

City of Grand Island

Monday, August 12, 2002 Special Meeting

Item -5

Review of Proposed FY2002-2003 Annual Budget

Staff Contact: Marlan Ferguson

City of Grand Island City Council

INTEROFFICE MEMORANDUM



Working Together for a Better Tomorrow. Today.

DATE: Friday, August 9, 2002

TO: The Honorable Mayor and City Council

FROM: Marlan Ferguson, City Administrator

RE: Budget Review

Enclosed is the agenda for the budget review. It has been revised slightly from last week, only in the order of the presentation of the Budget Overview. Also enclosed is the list of Charitable Agencies and the Agencies working in relationship with City Departments. We have listed them in Current Year Funding, their 2003 request and what is currently in the proposed budget. Although the proposed budget for the Dive and Rescue Team has no funds, it is understood that you wanted to fund that amount and we could add that after you approve the funding.

I again encourage you to spend some time on the General Fund Appropriation Summary, which is about 6 pages back of the General Fund tab. This is a new table, which breaks down each department in Personnel Services, Operating Expenses, Capital Outlay, and Total. It also has 2001 actual and 2002 projected. This really tells the story that we are holding the line with the only major changes in personnel services (salary and benefits including Health Insurance) much of which is dictated by labor agreements. GASB has increased the Public Works operating expenses by placing concrete repair into operation. These pages can be tied into the Capital fund page and 400 fund. For review of each line item you can reference each department in that same section. You will find some of the same information under the Enterprise Fund tab for those departments.

Remember the meeting starts at 5:30 on Monday.

Marlan V. Ferguson, City Administrator

MVF/cb

DATE: August 9, 2002

TO: The Honorable Mayor and City Council

FROM: Marlan Ferguson, City Administrator

RE: Schedule for Budget Work Sessions

The Budget Hearing for the Fiscal Year 2002-2003 Proposed Budget will be held at the special City Council meeting on Monday August 12, 2002. Development of this year's budget began with the Council Retreat in February followed by many discussions with the Department Directors. The Council then began reviewing the proposed budget on July 16th, 2002, with the outside agency review and discussion and review of the General Fund Capital Projects, and the Capital Improvement Fund (Fund 400).

We have included an addendum to the draft of the Budget Document to add some items that were left out or the numbers changed after they went to the printer, including proposed changes from the Council. I would encourage you to spend a good deal of your time in the General Fund section, specifically on the General Fund Appropriation Summary which breaks down each department into Personnel Services, Operating Expenses and Capital Outlay.

In June 1999, the Government Accounting Standards Boards (GASB) issued Pronouncement Number 34 known as GASB 34. This has caused some major changes in the financial reporting, which we will need to review as part of the budget process.

Below is a proposed schedule for the presentation of the budget and the subsequent budget workshops. Note we will begin with the Public Hearing at 5:30.

Monday, August 12, 2002 – 5:30 p.m.

- 1. Opening Comments
- 2. Budget Overview
 - a. GASB 34
 - b. Current Lid Computations
 - c. Mill Levy/Property Tax Asking
 - d. Revenue/Expenditure Analysis
 - e. Operating Cash Analysis
 - f. General Fund Summary

- 3. Police Department General Fund
- 4. Public Works
- 5. Fire Services/Emergency Medical Services
- 6. Parks and Recreation

Tuesday August 13, 2002 – Following the Regular Council Meeting

- 1. Utilities
- 2. Other Departments

Wednesday, August 14, 20021 – 5:30 p.m.

- 1. Departmental Reviews as Requested
- 2. Review Changes and Finalize

As was the case last year, we do not anticipate a line item process, but rather a focus on major budgetary changes, revenues, capital and bonding issues.

If, after review of the budget document, there are specific departmental questions, please provide a listing of those questions and we will attempt to have the answers to your prior to the work sessions.

Marlan V. Ferguson, City Administrator

MVF:cb

INTEROFFICE MEMORANDUM



Working Together for a Better Tomorrow. Today.

DATE: August 6, 2002

TO: Ken Gnadt, Mayor Councilmembers, Marlan Ferguson, City Administrator David Springer, Finance Director

FROM: Paul Mueller, Controller

RE: Adoption of additional 1% increase in restricted funds lid

Background:

During the Council budget meetings last year there were a lot of questions concerning restricted funds and the impact the restricted funds have on property taxes. Hopefully this will help clarify what restricted funds are all about.

In 1998 The Nebraska State Legislature passed LB 989, which put a cap on the amount of restricted revenues a political subdivision can budget for. The restricted revenues that The City of Grand Island includes in the budget are Property Taxes, Payments in Lieu of Property Tax, Local Option Sales Tax, Motor Vehicle Tax, and State Aid. Of these restricted revenues, property tax is the only revenue that the City can control. In other words, The City can levy any amount for property tax, subject to levy limits. The other restricted revenues are dependent on how much is collected or other formulas, i.e.: sales tax.

Discussion:

Each political subdivision budgets amounts for restricted funds. The total amount of these funds is reduced by restricted funds budgeted for debt service and inter-local agreements to come to a total restricted funds for 2002 - 2003.

Each year, the political subdivisions are allowed by State Statute to raise the base from the prior year by 2.5%. Political Subdivisions can also increase the base if the growth in taxable valuation is higher than the allowed 2.5%. This is called allowable growth and is increased by the difference between the growth percentage and the 2.5%. A third way to increase the base is to have the Political Subdivision governing board (City Council) vote to increase the base by an additional 1% over the allowable 2.5%. The allowable dollar increase is computed by taking the prior year base times the allowable %growth to come to a total restricted funds authority. The amount of unused restricted funds authority is carried over to the next year and added to the current year amount of restricted funds to be next years base.

The increase in restricted funds authority using the 1% additional amount and the population growth (when available) is not an increase in budgeted restricted revenues. It only **provides the ability** to increase restricted revenues in a future year if necessary.

Fiscal Implications:

Provides more fiscal flexibility in future years. Since the passage of the statute in 1998 through the 2002 - 2003 budget, we have lost approximately \$812,500 in unused restricted funds **authority**.

Recommendation: Pass additional 1% increase in restricted funds lid.

CHARITABLE AGENCIES

ORGANIZATION		CURRENT YEAR <u>FUNDING</u>		2002-2003 REQUEST		2002-2003 BUDGETED	
Community Humanitarian Resource Center	\$	4,500	\$	4,500	\$	4,500	
Convention and Visitors Bureau	\$	10,000	\$	10,000	\$	10,000	
Council for International Visitors	\$	1,000	\$	1,000	\$	1,000	
Crisis Center	\$	10,200	\$	13,000	\$	10,200	
Family Violence Coalition of Central NE, Inc.	\$	10,000	\$	20,000	\$	10,000	
G. I. Dive and Rescue Team - Trailer	\$	=	\$	9,772	\$	-	
Retired and Senior Volunteer Program	\$	10,000	\$	10,000	\$	10,000	
Senior Citizens Industries, Inc.	\$	15,000	\$	15,000	\$	15,000	
Totals	\$	60,700	\$	83,272	-\$	60,700	

AGENCIES WITH WORKING RELATIONSHIPS WITH CITY DEPARTMENTS

ORGANIZATION	CURRENT YEAR <u>FUNDING</u>	2002-2003 REQUEST	2002-2003 BUDGETED
Central Nebraska Humane Society	\$ 121,000	\$ 172,000	\$ 150,000
Clean Community Systems	\$ 18,000	\$ 18,000	\$ 18,000
Totals	\$ 139,000	\$ 190,000	\$ 168,000