
City of Grand Island



Tuesday, February 17, 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
Community Meeting Room - 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.

Invocation

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, February 17, 2009

Study Session

Item -1

Discussion Concerning Budget Amendment

Staff Contact: David Springer

Council Agenda Memo

From: Dave Springer, Finance Director

Meeting: January 27, 2009

Subject: Consideration of Amendment to FY2008-2009 Annual Budget

Item #'s: E-5 & F-2

Presenter(s): Dave Springer, Finance Director

Background

The City Council approved the FY2009 Annual Budget with Addendum #1 by Ordinance #9184 on September 9, 2008. At this time, after discussions with the State Auditor's office, it has been determined that a long standing procedure used 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 were asked to submit to finance open purchase orders and contracts on which services have 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 expenditure or appropriation line. 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.

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 going forward, to rebudget any remaining work into the new budget for that year. Last year was unusual, as the contract for Capital widening and the engineering for at the Wastewater Treatment Plant was 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. **These encumbrances were already provided for in the 2008**

Projected Disbursements column as it affects fund cash balances. Of that, \$715,994 is in the General Fund and reduces that fund's cash balance from \$ 6,001,104 to \$5,906,553.

Alternatives

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

1. Approve the budget amendment.
2. Disapprove or deny the amendment.
3. Do nothing currently, but amend the budget later in the year if needed.

Recommendation

City Administration recommends that the Council approve the amendment to include those encumbrances as of September 30, 2008.

Sample Motion

Move to approve the ordinance providing for Amendment #1 to the 2008-2009 Adopted Budget as recommended.



City of Grand Island

Tuesday, February 17, 2009

Study Session

Item -2

Discussion Concerning Balanced Budget

Staff Contact: Councilmember Chuck Haase

From: Chuck Haase [mailto:chaase@charter.net]
Sent: Thursday, February 12, 2009 11:01 PM
To: Jeff Pederson
Subject: Balanced Budget Letter for Packet

To: City Council
From: Chuck Haase, City Council Rep – Ward 5

Subject: Amendment to the City Fiscal Policies – To include a Balanced Operating Budget definition

BACKGROUND – The City fiscal policies were formalized the 1st time in 1992. The goal at that time, was to put in place a formalized standard of conservative financial performance to serve the Community. These policies will be an important part of reviewing the Trending that Jeff Pederson has introduced.

TODAY - In discussing with Finance Director and the City Administrator, they both view a definition that includes using existing fund balance in defining the term “balanced budget”. Including fund balance changes the definition to mean when you’re bankrupt. I would like a trend that should send signals of needed change, long before the fund balance is gone.

RECOMMENDATION – I propose to add the following definition to the Fiscal Policies.

A BALANCED OPERATING BUDGET is defined when current year operating revenues equal or exceed the current year operating expenses.

This simple definition is an accepted definition by the GFOA (Government Finance Officers Association), and provides for a point of reference and trending that are intended to help the Council, Staff, and Public understand and effectively communicate

There are other existing budget and fiscal policies that dove-tail into this definition that, taken together make, conservative fiscal common sense. For example, there are policies that authorize one-time revenues to be used for one-time expenses.

REPORTING – An important and necessary part of the communication process from the City Administrator and Finance Director would be to report whether the operating budget is balanced, and if not, what steps are being taken to insure that we move to achieve a balanced operating budget