

# PRE-2021 BUDGET

Information for discussion prior to  
preparing the 2021-2022 Operations  
Budget



09/30/2020



# PRE-2021 BUDGET

**“If you fail to plan you are planning to fail”  
- Ben Franklin**



09/30/2020





# What does it mean to have FISCAL HEALTH?

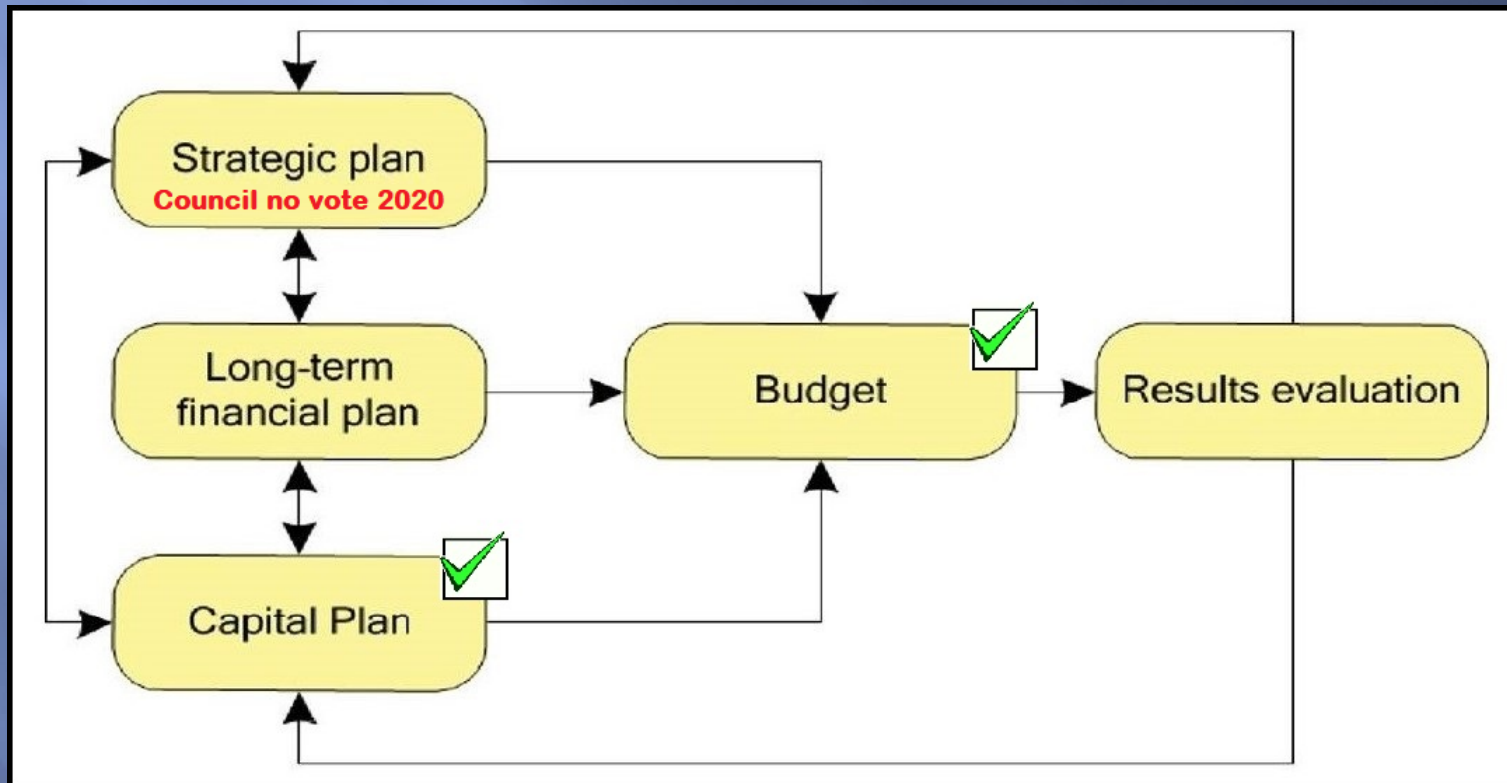
- ▣ Healthy Reserves on ALL key Funds
- ▣ Prudent Fiscal Policies
- ▣ Monitor Revenue & Control Expenses
- ▣ Maintain Manageable Debt
- ▣ Financially Compliant
- ▣ Plan Strategically



*It's not just spending it's planning and managing*



# GFOA Planning Components







# Economic Pressures

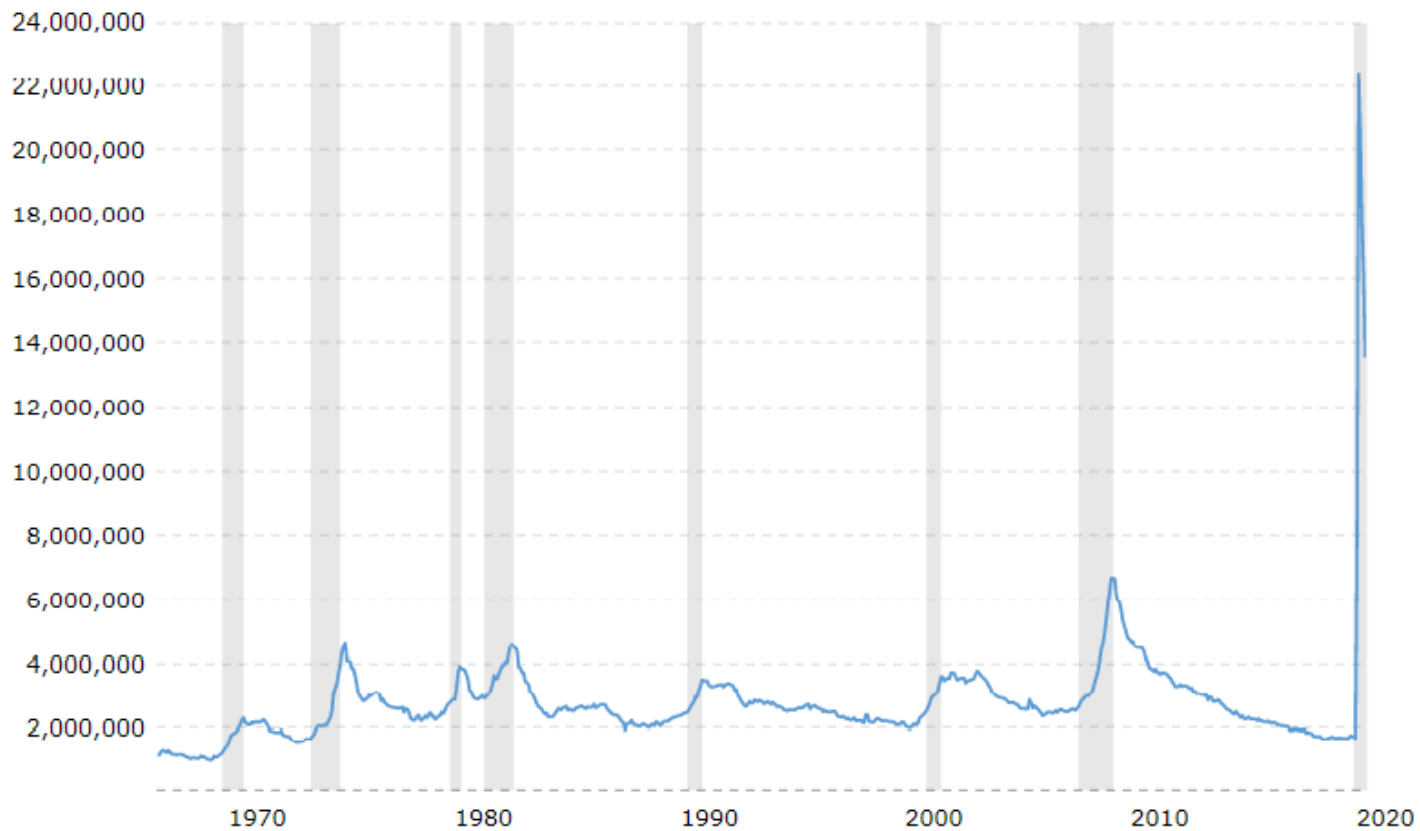
## ▣ Economists are talking about

- Steep V recovery and for how long
- Uncharted territory
- Election Impact ... ideology & the markets
- We don't know what we don't know!



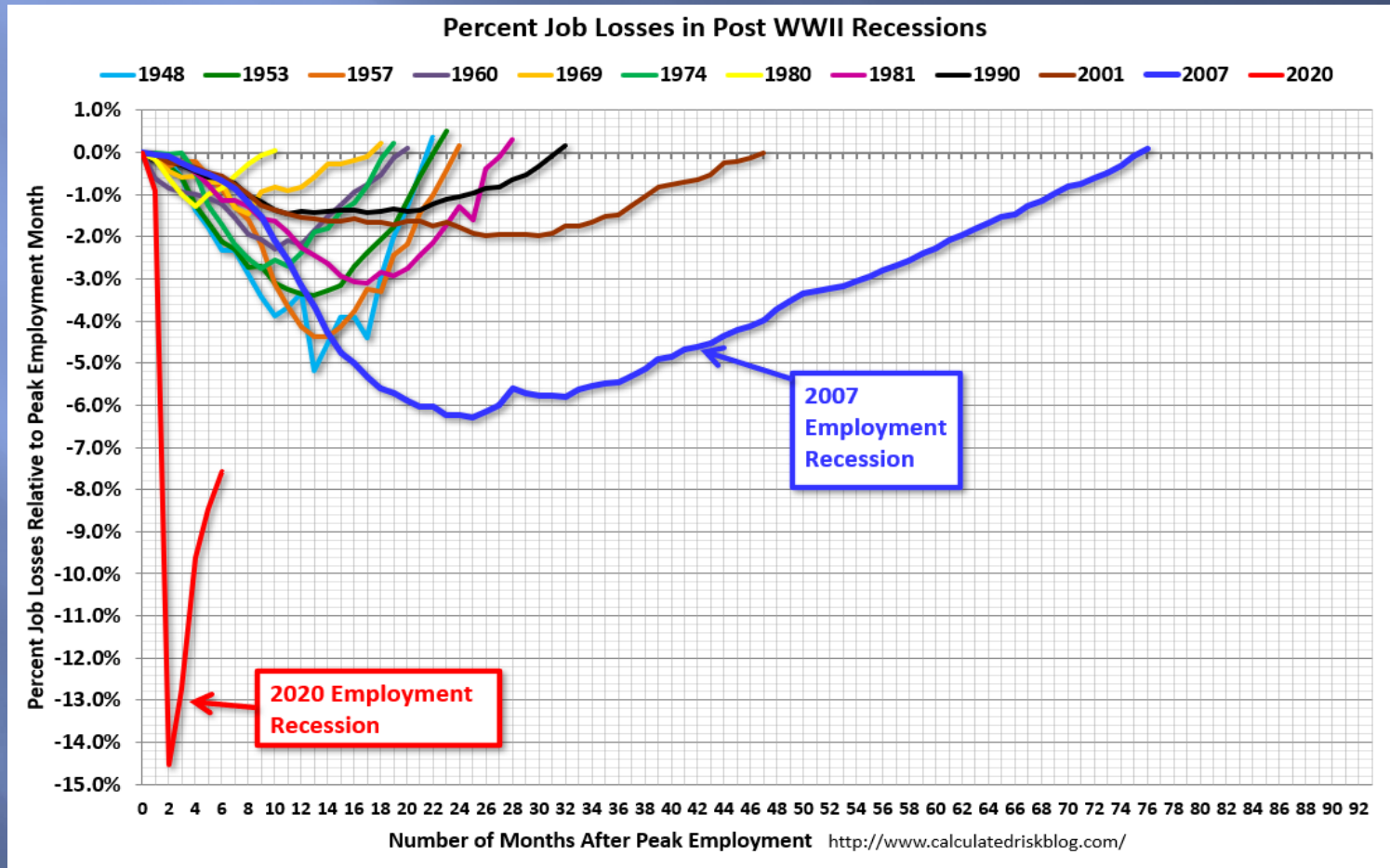
# GFOA Planning Components

**Continued Jobless Claims Historical Chart**





# GFOA Planning Components





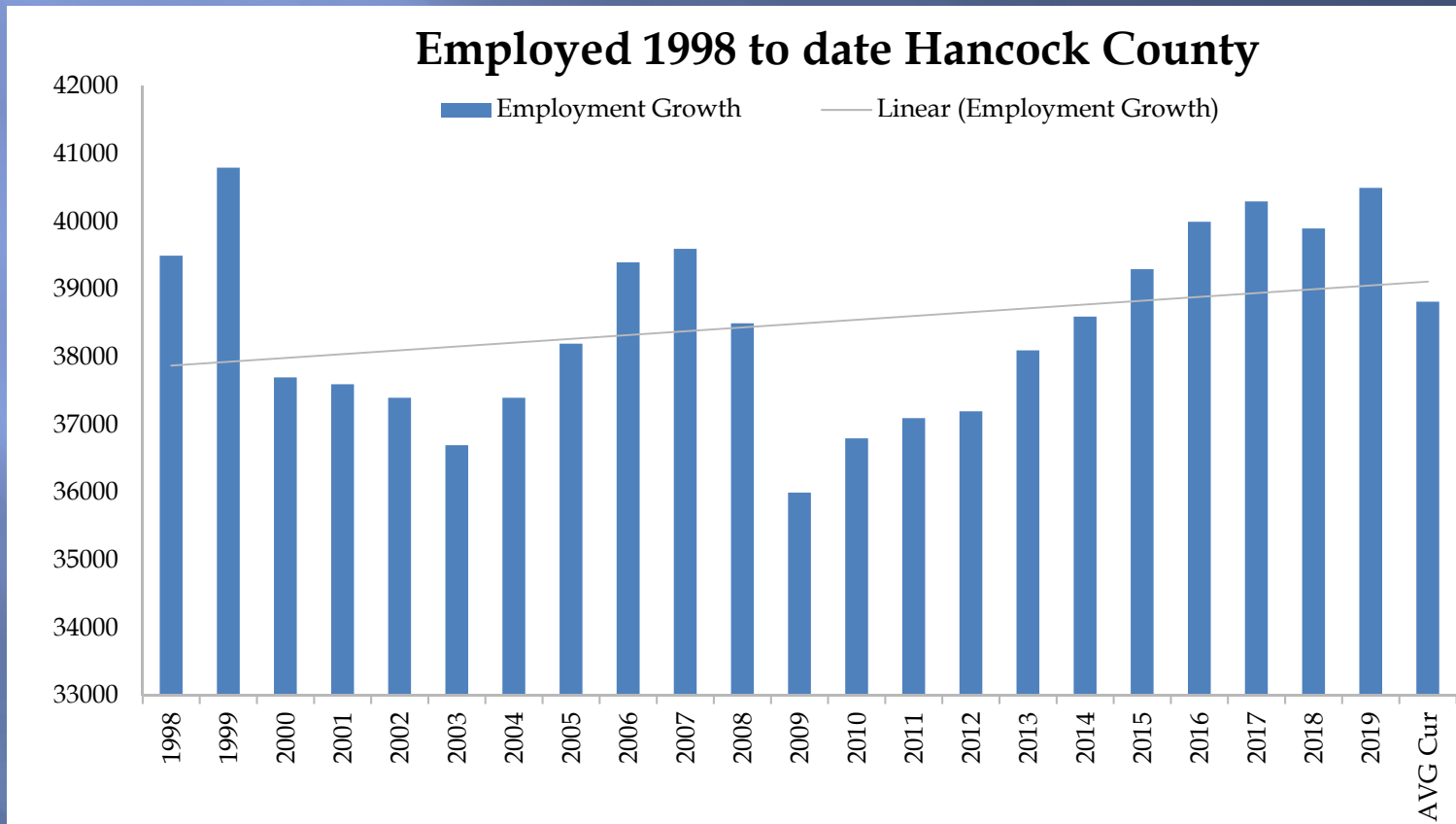
# Economic Pressures

- ▣ Revenue Questions??
  - Revenues down across the board
  - Work from home impact on Withholding
  - Re-Organization of Major Employer
    - Significant local impact
  - Economy after Election and Stimulus
    - What tools do the Fed have to help





# GFOA Planning Components





# Labor & Wages

	2020	2019 <sub>12/31</sub>	2016 <sub>12/31</sub>	2012 <sub>12/31</sub>
Full Time	319	316	293	310
Part Time Permanent	7	9	13	27
Elected	17	17	17	16
Seasonal	21	22	56	24
Full Time Equivalents FTEs	344	343	323	341
<b>Total Employees</b>	<b>364</b>	<b>364</b>	<b>379</b>	<b>377</b>

Payroll on Transparency Site:

<http://transparency.tylertech.com/findlay/pages/Payroll.aspx?PageView=Shared>



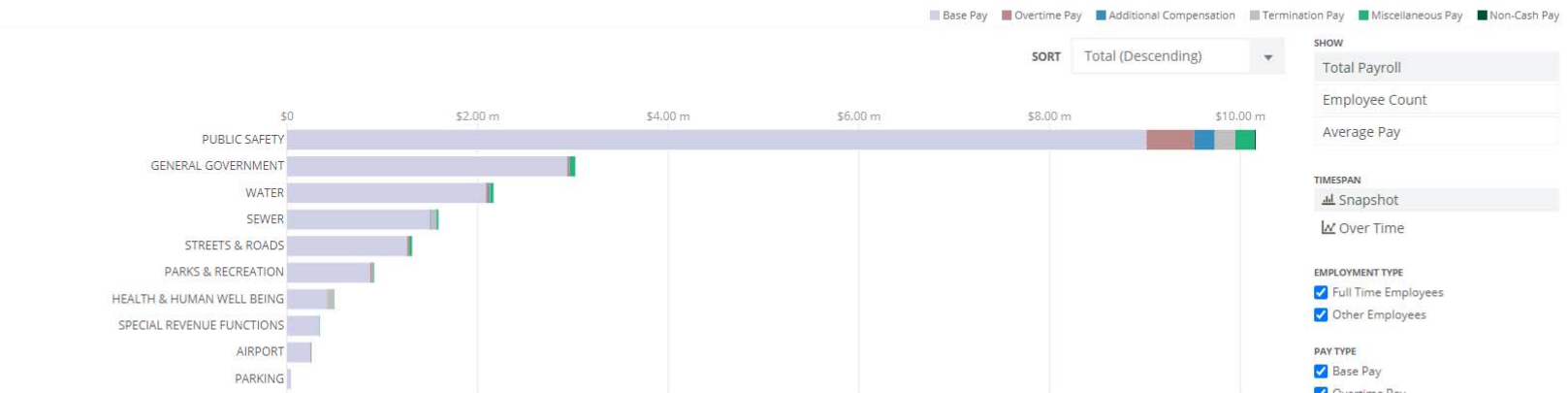
# Labor & Wages

\$20.31 Million Entire Payroll 2019 (Fiscal Year to date)

Average Full Time Permanent Pay  
**\$54,132**  
 Prior Year Gross Earnings

Entire Payroll broken down by Function

Select a segment on the chart to explore details



SORT Total (Descending)

- SHOW
- Total Payroll
  - Employee Count
  - Average Pay
- TIMESPAN
- Snapshot
  - Over Time
- EMPLOYMENT TYPE
- Full Time Employees
  - Other Employees
- PAY TYPE
- Base Pay
  - Overtime Pay
  - Additional Compensation
  - Termination Pay
  - Miscellaneous Pay
  - Non-Cash Pay



# Labor & Wages

	2020	2019	2018	2017	2016	2015	2014	2013
Retirees	7	15	9	6	7	6	5	13
Ret-Rehire	1	2	1	0	1	0	1	1
Resignations	6	13	10	7	8	8	6	10
% of total	4.1%	8.9%	6.0%	4.0%	4.8%	4.5%	3.5%	7.8%

- ▣ 2021 wages being calculated using 1.31% base pay increase
- ▣ 2022 wages being calculated using 0.36% base pay increase
- ▣ Severance payout reserve will be reviewed during budget process currently known to be \$1.6MM obligation as of 12/31/20

Payroll on Transparency Site: <http://transparency.tylertech.com/findlay/pages/Payroll.aspx?PageView=Shared>





# Labor & Wages

- City has 298 health plan contracts and the plan is performing admirably
  - Comparing benchmarks published by the State Employment Relations Board, Findlay's average claims per employee are :
    - **38% less** than other Ohio Cities and;
    - **30% less** than other government entities in Toledo region
  - All new employees on High Deductible Health Plans (140 of 298 plans)
  - 136 of HDHP are taking the City's contribution (\$720, \$1800)
  - Working to protect the plan from high risk cost of specialty drugs

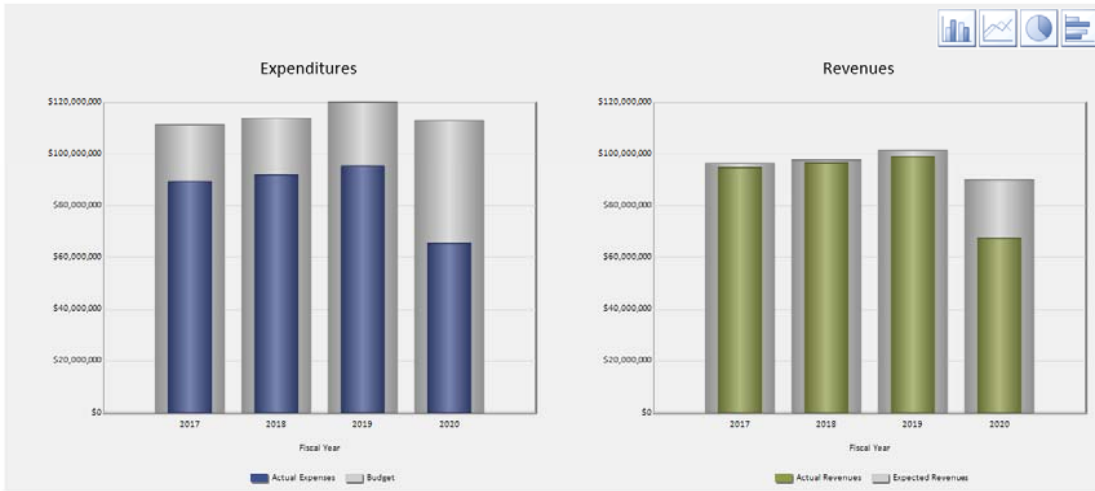


# Planning Components

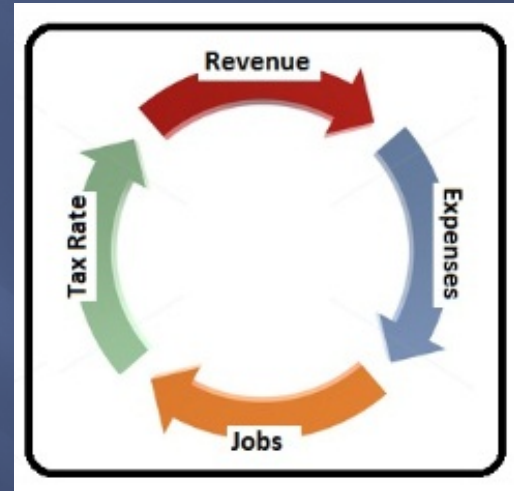


## City of Findlay Citizen Transparency

<b>Total Expenditures</b> <b>\$65,593,429</b> <small>Year To Date</small>	<b>Total Revenues</b> <b>\$67,554,610</b> <small>Year To Date</small>	<b>Overtime Pay</b> <b>\$255,039</b> <small>YTD Gross Earnings</small>	<b>Total Project Expenditures</b> <b>\$6,869,006</b> <small>Year To Date</small>	<b>Site Quick Links:</b> <ul style="list-style-type: none"> <li>Expenditures Overview</li> <li>Revenues Overview</li> <li>Payroll Overview</li> <li>Vendor Payments</li> </ul>
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Data current as of: 9/16/2020





# Planning Components

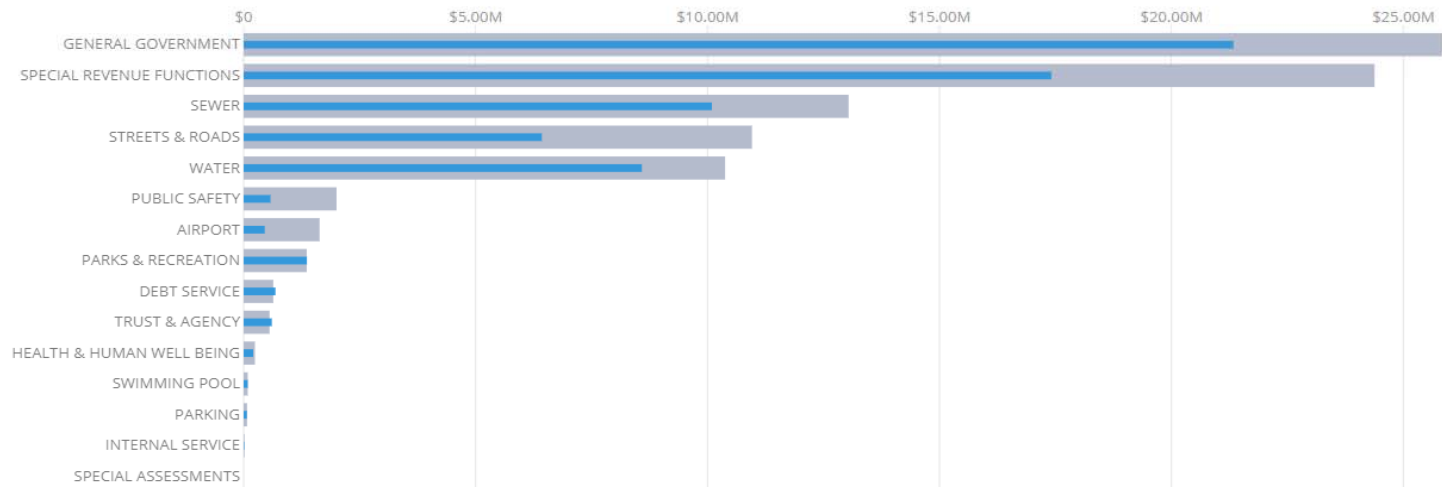
**\$91.21 Million** Revenue Budget 2020 ▾

Where's it From? How's it spent?

● Revenue Budget broken down by Function ▾

Select a segment on the chart to explore details.

← Back





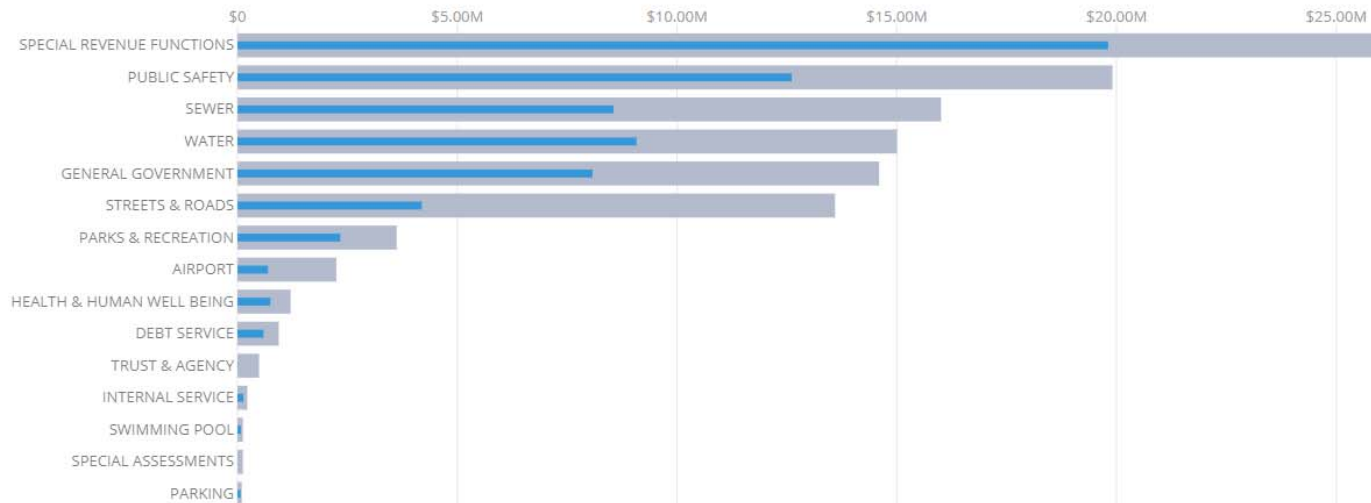
# Planning Components

\$114.83 Million Operating Budget 2020 ▾

[Where's it Going?](#) [How's it funded?](#)

● Operating Budget broken down by [Function](#) ▾

[← Back](#)







# General Information

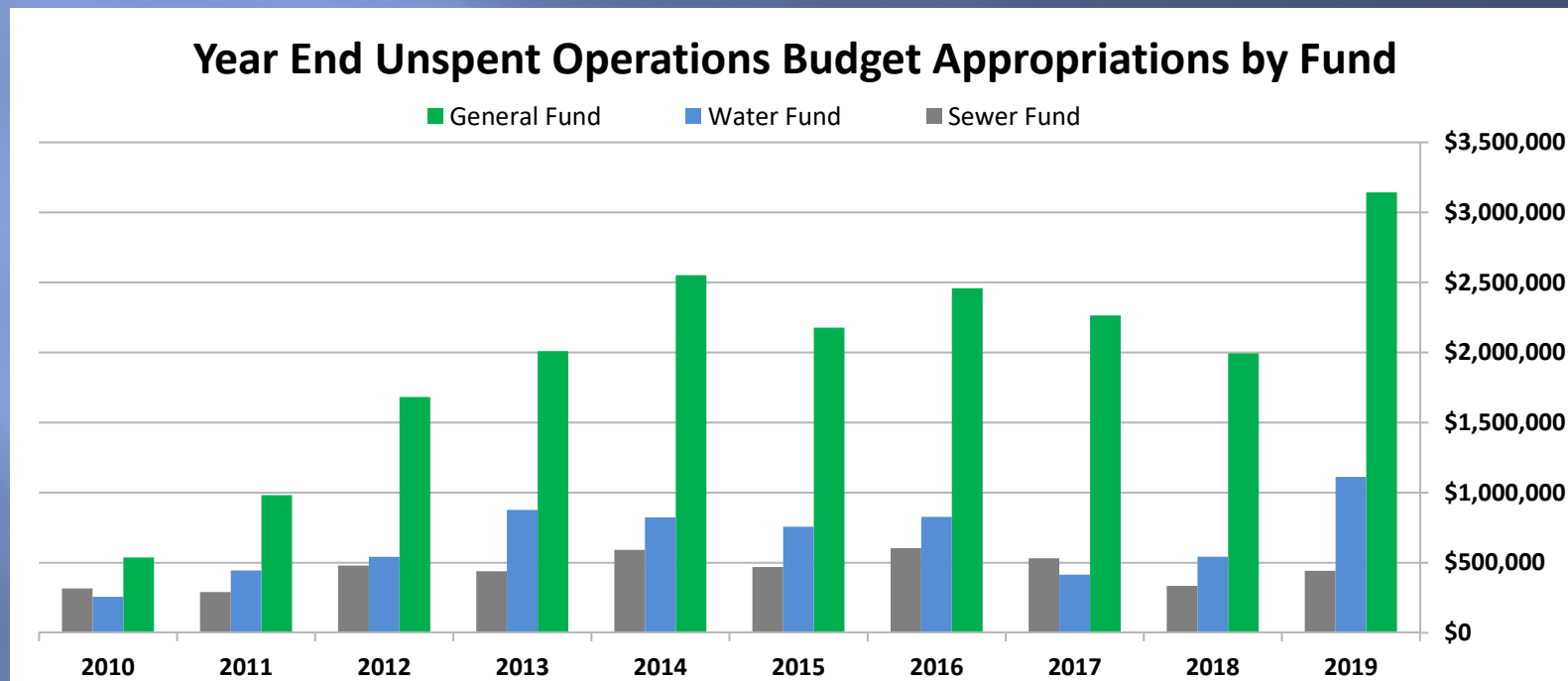


- ❑ General Fund Revenues for 2020 significantly reduced; diversification of revenue will continue to be important moving into the future
- ❑ The increased gas tax and restored local government funds will have a positive impact on our revenues
- ❑ Capital Improvement allocation proposal by administration is 20% of City Income Tax Receipts as part of 5-year Capital Plan. i.e. 80% General Fund 20% Capital Improvements Account.
- ❑ General Fund Expenses 2020 to date
  - No reduction in appropriated expenses has been made, City Council is relying on the Administration to reduce spending without setting strict guidelines
  - City Auditor has very limited view of expected year end expenses until each department enters expected expenses as part of the budget process; however, expense projections reflect fully spent appropriations which differ from actual ending numbers (see Unused Operations Appropriations graph)
- ❑ Expecting reasonable carry-forward balance going into 2020

*\*Auditor will continue to adjust numbers through year end*



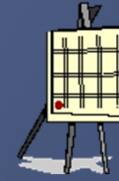
# Cash Carry-Forward



Best Practices state an acceptable amount of carryforward should be determined as a component of an ongoing strategic policy



# General Information



- ❑ CARES ACT Funding a blessing and will help cash carry-forward
- ❑ Projecting 2021 revenues will be a major challenge
- ❑ General concerns for Hotel & Motel receipts as well as the local small businesses such as restaurants
- ❑ City Income Tax Growth
  - Total City Income Tax receipts down significantly from Auditor's original budget projection in all categories (withholding; individual; business) DOWN \$5.3MM from the original projection
  - Next year, W2 income (withholding) and Business tax receipts should be of major concern to the City and all categories projected down by Income Tax Administrator
  - Lawsuits regarding payment of W2 income tax to Municipalities when working at home

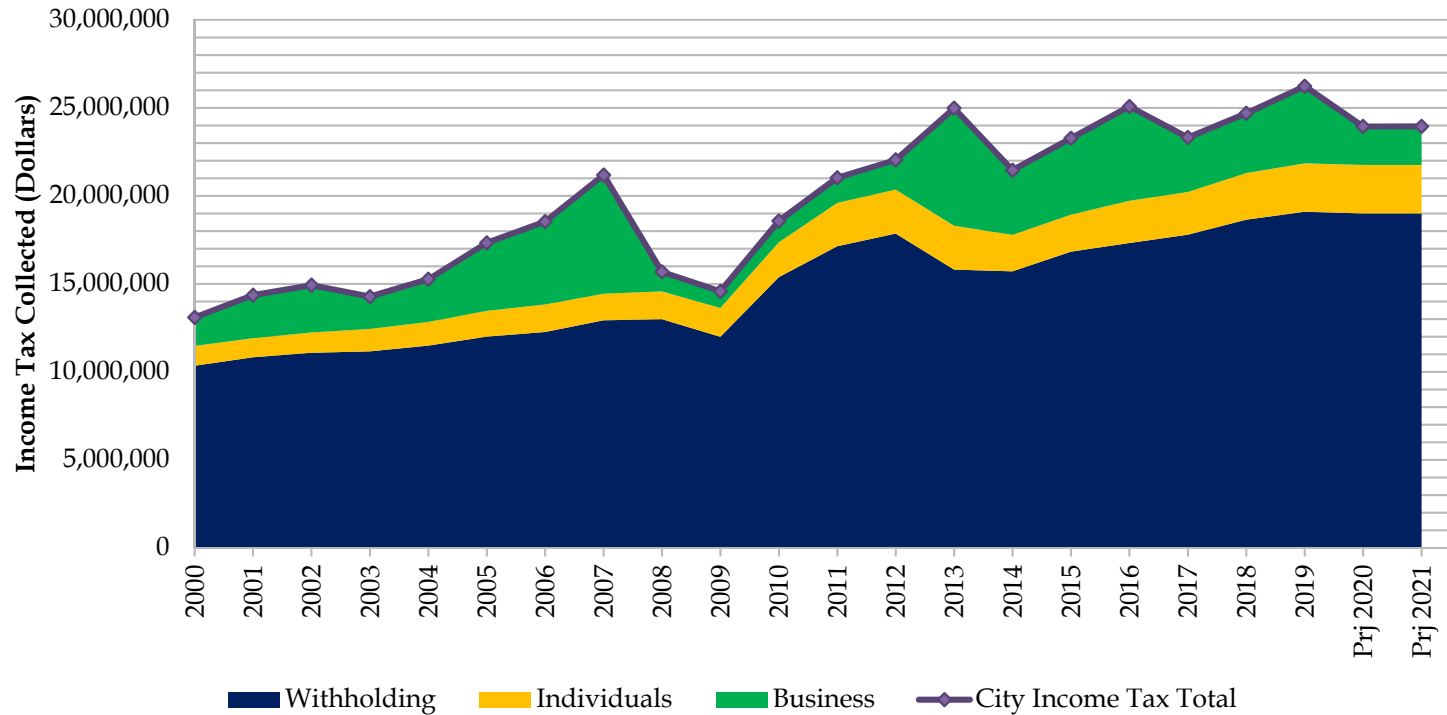
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*Auditor will continue to adjust numbers through year end*



# GFOA Planning Components

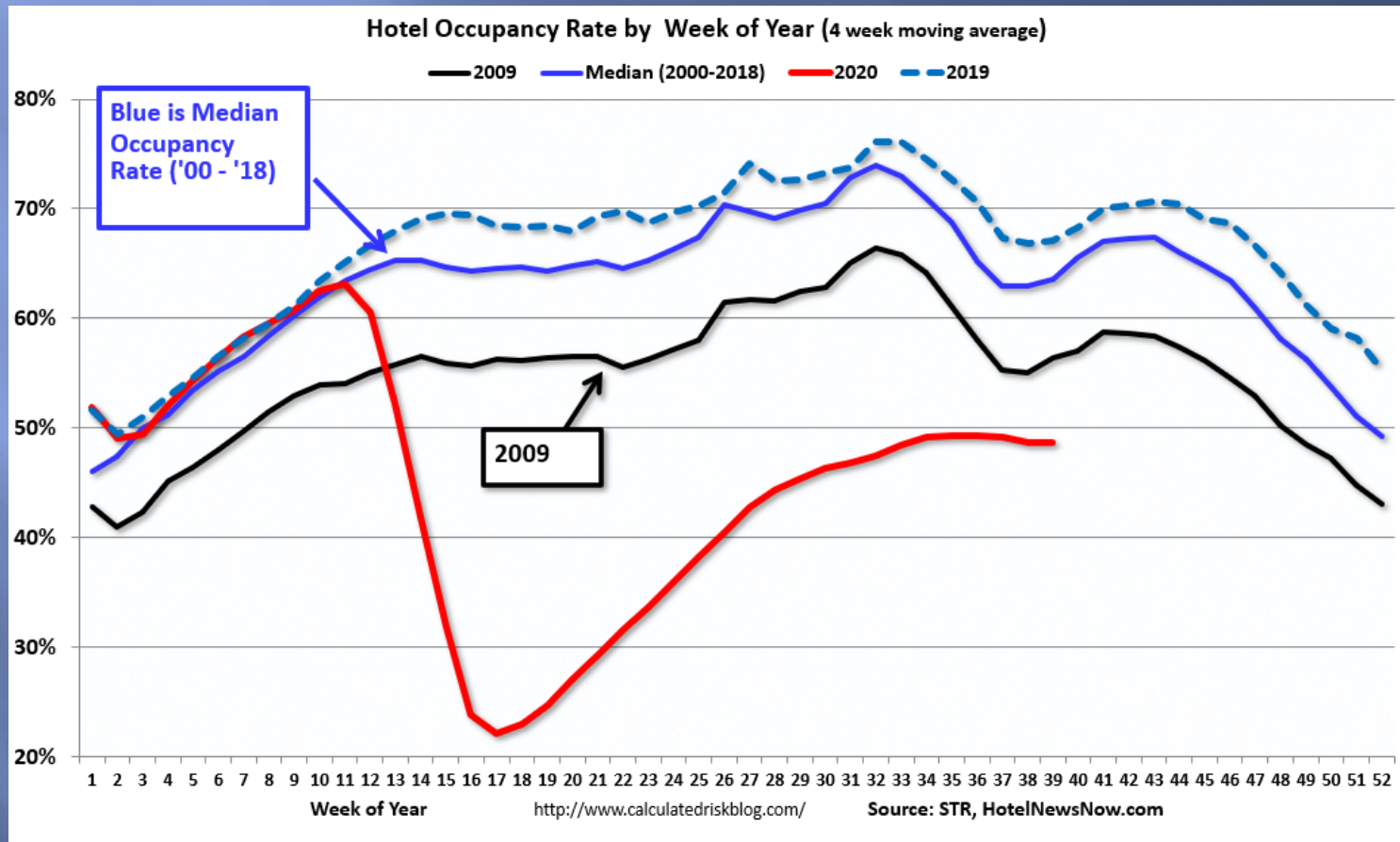
## Findlay Income Tax Collections 2000-Present





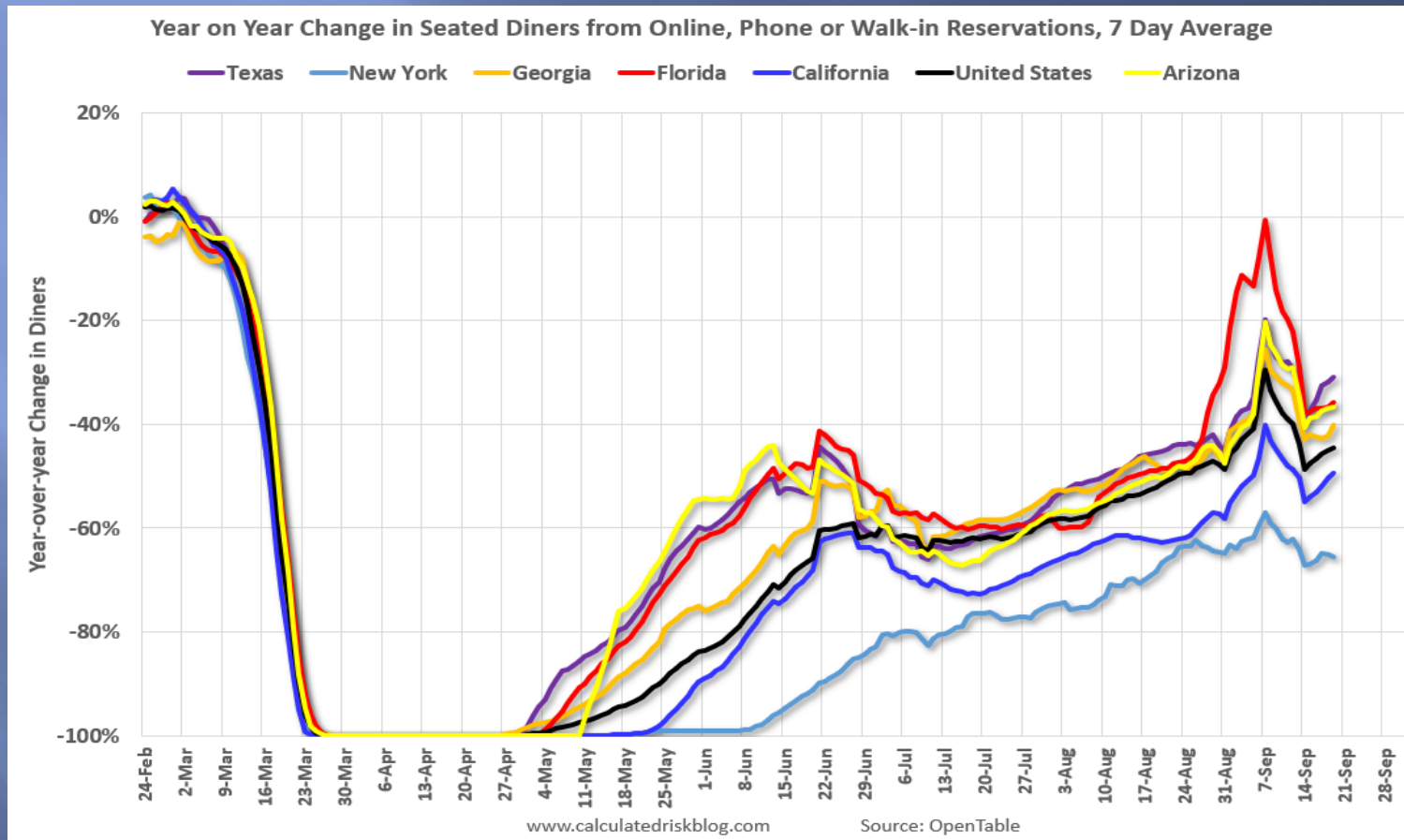


# GFOA Planning Components





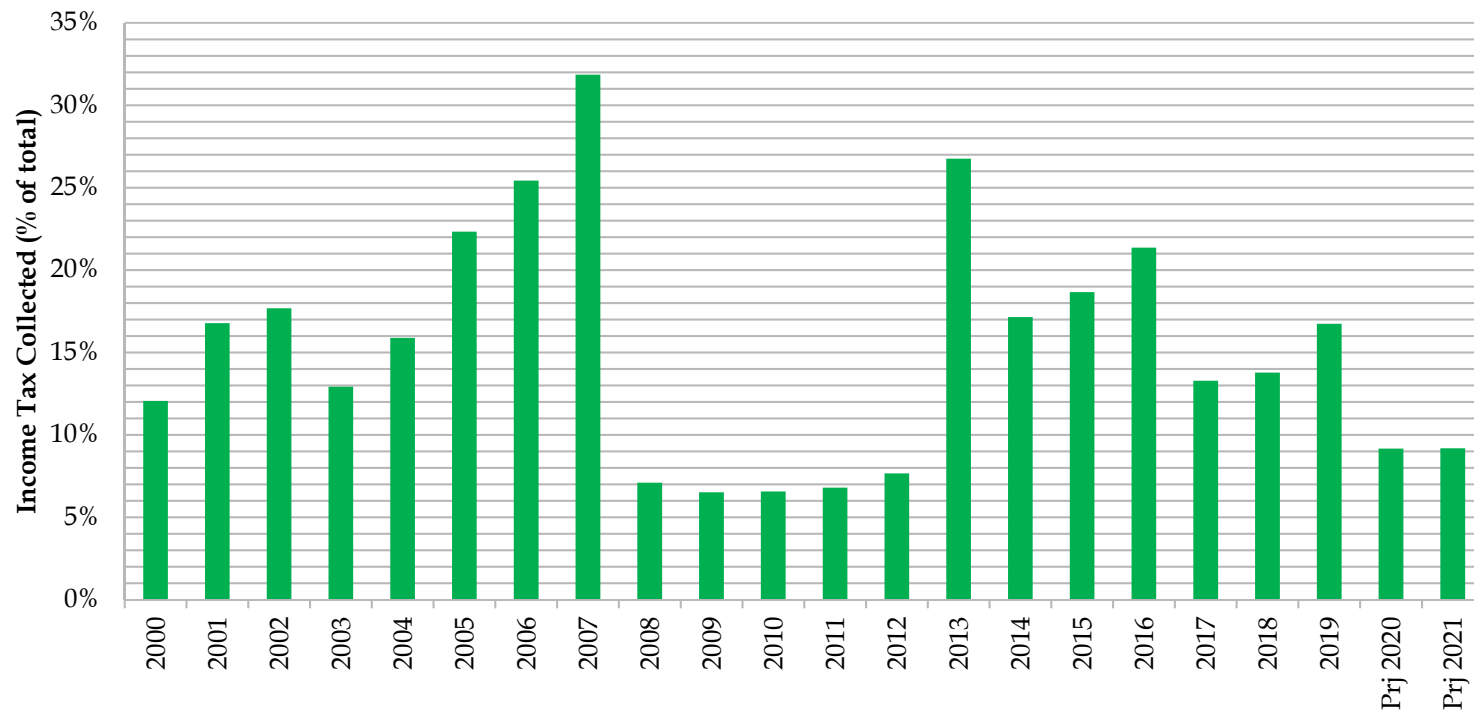
# GFOA Planning Components





# Historic Trend

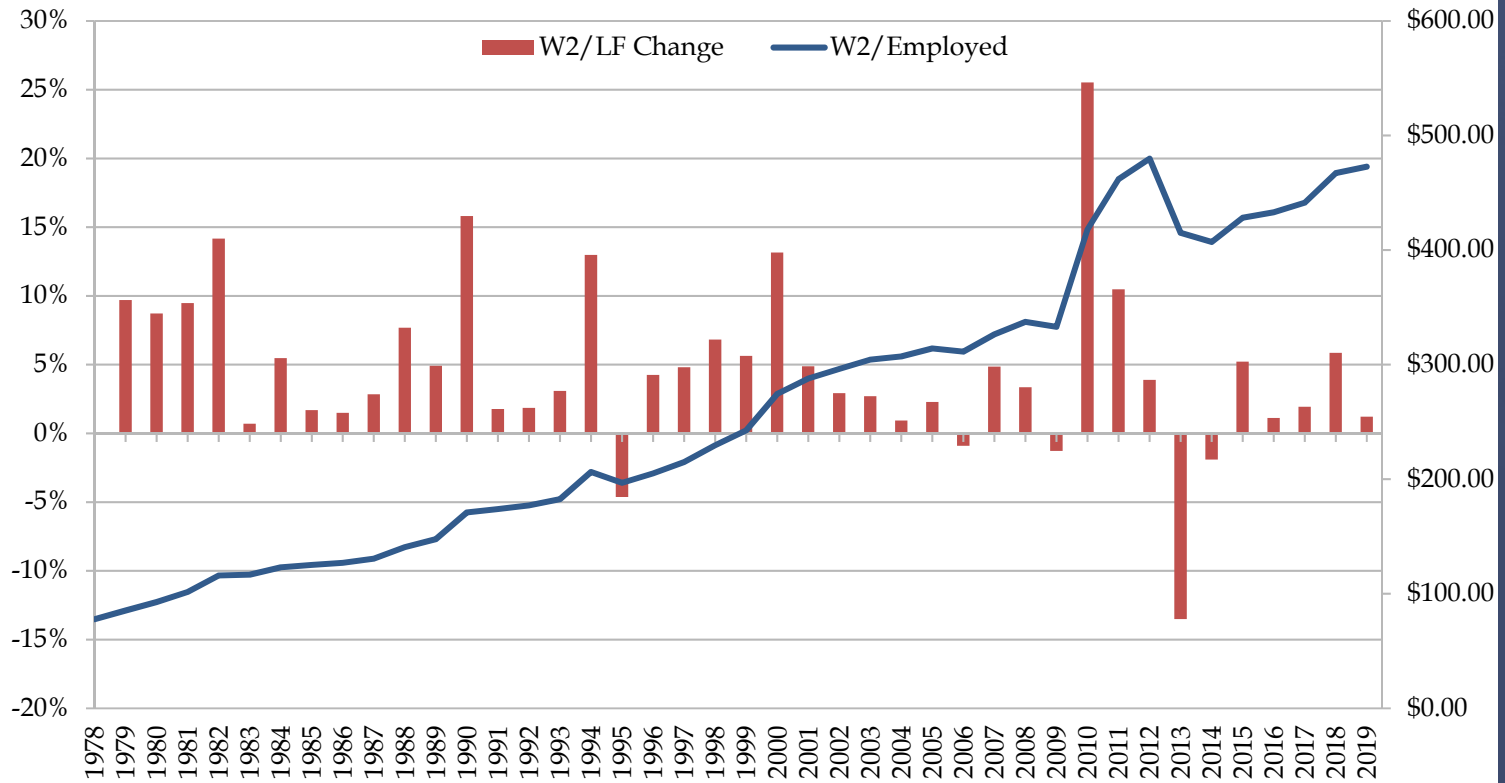
## Business Income Tax Collections % of Whole





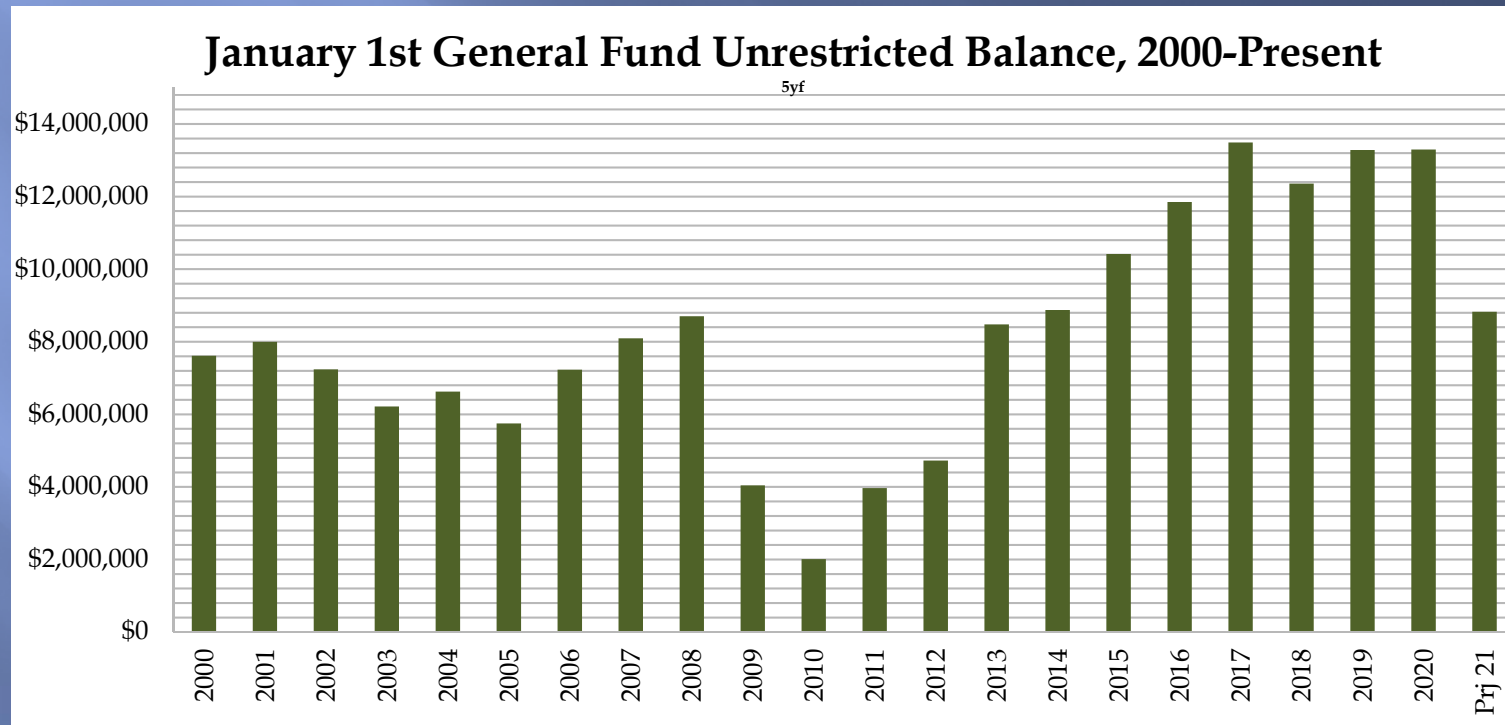
# Historic Trend

## W2 Receipts by Labor Force





# Budget History

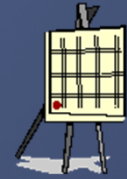


*Note: Projected 2020 does not account for the likely carry-forward of unspent appropriated funds in 2020*





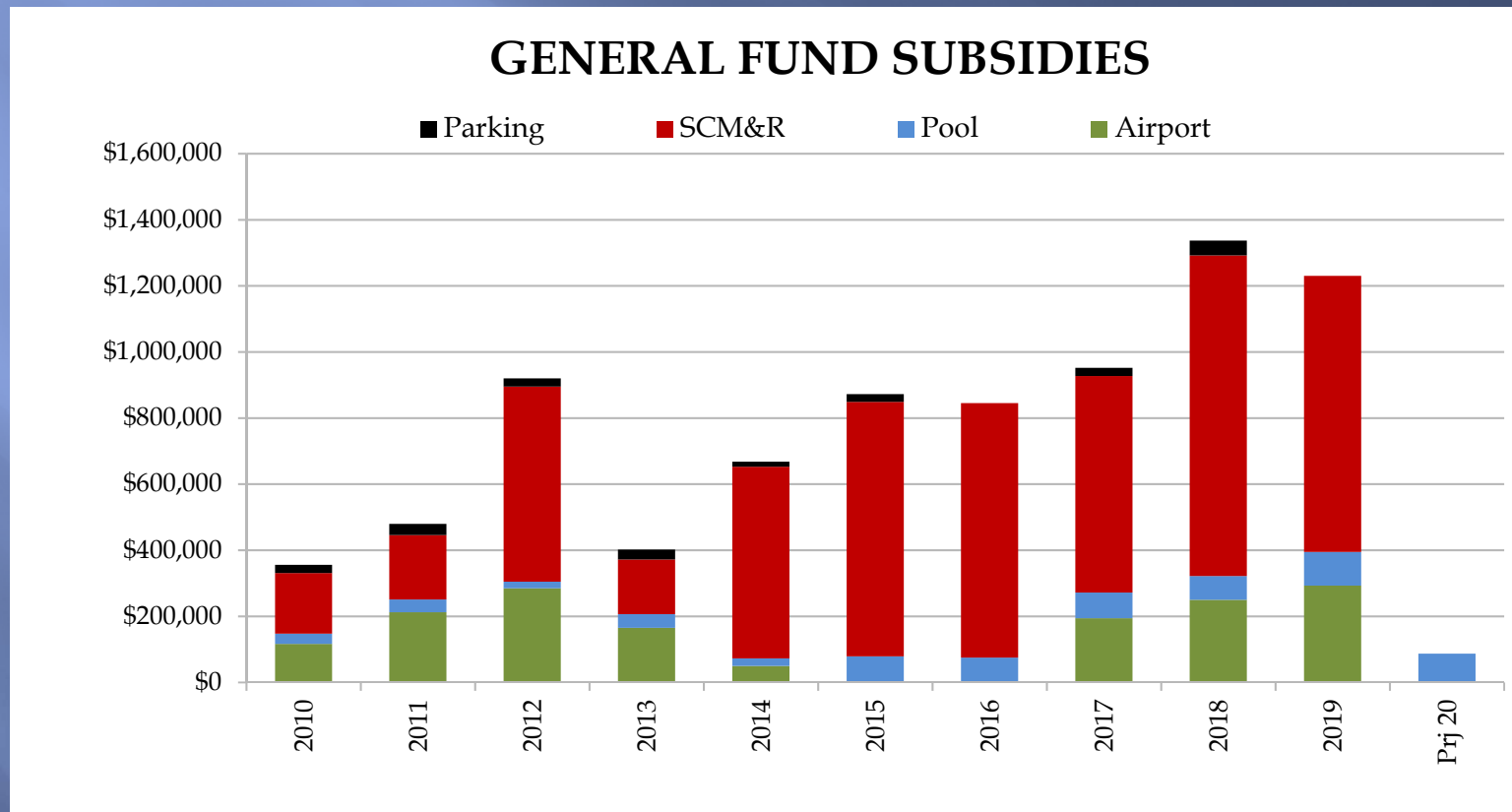
# GFOA Best Practices



It is essential that a government maintain adequate levels of working capital in its enterprise funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) and to ensure stable services and fees... governments should start with a baseline of ninety (90) days worth of working capital and then adjust the target based on the particular characteristics of the enterprise fund in question...



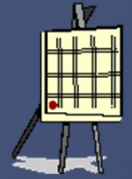
# Historic Trend



*Note: Projected 2018 does not account for the likely carry-forward of unspent appropriated funds in 2018*



# Other Projections



- General Fund projected at \$8.8MM; legislated 2-month minimum reserve of \$5.0MM Auditor recommending formalizing 3-month minimum of \$7.5MM
- Year-end projected unrestricted cash balance of the Water Fund is \$2.7MM Auditor requesting review to consider creating a “Restricted Replace & Improvement Account” as well as recommendations presented to Council on July 17, 2020
- Year-end projected unrestricted cash balance of the WPC (Sewer) Fund is \$5.9MM. Auditor requesting review to consider funding of the “Restricted Replace & Improvement Account”



## LARGE INCENTIVES/GRANTS

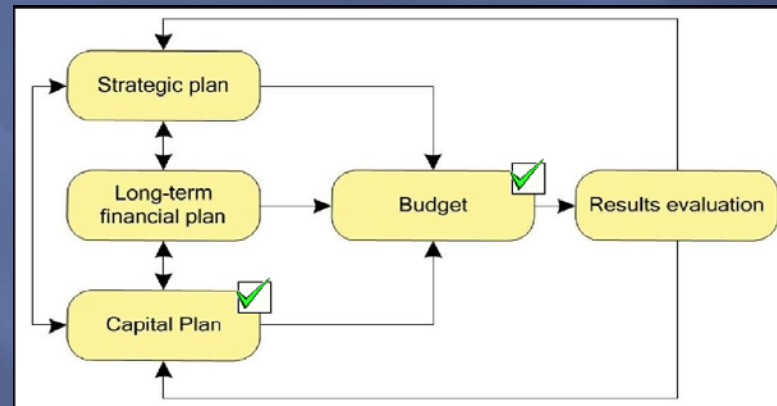
- ❑ City Auditor has not been made aware of any large grants being applied for in 2021 or 2022 that should be considered as part of revenue projections
- ❑ A process should be implemented that provides updates regarding the major CRA projects and special or large grants requested and approved by City Council for the elected officials





# Council's Fiscal Process

*Having an item listed in budget or capital plan should not exclude it from a proper review process with regard to the City Council's Strategic and Long Term Financial Plans*







# Fiscal Health

- ❑ Auditor of State's Health Indicators are on public display
- ❑ City has a "Cautionary Outlook" indicator
  - 1) Condition of Capital Assets

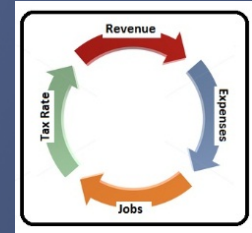
Entity Name	Entity Type	County	Year Basis	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Totals	Filing Status	Population
Findlay	City	Hancock	2015 GAAP	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Red: 0 Yellow: 1	Final	41,596
Findlay	City	Hancock	2016 GAAP	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Red: 0 Yellow: 2	Final	41,542
Findlay	City	Hancock	2017 GAAP	Yellow	Yellow	Green	Green	Green	Green	Yellow	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Red: 0 Yellow: 4	Final	41,652
Findlay	City	Hancock	2018 GAAP	Yellow	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Red: 0 Yellow: 3	Final	41,321
Findlay	City	Hancock	2019 GAAP	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Black	Red: 0 Yellow: 1	Preliminary	41,761

*How are City Council members gauging the fiscal health of the City?*



## Council to Ponder...

- ❑ Is any consideration being given to setting aside money for Flood Mitigation projects?
- ❑ Will Howard Run be partially funded by the City in a similar fashion as Dazell Ditch? (approximately \$300k)
- ❑ City is enjoying the benefits of a solid cash position and a resilient economy; however, we have a long row to hoe and should protect the position of our General Fund and its reserves
  - *The City should not incur major expenses that have a long term impact without a full Cost-Benefit Analysis*
- ❑ Assessment projects do not guarantee full or partial payment of expended funds

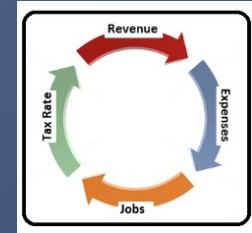


What discussions should Council have prior to finalizing a budget?





# 2021 Budget Meeting



*The 2021 and 2022 budgets will be created simultaneously; process shows short term sustainability of spending priorities. Findlay's 'AA stable' bond rating can be protected with proper planning. Council must affirm the likely Capital Improvements allocation before budgets started*

- 2-Night review of full budget, starting time & schedule to be determined 12/09 & 12/10
- Wage tables currently being calculated at +1.31% and +0.36% (if Council wants something different Auditor needs information quickly)
- Capital Allocation to be \_\_\_% for 2020 and \_\_\_% 2021