

# PRE-2014 BUDGET

Significant information for preparing  
the 2014 Operations Budget



09/10/2013





# What does it mean to have FISCAL HEALTH?

- ▣ Healthy Reserves on ALL key Funds
- ▣ Prudent Fiscal Policies
- ▣ Monitor Revenue & Control Expenses
- ▣ Maintain Manageable Debt
- ▣ Financial Compliance
- ▣ Economic Diversification





# AUDITOR'S OFFICE

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**JIM STASCHIAK II**  
CITY AUDITOR

**REVISED**

RE: 2014 BUDGET SCHEDULES

September 10, 2013

## 2013

- 09/10 Pre-Budget Meeting as part of appropriations meeting: This is to allow Council to clarify assumptions developed for the overall budget preparation by the City Departments. It is also Council's opportunity to express concerns and establish priorities as we move into 2014.
- 10/07 Departmental Budget Staff Meeting: Present assumptions to departments, distribute and review critical materials with departments, discuss technical aspects of budget entry, and ending dates.
- 10/18 Department budgets locked so administration can process budget for correctness and completeness.
- 11/04 8am Administration budget locked; Auditor begins reconciliation of budget.
- 11/08 Auditor finalizes revenue estimates to reconcile with budget.
- 11/01- 11/12 Statutory corrections made to budgets and finalized between Mayor and Auditor; Auditor determines projected carry-forward for 2014 beginning cash balance based on Mayor's and department's estimated remaining expenditures for carry-forward..
- 11/22 Auditor review completed and Budget Documents finalized.
- 12/03 Completed budget distributed to council for insertion in '2014 FINANCE BOOK' (*Available to general public at this time*).
- 12/12 Budget Hearing – Open Public Budget Meeting; each department presents budget to Council for review/modifications/comment.
- 12/30 Numbers finalized for Ordinance 2014-001 by Auditor.
- 01/07/14 Permanent Budget Ordinance 2014-001 adopted by City Council.

**FINANCIAL: GENERAL FUND**

Revenues/Expenditures Snapshot as of :

8/31/2013

<b>GENERAL FUND REVENUES &amp; EXPENSES</b>	<b>2013</b>
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Ending Year 2012 Cash Balance – Unappropriated		\$	8,474,259
Revenue and Receipts Projection General Fund 2013	\$		24,449,264
Expenses Appropriated General Fund 2013	\$		28,403,328
<b>OPERATIONAL SURPLUS/(DEFICIT)</b>		<b>\$</b>	<b>(3,954,064)</b>

<b>PROJECTED UNENCUMBERED YEAR END GF CASH BALANCE</b>	<b>\$ 4,520,194</b>
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<b>FINANCIAL POLICY AMOUNTS</b>			
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	Minimum	Proj. Balance	Over/(Short)
Minimum Reserve Balance GF (Resolution 007-2008 12% of Budget Expenses)	\$ 3,244,593	\$ 4,520,194	\$ 1,275,602
GF Rainy Day Reserve Account #10000000-818002 (up to 5% prior year revenues)	\$ 1,000,000	\$ 1,000,000	\$ -
Self Insurance Fund #6060	\$ 1,000,000	\$ 1,188,657	\$ 188,657

<b>AMOUNT ABOVE FISCAL CAUTION ISSUE</b>	<b>\$ 1,976,552</b>
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<b>MONITORING INTANGIBLE / ANTICIPATED ITEMS</b>	<b>LIKELY</b>	<b>POSSIBLE</b>
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**GENERAL FUND**

- Revenue Differential + / (-)
- Expense Differential + / (-)
- Fund Subsidies + / (-)
- Unbudgeted Projects

<b>PROJECTED LIKELY YEAR END GF CASH BALANCE</b> (excludes rainy day reserve)	<b>2013</b>	<b>\$ 4,520,194</b>
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**FINANCIAL: WATER AND SEWER FUNDS**

<b>WATER FUND REVENUE &amp; EXPENSE SNAPSHOT</b>	<b>2013</b>	<b>8/31/2013</b>
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Ending Year 2012 Cash Balance – Unappropriated		\$	4,625,357
Revenue and receipts projection Water Fund	\$		8,113,285
Budgeted Operating & Capital Expenses Appropriated	<u>\$</u>		<u>7,263,278</u>
<b>OPERATIONAL SURPLUS/(DEFICIT)</b>		\$	850,007

<b>PROJECTED LIKELY YEAR END WATER FUND CASH BALANCE</b>	<b>\$ 5,475,364</b>
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<i>Minimum Reserve Balance for operational expenses</i>	\$	1,210,546	
<i>Minimum Reserve Balance for debt service</i>	<u>\$</u>	<u>273,230</u>	
		<u>\$</u>	<u>1,483,776</u>
Over/(Short) of minimum reserve balances		\$	3,991,588

Scheduled Capital Improvement Projects	2013	\$	3,700,500
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<b>WPC (Sewer) FUND REVENUES &amp; EXPENSES SNAPSHOT</b>	<b>2013</b>	<b>8/31/2013</b>
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Ending Year 2012 Cash Balance – Unappropriated		\$	3,066,423
Revenue and receipts projection WPC Fund	\$		9,042,205
Budgeted Expenses Appropriated	<u>\$</u>		<u>8,269,650</u>
<b>OPERATIONAL SURPLUS/(DEFICIT)</b>		\$	772,555

<b>PROJECTED LIKELY YEAR END WPC FUND CASH BALANCE</b>	<b>\$ 3,838,978</b>
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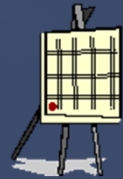
<i>Minimum Reserve Balance for operational expenses</i>	\$	1,378,275	
<i>Minimum Reserve Balance for debt service</i>	<u>\$</u>	<u>856,419</u>	
		<u>\$</u>	<u>2,234,694</u>
Over/(Short) of minimum reserve balances		\$	1,604,284

Scheduled Capital Improvement Projects	2013	\$	1,666,700
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# 2013 General Revenues

- ▣ General Fund Revenues for 2013
  - Revenues currently 74% of revenue budget
  - City Income Tax receipts -4.49% compared to 2012. Income Tax Administrator has not provided information to project year end City Income Tax at this time
  
- ▣ Capital Improvement allocation proposed at 17% of City Income Tax Receipts as part of Service Safety Director's 5-year Capital Plan. i.e. 83% General Fund 17% Capital Improvements
  
- ▣ General Fund Expenses 2013
  - Expenses running 64% of budget
  - City Auditor has very limited view of expected year end expenses until each department enters expected 2013 expenses as part of administration's 2014 budget process



*Auditor will continue to adjust numbers through year end*



# Conclusions

- ❑ Budget Process has been adjusted to account for City Income Tax information that is needed to project revenues.
- ❑ City Auditor determining recommended minimum balances for all funds. Administration can spend below minimum balances, plan to recapture should be put in place
- ❑ Once adoptable 2014 budget created, the City should begin 2015 budget process to show short term sustainability of spending priorities. Findlay's 'AA stable' bond rating can be protected with proper planning
- ❑ Must affirm the likely Capital Improvements allocation before budgets started