
City of Grand Island



Tuesday, January 20, 2009

Study Session Packet

City Council:

Larry Carney
Scott Dugan
John Gericke
Peg Gilbert
Chuck Haase
Robert Meyer
Mitchell Nickerson
Bob Niemann
Kirk Ramsey
Jose Zapata

Mayor:

Margaret Hornady

City Administrator:

Jeff Pederson

City Clerk:

RaNae Edwards

7:00:00 PM
Council Chambers - City Hall
100 East First Street

Call to Order

This is an open meeting of the Grand Island City Council. The City of Grand Island abides by the Open Meetings Act in conducting business. A copy of the Open Meetings Act is displayed in the back of this room as required by state law.

The City Council may vote to go into Closed Session on any agenda item as allowed by state law.

Pledge of Allegiance

Roll Call

A - SUBMITTAL OF REQUESTS FOR FUTURE ITEMS

Individuals who have appropriate items for City Council consideration should complete the Request for Future Agenda Items form located at the Information Booth. If the issue can be handled administratively without Council action, notification will be provided. If the item is scheduled for a meeting or study session, notification of the date will be given.

B - RESERVE TIME TO SPEAK ON AGENDA ITEMS

This is an opportunity for individuals wishing to provide input on any of tonight's agenda items to reserve time to speak. Please come forward, state your name and address, and the Agenda topic on which you will be speaking.

MAYOR COMMUNICATION

This is an opportunity for the Mayor to comment on current events, activities, and issues of interest to the community.



City of Grand Island

Tuesday, January 20, 2009

Study Session

Item -1

Presentation of Financial Trend Monitoring System

Staff Contact: Jeff Pederson

Council Agenda Memo

From: Jeff Pederson, City Administrator
Meeting: January 20, 2009
Subject: Financial Trend Monitoring System
Item #'s: 1
Presenter(s): Jeff Pederson, City Administrator

Background

It is vital at this time that the City Council and Administration attain a common understanding of the current fiscal health of the City of Grand Island. It was clear in the most recent budget process that the General Fund of the City lacks a revenue base that is sufficient to sustain vital and necessary City services at current levels. I believe that solutions to this challenge can best be contemplated and decided upon with a clear identification and assessment of the key influences on revenue sources and expenses both at present and in the recent past.

Discussion

Using the capabilities of City staff, and drawing upon resources available through the International City Management Association, we have developed a useful tool to assist in diagnosing the fiscal health of the City, with a focus on the General Fund. The Financial Trend Monitoring System is a model developed by ICMA decades ago which uses trend indicators to alert a city to existing and potential areas of financial difficulty.

The FTMS model uses a number of indicators to chart ten-year trends in the important areas of community resources, city revenue, city expenditures, and city debt. Each of the indicators in powerful alone, however the real value occurs when indicators are viewed in conjunction with others. The goal is for the indications, taken together, to provide information and understanding for decisions on future fiscal changes, policies, etc.

The Financial Trend Monitoring System will be presented Tuesday evening with the use of power-point slides that will contain graphical analysis of trends, hard financial data, and narrative. The Council will be provided that evening with a hard-copy of the entire presentation for future review and reference beginning with the Council Retreat which is scheduled for January 31.



City of Grand Island

Tuesday, January 20, 2009

Study Session

Item -2

Discussion of Need for Budget Amendment to FY 2008/2009 Budget

Staff Contact: David Springer

Council Agenda Memo

From: Dave Springer, Finance Director

Meeting: January 20, 2009

Subject: Consideration of Amendment to FY2008-2009 Annual Budget

Item #'s: 2

Presenter(s): Dave Springer, Finance Director

Background

Staff had recently been directed to review with the State Auditor, the use of year-end encumbrances. After discussions with the State Auditor's office, it has been determined that, while the use of encumbrances was fine, a long standing procedure used by the City in the budgeted appropriations calculation was not the preferred method, and that it would be appropriate to amend the current year's budget and revise the process for future state budget submittals.

Discussion

In the past, at fiscal year end, departments have been required to submit to Finance open purchase orders and contracts on which services had not been completed. These future expenses, previously budgeted for, were then added onto the new year budget and titled "Revised Budget". The State prefers that these encumbrances be estimated and included in the appropriations at the time new budgets are submitted to the State in September. The effect on our budgets will be to increase the appropriation or expenditure line and reduce cash balance. This in effect becomes a worst case scenario if every new appropriation and carry over encumbrance were totally spent, which has never happened. However, that is what the State wishes municipalities to be prepared for and to adjust revenue sources (taxes) if they see fit.

It is necessary to have adequate appropriations in order to let a contract or purchase order. As large projects may cross over two or more years, it will be necessary in the future to rebudget any remaining work into the new budget for that year. In essence, Council will need to reappropriate those unfinished projects. Last year was unusual, as the contracts for Capital Avenue widening and Wastewater Utility projects were awarded to vendors, but only minimal work was completed, leaving nearly \$5.5 million to be encumbered.

Total encumbrances for the proposed budget amendment are \$6,664,527. Of that, \$718,994 is in the General Fund. As the 2008 General Fund cash balance came in \$340,770 higher than projected, the 2009 budget balance of \$6,284,777 would become \$5,906,553 after factoring the encumbrances in.

Recommendation

City Administration recommends that the Council approve the amendment to the 2008-2009 Fiscal Budget when presented for action on January 27, 2009. This revised budget would then include those encumbrances as of September 30, 2008.