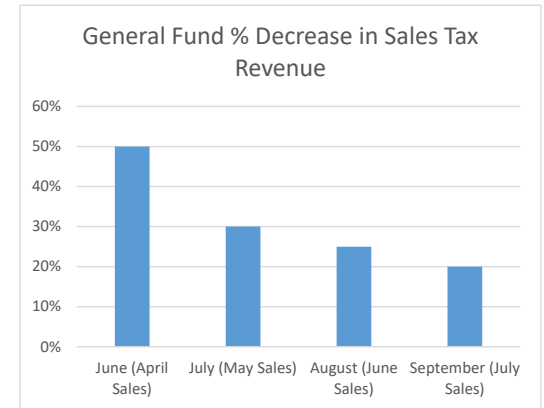
## General Fund Projection 5 YR - FTE Worksheet

	2019	2020	2021	2022	2023	2024	2025	2026	Comments
Beginning Cash		13,305,411	13,305,411	13,065,774	11,956,591	10,191,082	7,730,746	4,535,292	
Revenue		39,208,970	37,322,241	38,068,686	38,830,060	39,606,661	40,398,794	41,206,770	2% growth starting in 2022
End of Year Adjustment		-	\$-1,756,004	-	-	-	-	-	-4.5%
Transfers In		35,000	1,100,000	850,000	850,000	850,000	850,000	850,000	δδδδ from farm income (vets cemetery), δδδδ from 2004 Sales Tax (Grand Generation), KENO \$250k, Food & Beverage \$750k (Economic Development Agreement). Stop KENO Transfers starting in 2022
<b>Total Revenue</b>		<b>37,487,966</b>	<b>38,422,241</b>	<b>38,918,686</b>	<b>39,680,060</b>	<b>40,456,661</b>	<b>41,248,794</b>	<b>42,056,770</b>	
Personnel Services		29,865,965	30,551,496	31,773,556	33,044,498	34,366,278	35,740,929	37,170,566	Assumes a 4% increase from 2021-2031; estimated union & non-union increases included here.
End of Year Vacancy adjustment		-	(939,134)	-	-	-	-	-	City Attorney, Receptionist, Police, Library, closures & delayed openings
Operating Expense		7,249,062	6,625,382	6,724,763	6,825,634	6,928,019	7,031,939	7,137,418	Assumes a 1.5% increase from 2021-2031
End of Year Operating adjustment			(405,907)	-	-	-	-	-	
Transfers Out		2,100,000	1,485,000	1,529,550	1,575,437	1,622,700	1,671,381	1,721,522	Eco-Devo \$750k, Com-Dev \$25k, Transit \$210k, Cap Equip \$500K - 3% Growth
End of Year Transfer Savings			(382,020)	-	-	-	-	-	Library (HVAC & IT - \$220k), and savings from other purchases.
			-	-	-	-	-	-	
<b>Total Appropriations</b>		<b>37,487,966</b>	<b>38,661,878</b>	<b>40,027,869</b>	<b>41,445,569</b>	<b>42,916,996</b>	<b>44,444,249</b>	<b>46,029,506</b>	
<b>Ending Cash</b>	<b>13,305,411</b>	<b>13,305,411</b>	<b>13,065,774</b>	<b>11,956,591</b>	<b>10,191,082</b>	<b>7,730,746</b>	<b>4,535,292</b>	<b>562,555</b>	
<b>Cash as % of Appropriations</b>		<b>35.49%</b>	<b>33.79%</b>	<b>29.87%</b>	<b>24.59%</b>	<b>18.01%</b>	<b>10.20%</b>	<b>1.22%</b>	

**Use of Cash Reserves**                                      **0**                      **(239,637)**

**General Fund Sales Tax Revenue**

Month	Reduction %	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
October		\$1,188,794	\$1,075,924	\$1,119,883	\$1,038,538	\$1,024,841	\$1,101,539
November		\$1,171,705	\$1,117,435	\$1,072,596	\$1,085,533	\$1,093,208	\$1,111,776
December		\$1,081,071	\$951,082	\$953,390	\$935,263	\$991,574	\$991,877
January		\$1,139,676	\$1,063,966	\$1,050,638	\$1,019,233	\$942,240	\$1,016,439
February		\$1,382,855	\$1,198,305	\$1,274,948	\$1,277,850	\$1,318,613	\$1,255,780
March		\$952,840	\$874,532	\$919,814	\$833,057	\$868,222	\$910,764
April		\$1,043,773	\$717,073	\$920,792	\$931,049	\$899,326	\$876,789
May (March Sales)		\$1,044,475	\$1,127,306	\$1,050,343	\$1,086,982	\$1,095,096	\$1,057,500
June (April Sales)	50%	\$499,737	\$1,050,553	\$922,793	\$1,025,074	\$986,570	\$966,611
July (May Sales)	30%	\$736,748	\$1,132,561	\$1,085,910	\$939,020	\$1,047,591	\$1,036,766
August (June Sales)	25%	\$715,386	\$1,148,371	\$612,804	\$1,100,370	\$1,117,141	\$1,101,709
September (July Sales)	20%	\$860,968	\$1,084,297	\$1,096,061	\$1,048,272	\$1,065,520	\$1,020,779
<b>Total</b>		<b>\$11,818,027</b>	<b>\$12,541,406</b>	<b>\$12,079,972</b>	<b>\$12,320,242</b>	<b>\$12,449,941</b>	<b>\$12,448,329</b>
Budget		\$ 12,500,000	\$12,931,309	\$12,677,755	\$12,677,755	\$12,368,541	\$12,008,292
2004 Sales Tax		\$1,801,038	\$2,508,671	\$2,416,574	\$2,464,640	\$2,490,586	\$2,490,263
2018 Sales Tax		\$3,602,075	\$1,766,313	\$0	\$0	\$0	\$0
Total Sales Tax		\$17,221,140	\$16,816,390	\$14,496,546	\$14,784,882	\$14,940,527	\$14,938,592



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	May 2018-19	May 2019-20	Percent Change	YTD 2018-19	YTD 2019-20	Percent Change
Food & Beverage Revenue (Mar Sales)	\$ 202,529	\$ 121,038	-40.2%	\$ 1,515,321	\$ 1,443,907	-4.7%
KENO	\$ -	\$ -		\$ 229,454	\$ 212,124	-7.6%
Property Taxes	\$ 3,447,918	\$ 3,875,694	12.4%	\$ 6,299,985	\$ 6,973,868	10.7%
Sales Tax (General Fund - Mar Sales)	\$ 1,127,306	\$ 1,044,475	-7.3%	\$ 8,125,624	\$ 9,005,188	10.8%
Motor Vehicle Tax	\$ 105,338	\$ 68,858	-34.6%	\$ 750,778	\$ 743,971	-0.9%
Franchise Fees	\$ 197,082	\$ 191,984	-2.6%	\$ 851,881	\$ 776,370	-8.9%
Fees & Services (General Fund)	\$ 328,975	\$ 261,488	-20.5%	\$ 3,359,032	\$ 3,239,421	-3.6%
Licenses & Permits	\$ 82,997	\$ 13,771	-83.4%	\$ 456,541	\$ 472,724	3.5%
Motor Vehicle Sales Tax (Streets Fund)	\$ 130,292	\$ 153,122	17.5%	\$ 992,976	\$ 1,396,049	40.6%