

# PRE-2020 BUDGET

Information for discussion prior to  
preparing the 2020-2021 Operations  
Budget



10/01/2019



# PRE-2020 BUDGET

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



10/01/2019





# What does it mean to have FISCAL HEALTH?

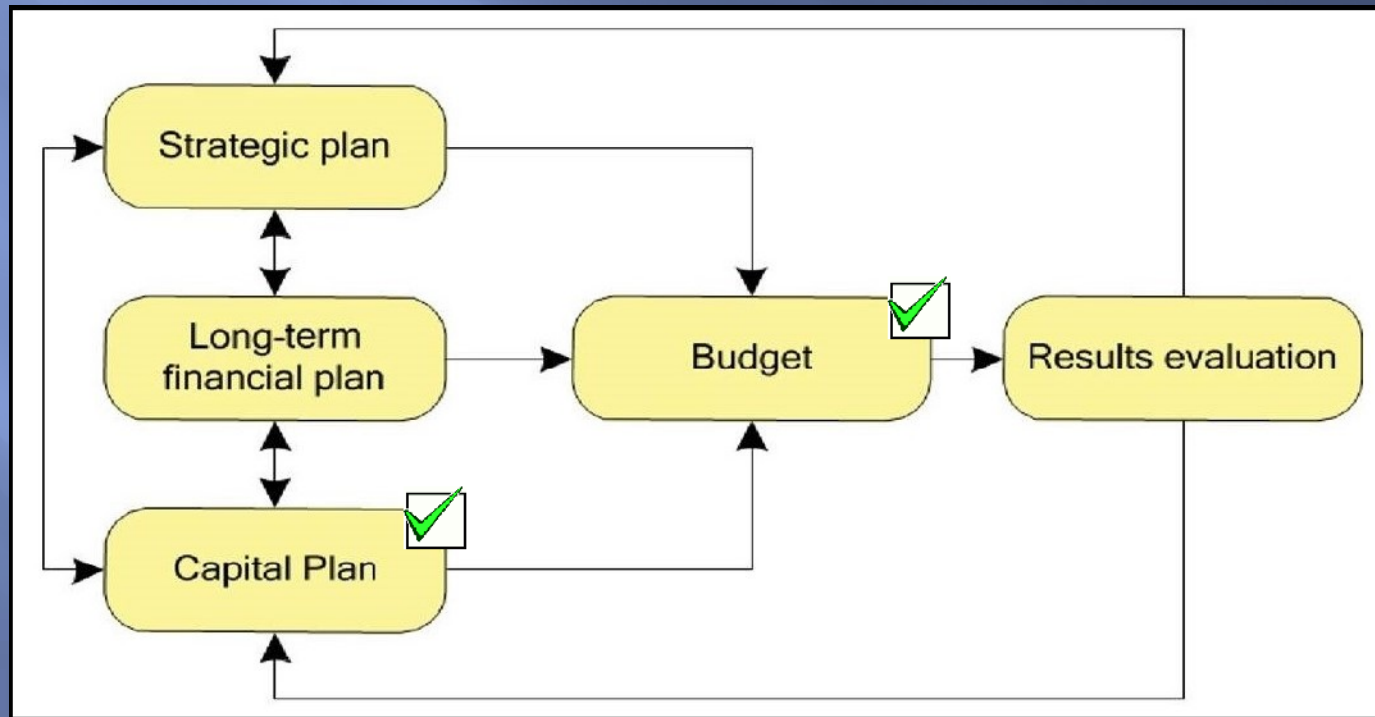
- ▣ Healthy Reserves on ALL key Funds
- ▣ Prudent Fiscal Policies
- ▣ Monitor Revenue & Control Expenses
- ▣ Maintain Manageable Debt
- ▣ Financially Compliant
- ▣ Plan Strategically



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



# GFOA Planning Components





# Economic Pressures

- Economists are talking about
  - Interest rates have dropped swiftly
  - Mixed Signals Regarding Potential Recession
    - Many say the average is 21 months between a rate curve inversion and a recession
  - Labor and Wage pressures
    - Wages >3% in private sector 2019 (City 2.36%)
    - Budget has City Employees getting 1.61% in 2020
    - Current projection is for City employees to get 0.73% increase in 2021 (Based on estimated 4% CIT growth in 2019; ending waived/deferred estimated tax payment program will likely have some impact on this percentage)



# Labor & Wages

	2019	2018 <sub>12/31</sub>	2017 <sub>12/31</sub>	2016 <sub>12/31</sub>	2012 <sub>12/31</sub>
Full Time	314	315	300	293	310
Part Time Permanent	9	12	5	13	27
Elected	17	17	17	17	16
Seasonal	37	20	27	56	24
Full Time Equivalents FTEs	345	341	331	323	341
<b>Total Employees</b>	<b>377</b>	<b>364</b>	<b>349</b>	<b>379</b>	<b>377</b>

Payroll on Transparency Site:

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



# Labor & Wages

\$19.95 Million Entire Payroll 2018 ▾

[Payroll Summary](#) [Paycheck Details](#)

● Entire Payroll broken down by [Function](#) ▾

Select a segment on the chart to explore details

Average Full Time Permanent Pay

**\$54,132**

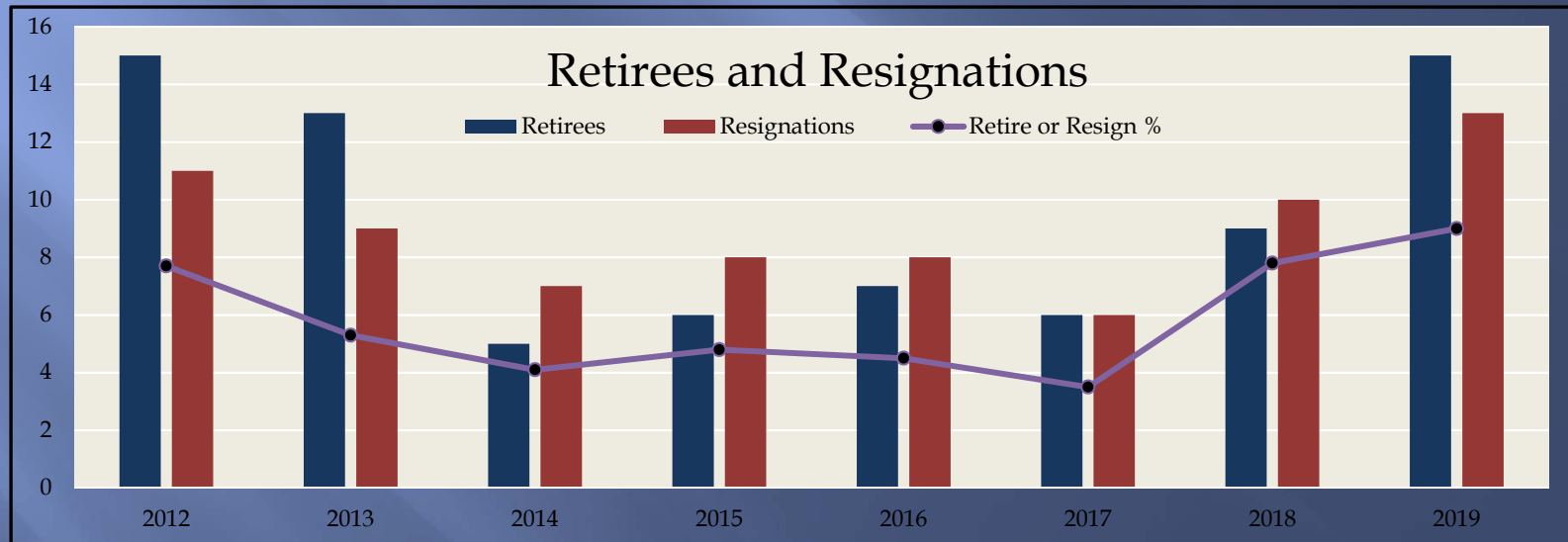
Prior Year Gross Earnings





# Labor & Wages

	2019	2018	2017	2016	2015	2014	2013	2012
Retirees	15	9	6	7	6	5	13	15
Ret-Rehire	0	1	0	1	0	1	1	2
Resignations	11	9	7	8	8	6	10	13
% of total	7.7	5.3%	4.1%	4.8%	4.5%	3.5%	7.8%	9.0%



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



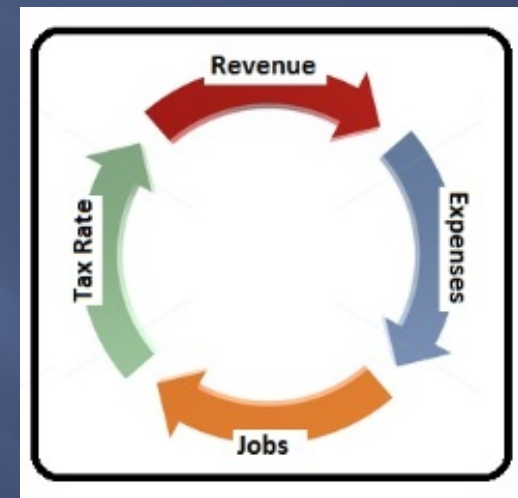
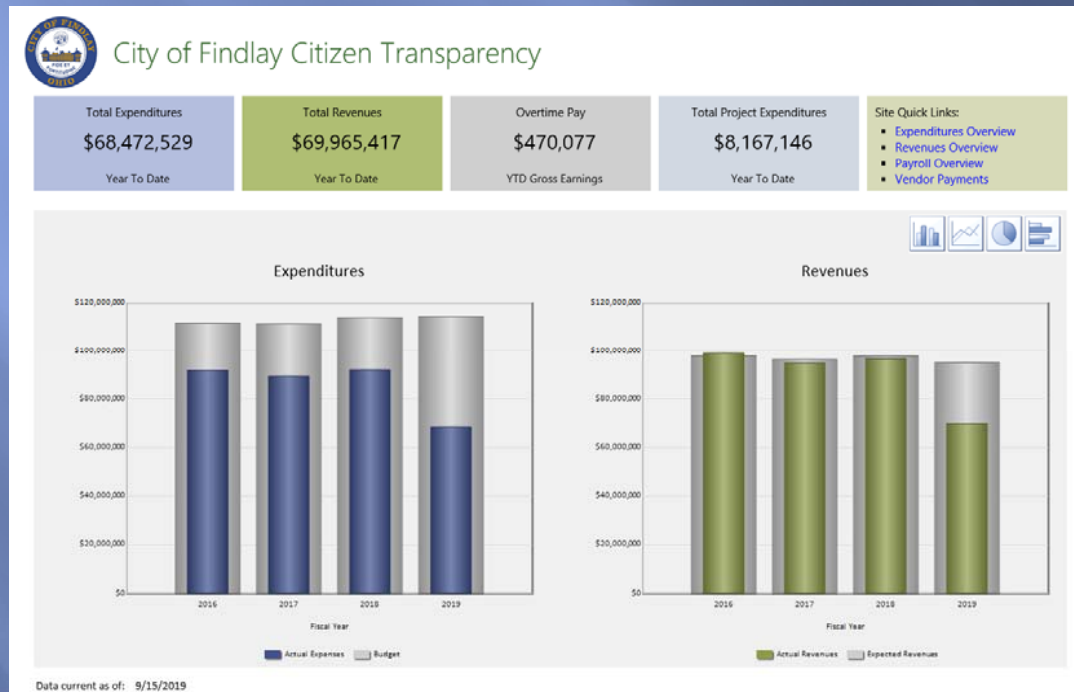


# Labor & Wages

- ▣ City has 290 health plan contracts and the plan is performing admirably
  - Comparing Ohio cities, our average annual cost per employee is running **3.1% less** for self-insured plans and **9.7% less** than fully insured plans
  - All new employees on High Deductible Health Plans (123 of 290 plans)
  - 118 of HDHP are taking the City's contribution (\$720, \$1800)
  - 66 of the HDHP holders fund an HSA in excess of the City's contribution 1 employee contributes the maximum allowable under IRS rules
  - Note: we have no insight into other ways they may be funding their health costs



# Planning Components





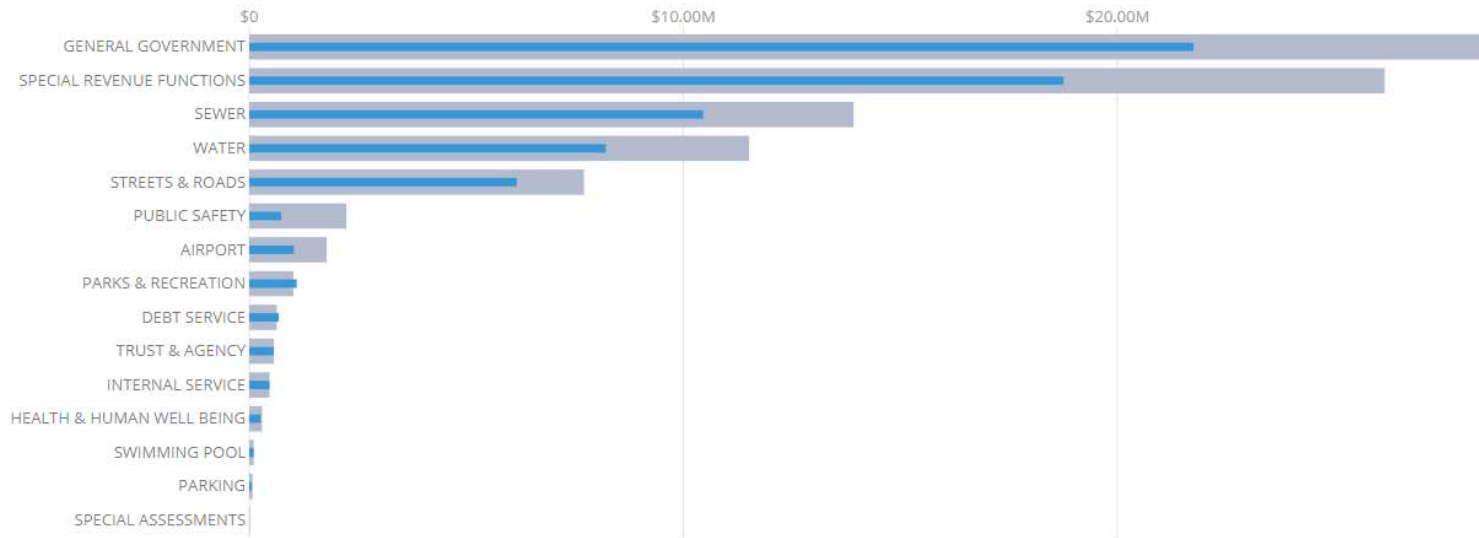
# Planning Components

\$94.95 Million Revenue Budget 2019 ▼ January through December 2019

[Where's it From?](#) [How's it spent?](#)

● Revenue Budget broken down by [Function](#) ▼

[← Back](#)





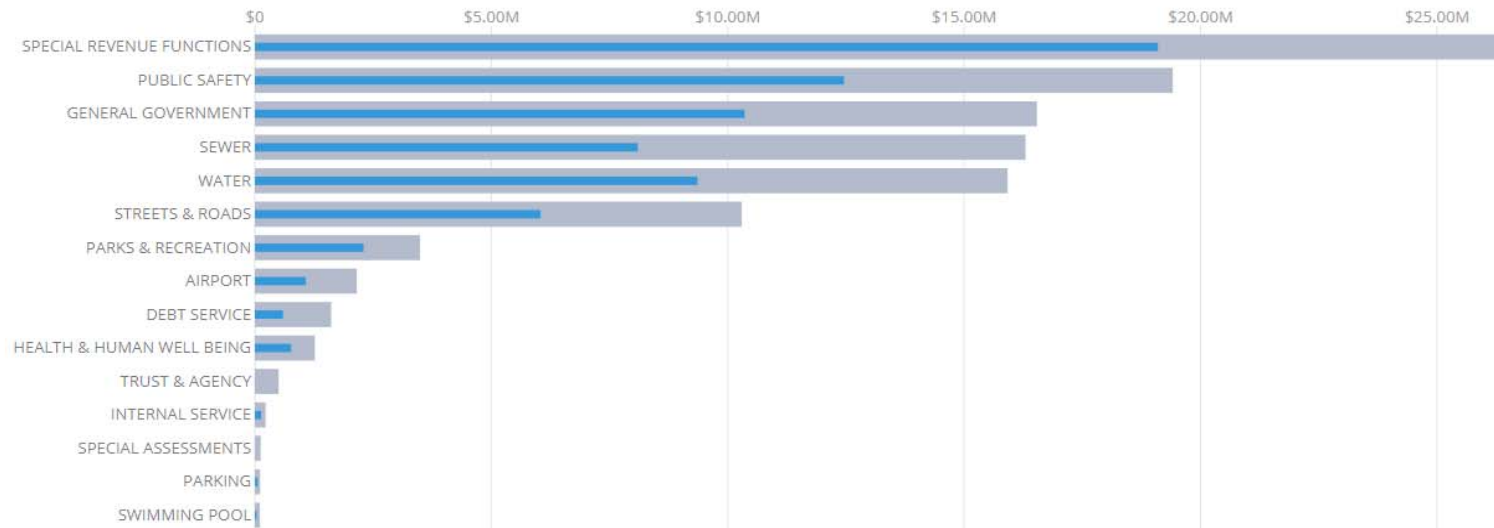
# Planning Components

**\$114.48 Million** Operating Budget 2019 ▼ January through December 2019

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

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

[← Back](#)





# General Information



- General Fund Revenues for 2019 tracking in line with Auditor's budget projections; diversification of revenue will continue to be important moving into the future
- It is yet to be seen if additional gas tax and local government funds will have any significant impact on our revenues
- 2020 & 2021 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. Historic allocation is 78% GF / 22%CI.
- General Fund Expenses 2019 to date
  - 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 good size carry-forward balances going into 2020

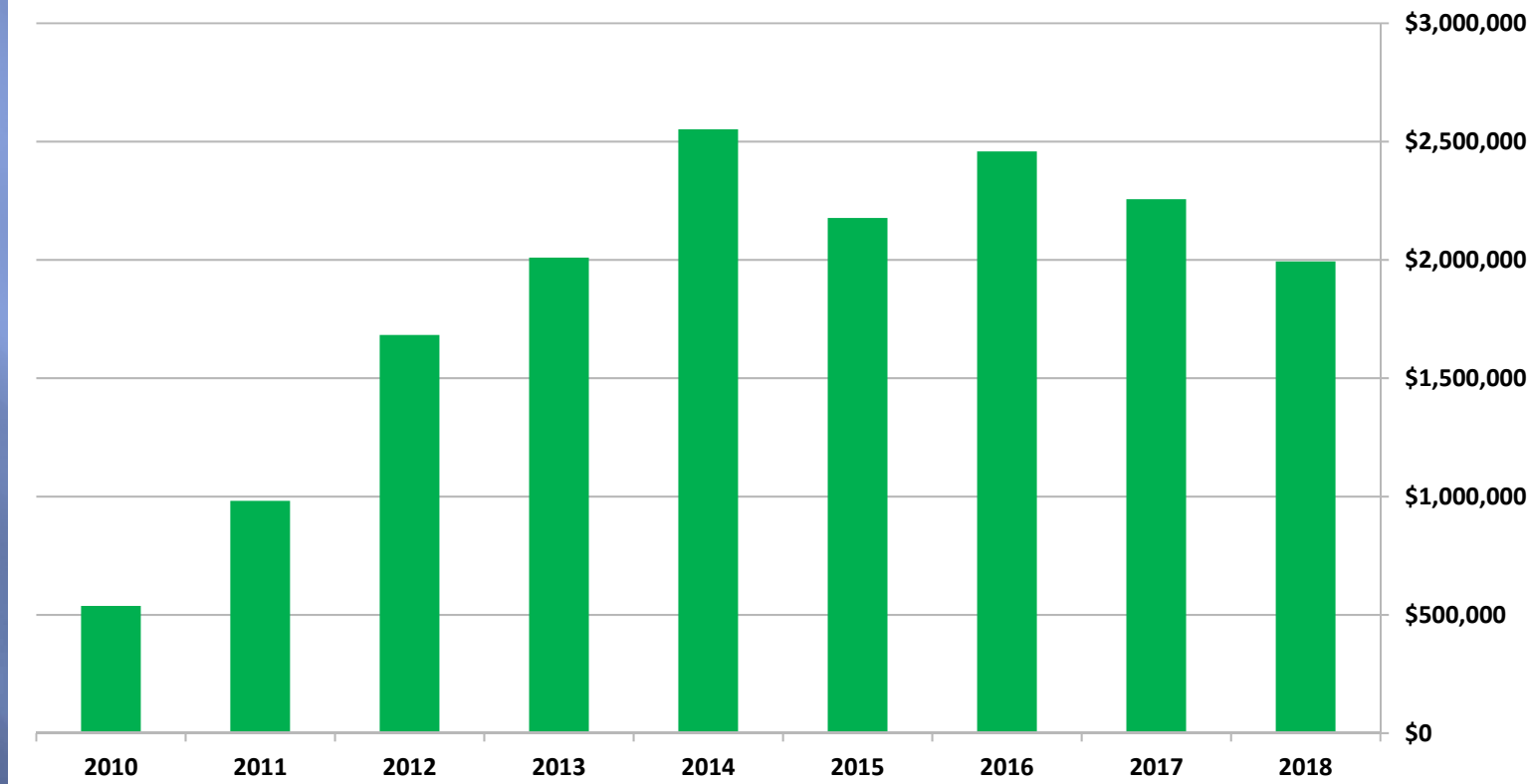
\*

*Auditor will continue to adjust numbers through year end*



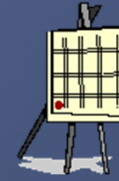
# Cash Carry-Forward

**General Fund Year End Unspent Operations Budget Appropriations**





# General Information



## ▣ City Income Tax Growth

- Total City Income Tax receipts tracking in line with Auditor's budget projection;
- However, W2 income growth seems weak and should be explored
- Ending deferred estimated business profits component of income tax should have positive impact on revenues

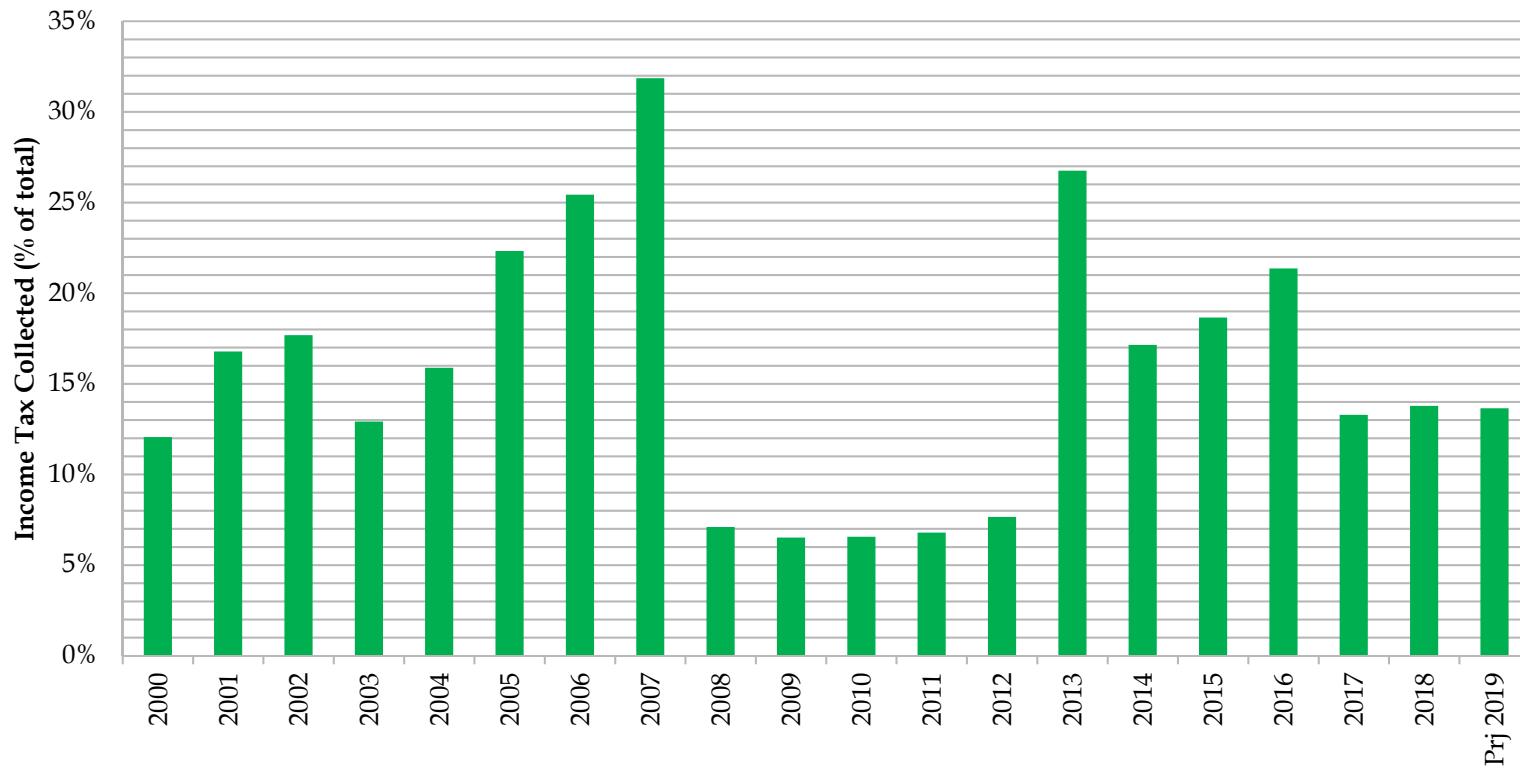
\*

*Auditor will continue to adjust numbers through year end*



# Historic Trend

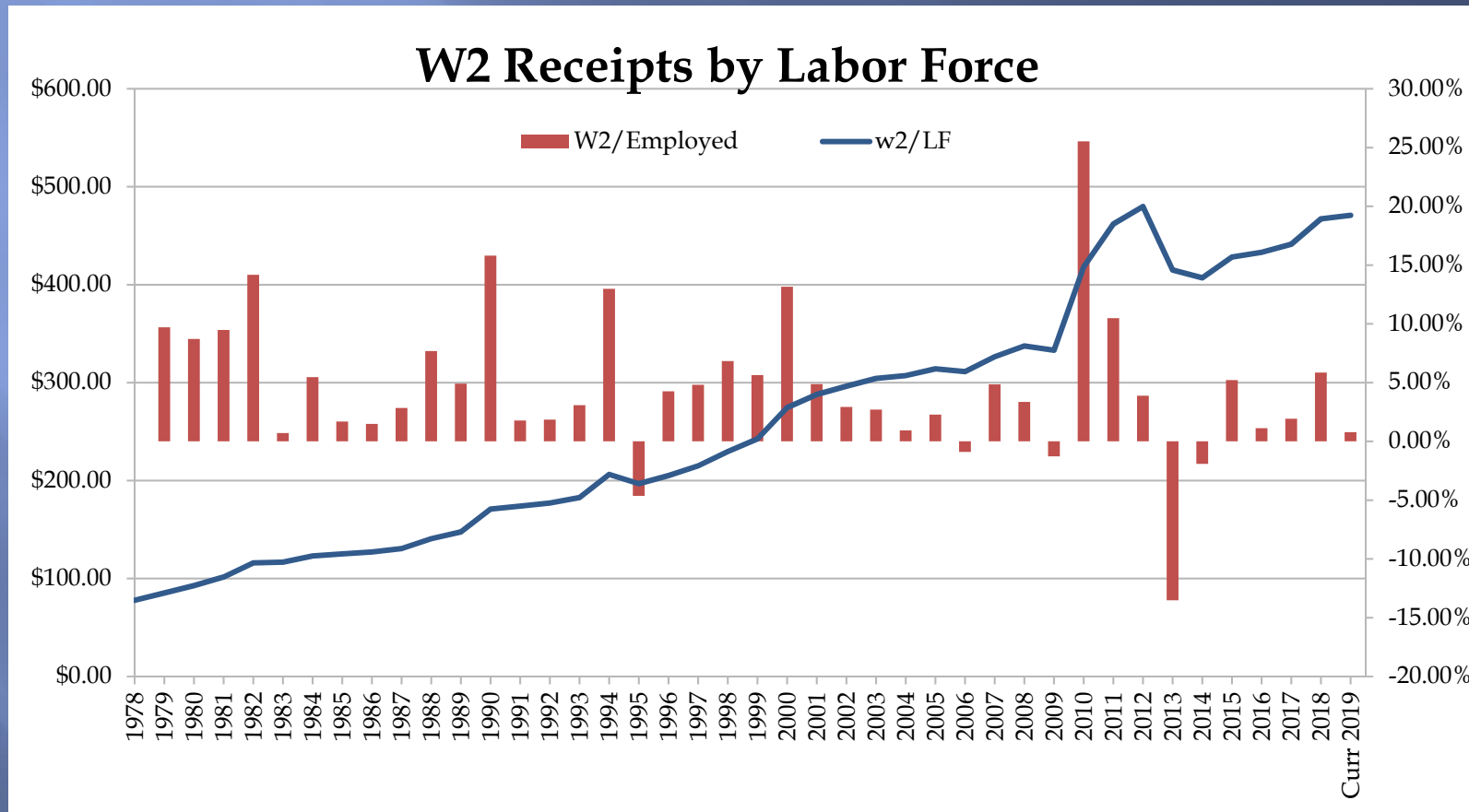
## Business Portion(%) of Income Tax Collections







# Historic Trend





# Historic Trend



## City of Findlay Citizen Transparency

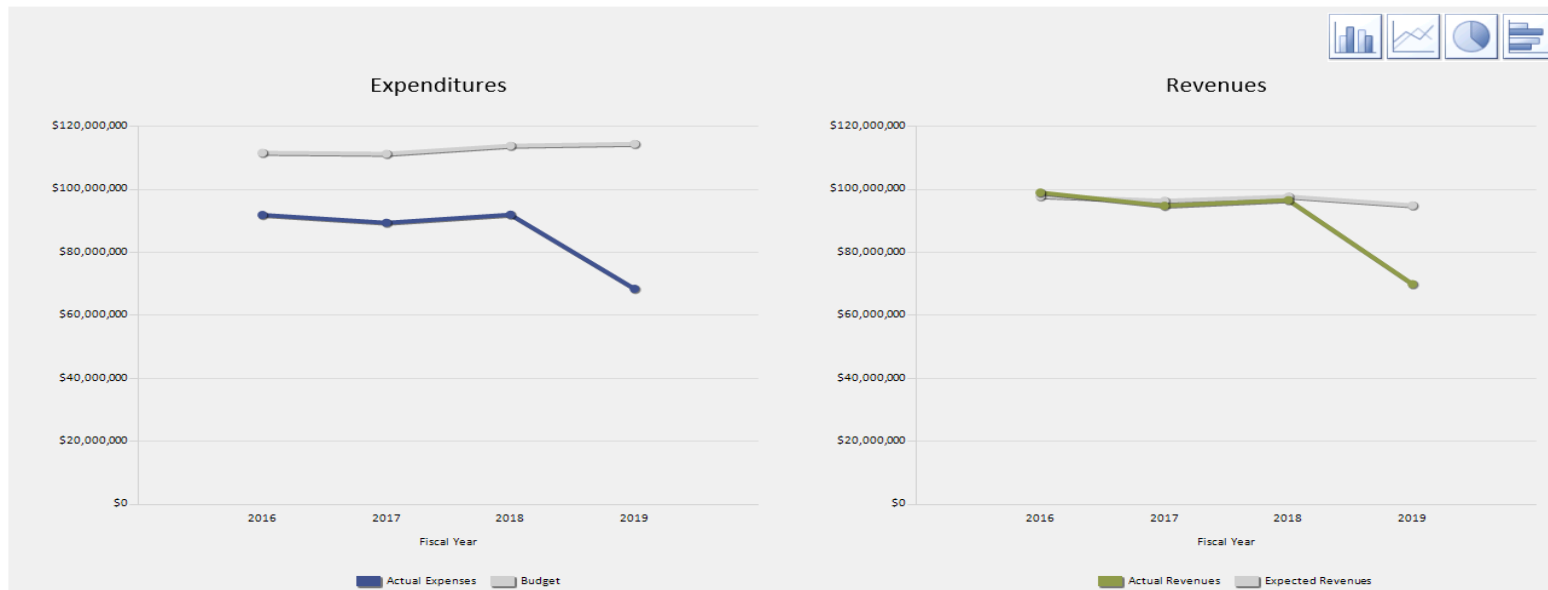
Total Expenditures  
**\$68,472,529**  
 Year To Date

Total Revenues  
**\$69,965,417**  
 Year To Date

Overtime Pay  
**\$470,077**  
 YTD Gross Earnings

Total Project Expenditures  
**\$8,167,146**  
 Year To Date

- Site Quick Links:
- [Expenditures Overview](#)
  - [Revenues Overview](#)
  - [Payroll Overview](#)
  - [Vendor Payments](#)

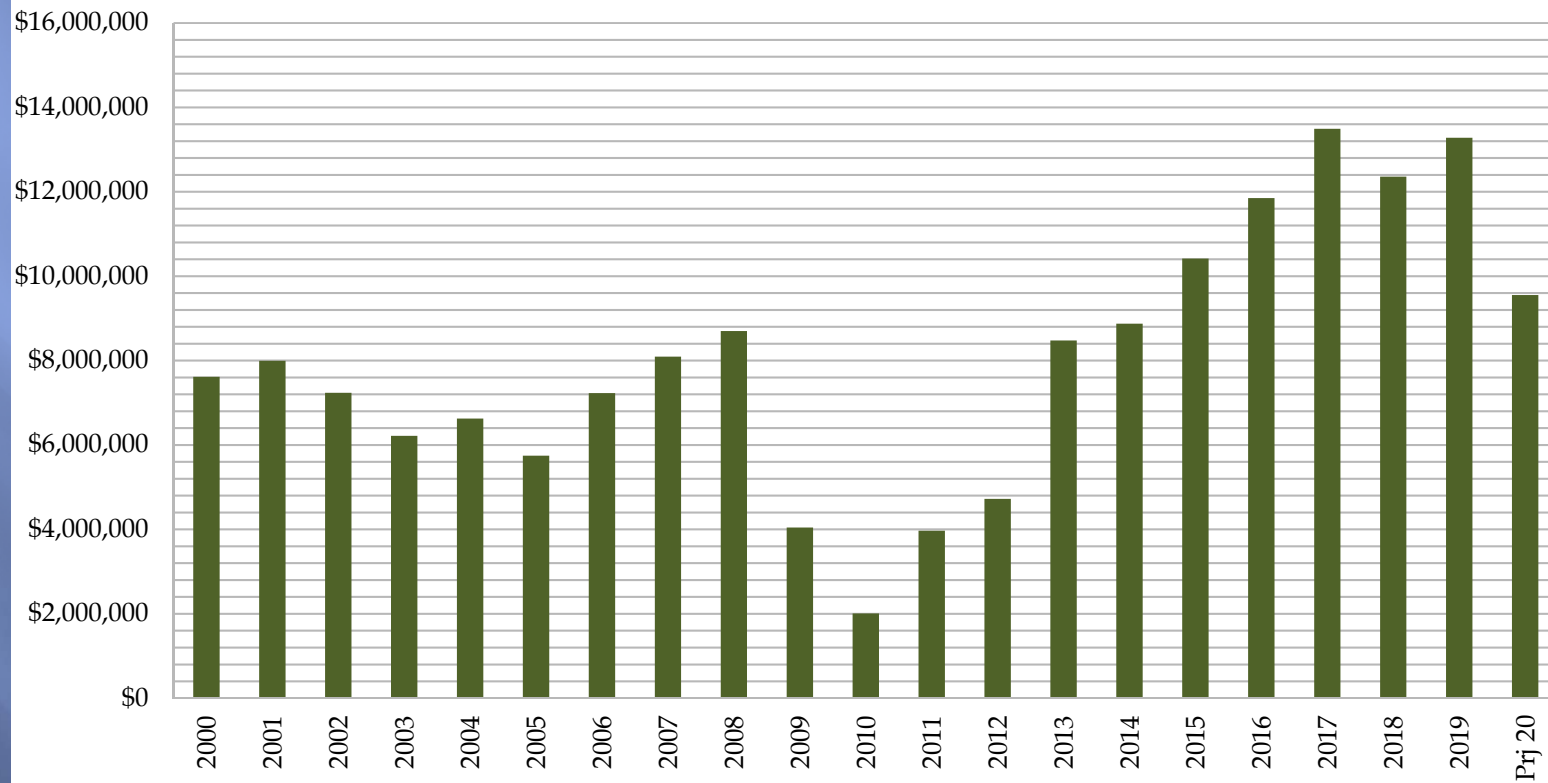


Data current as of: 9/15/2019



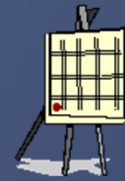
# Budget History

**January 1st General Fund Unrestricted Balance, 2000-Present**





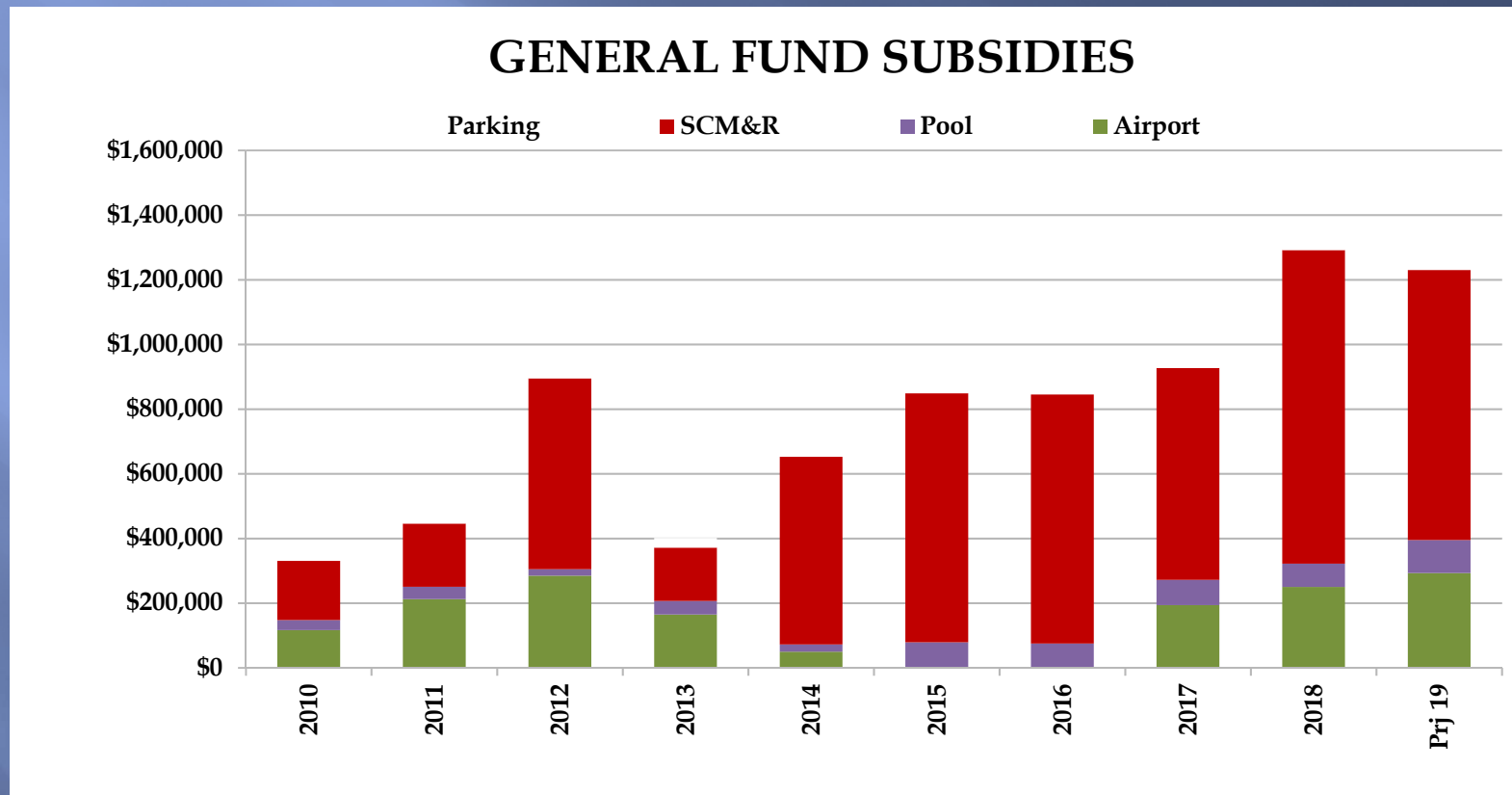
# GFOA Best Practices



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*



# Projected Reserves



- ❑ General Fund projected at \$9.5MM; legislated 2-month minimum reserve of \$5.0MM Auditor recommending formalizing 3-month minimum of \$7.5MM
- ❑ Severance payout reserve will be reviewed during budget process
- ❑ Year-end projected unrestricted cash balance of the Water Fund is \$4.9M Auditor requesting review to consider creating a "Restricted Replace & Improvement Account"
- ❑ Year-end projected unrestricted cash balance of the WPC (Sewer) Fund is \$5.4M. Auditor requesting review to consider funding of the "Restricted Replace & Improvement Account"
- ❑ A 5 year pro-forma has not been put in place on Enterprise funds (Water, WPC, Airport, Pool) per Council's existing rules and the information should be shared with all the Elected Officials



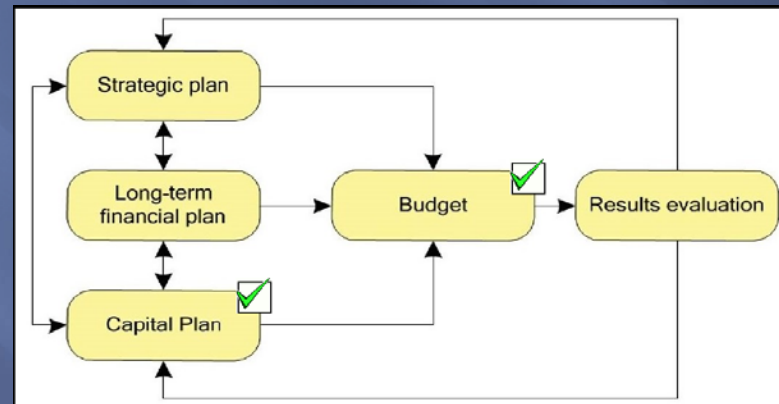
## LARGE INCENTIVES/GRANTS

- City Auditor has not been made aware of any large grants being applied for in 2019 or 2020 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
  - MPC (1/5/15) – \$5,000,000 or 25% of CRA Benefit, whichever is less. City is to identify specific projects for infrastructure
  - McLane (10/29/14) - \$500,000, commitment to assist with related infrastructure
  - BRWP – applying for multiple river and flood related grants
  - Blanchard St. – Elected officials not well informed
  - Federal Grant Guidelines Apply



# 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 “Cautionary Outlook” indicators over 3 years City of Findlay’s now has 3 cautionary indicators:
  - 1) Unrestricted Net Assets/Position of Governmental Type Activities
  - 2) Change in Unrestricted Net Assets/Position - GTA
  - 3) Condition of Capital Assets

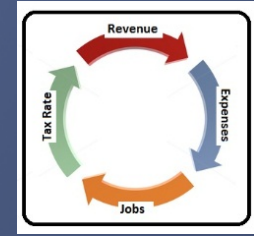
Entity Name	Entity Type	County	Year Basis	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Totals	Filing Status	
Findlay	City	Hancock	2015 GAAP	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Red: 0 Yellow: 1	Final
Findlay	City	Hancock	2016 GAAP	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Red: 0 Yellow: 2	Final
Findlay	City	Hancock	2017 GAAP	Yellow	Yellow	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Red: 0 Yellow: 4	Final
Findlay	City	Hancock	2018 GAAP	Yellow	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Red: 0 Yellow: 3	Final

*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 booming economy; however, City Council has fair warning that the economy could take a turn
- ❑ Assessment projects do not guarantee full or partial payment of expended funds

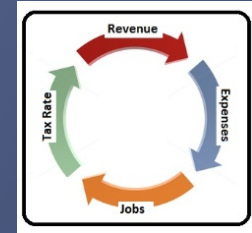


What discussions should Council have prior to finalizing a budget?





# 2020 Budget Meeting



*The 2020 and 2021 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 12/11 & 12/12
- Wage tables currently being calculated at +1.61% and +0.73% (if Council wants something different Auditor needs information quickly)
- Capital Allocation to be \_\_\_% for 2020 and \_\_\_% 2021