

BUDGET POLICY COMMITTEE

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AGENDA

**Wednesday, February 19, 2020
3:30 p.m.
Conference Room #1
Grand Island City Hall**

1. Call to Order Chairman Clay Schutz
2. Roll Call City Clerk RaNae Edwards
3. Approval of January 29, 2020 Minutes..... Chairman Clay Schutz
4. Fiscal Policies Manual Finance Director Patrick Brown
5. Adjournment Chairman Clay Schutz

OFFICIAL PROCEEDINGS

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF BUDGET POLICY COMMITTEE

January 29, 2020

Pursuant to due call and notice thereof, a Regular Meeting of the Budget Policy Committee of Grand Island, Nebraska was conducted in Conference Room #1 of City Hall, 100 East First Street on January 29, 2020. Notice of the meeting was given in *The Grand Island Independent* on January 23, 2020.

Chairman Clay Schutz called the meeting to order at 3:30 p.m. The following Councilmembers were present: Clay Schutz, Chuck Haase, Jeremy Jones, Jason Conley, and Vaughn Minton. City Officials present were: Mayor Roger Steele, City Administrator Jerry Janulewicz, City Clerk RaNae Edwards, Finance Director Patrick Brown, and Parks & Recreation Director Todd McCoy.

Councilmember Haase suggested that if any member from the public comes to this meeting they should sit at the high top table and if that doesn't work we could move the meeting location. Also mentioned was that if staff could not attend we could still have the meeting.

Approval of December 19, 2019 Minutes. Motion by Councilmember Haase, second by Councilmember Conley to approve the December 19, 2019 minutes. Upon roll call vote, all voted aye. Motion adopted.

Parks and Recreation Department Projects Wrap Up. Parks & Recreation Director Todd McCoy presented handouts for the Parks & Recreation Department. He explained the fees for the Cemetery Division. They anticipated \$31,831 revenue increase in 2020 for the Cemetery Division. Finance Director Patrick Brown stated he used a weighted average over the last five years to come up with a budget figure for 2019/2020. Mr. McCoy stated from all funds they would be almost \$130,000 better in the budget than what was listed in the book.

Discussion was held regarding some divisions running short and others meeting or exceeding their budgets. Tax subsidies were mentioned as well as services to the public. The following budget savings options were presented:

- Discontinue Band Concerts \$ 3,700
- Discontinue Children's Theater \$ 4,129
- Discontinue Stolley Train \$14,144
- Close Stolley Wading Pool \$15,000
- Lease Ryder Field to User Group(s) \$25,000
- Open Island Oasis at 12:30 \$15,000
- Charge for Detention Cell and Blvd Maintenance \$50,000

Discussion was held concerning the detention cell and boulevard maintenance which was not a Parks responsibility. Closing wading pools were discussed. Mr. McCoy recommended closing Stolley Park wading pool and putting in a splash pad to save costs.

Mentioned were two ideas for maximizing cemetery space. Mr. McCoy stated on the south side of the current cemetery there were no lots available. The City Cemetery currently has an inventory of 614 traditional burial spaces. Based on current trends, space would run out in 2025.

The Parks Department had done some research and found 1,218 spaces that had been unclaimed from a 1969 resolution. Discussion was held regarding ground penetrating radar to see if there were any burials in these spaces which would cost about \$100 per space. Staff had identified an additional 2,066 spaces that had been inactive since the 1930's.

Mr. McCoy stated the second idea they came up with would be to develop gravel roadways into burial spaces which would add an additional 1,600 burial spaces. With all of the recommendations presented they could extend the cemetery to 2050.

City Administrator Jerry Janulewicz mentioned a Study Session on February 18, 2020 to review the Cemetery expansion and discuss the Webb Road location. The Committee agreed that this subject needed to be discussed and moved forward. Discussion was held regarding the Webb Road location and the Veterans farmland location.

Budget Process Discussion. Finance Director Patrick Brown stated they would like to adapt a budget process for a more transparent process and include this committee in those discussions. Mentioned was this committee reviewing our Fiscal Policy Manual. The following process was presented:

- Define Revenues
- Define Personnel Costs
- Divide “pool” of funds for operating and capital purchase requests
- Review Administrations budget instructions for Department Directors to complete their operating and capital purchase requests through OpenGov
- After updated in OpenGov Department Directors meet with Mayor, City Administrator & Finance Director then presented to this Committee
- Continue budget discussions for all other funds
- Formalize budget recommendations
- Present the budget recommendations to City Council

Comments were made by the committee that they supported this process. Discussion was held concerning a contingency fund for catastrophic events, unknown lawsuits, etc. Comments were made regarding the Golf Course, Shooting Park, etc. and the negative trends and how to deal with that.

The next meeting would be held on Wednesday, February 19, 2020 at 3:30 p.m.

ADJOURNMENT: 5:00 p.m.

RaNae Edwards
City Clerk

CITY OF GRAND ISLAND

Fiscal Policies Manual

I. INTRODUCTION:

The fiscal policies outlined in this document and the supplements are intended to be:

1. Fully consistent with the Mission and Purpose Statement for the City Of Grand Island. “Enhance the quality of life in the Grand Island Community, to recognize the vitality and diversity of our neighborhoods, and to promote development by providing effective and responsive services through vision, respect and courtesy.”
2. Enhance quality of life for Grand Island citizens by providing needed services while limiting growth in government budget and size.
3. Make City government clearly and directly accountable to its citizens within the framework of inter-governmental rights and responsibilities.

Fiscal Policies are used here to mean the combined policies of Grand Island City government with respect to taxes and other fiscal resources, spending and debt management used in support of the City's public services program. The budget process is the major vehicle for determining and implementing the relevant policies. Fiscal policy applies management principles to social and economic data in meeting budgetary objectives. Its purpose is to provide guidance for good public practice in the planning and financing of public expenditures. Fiscal policy which is both realistic and consistent provides useful guidance for the long-term programming of services and facilities. It provides a set of assumptions under which budget and tax decisions should be made. While established for the best management of governmental resources, fiscal policy also helps set the parameters for governments' role in the broader economy of the community.

Policy formulation is the dual responsibility of the City Administrator, who develops policy recommendations, Mayor, and the City Council, who reviews the recommendations and establishes policy through the adoption of appropriate Ordinances and Resolutions.

The current fiscal policy is presented on the following pages under six broad policy headings: General Financial Objectives, Accounting, Auditing, and Financial Reporting Policies, Investment Policies, Capital Improvement Policies, Debt management Policies, and Communication and Disclosure Policies.

II. GENERAL FINANCIAL OBJECTIVES

The City of Grand Island's general financial goals are stated as follows:

1. To maintain an adequate financial base for purposes of sustaining a prescribed level of services as determined by the State, Mayor, and City Council.
2. To adhere to accounting and management practices as set by the Government Finance Officers' Association (GFOA), statements issued by the Governmental Accounting Standards Board (GASB), National Council of Government Accounting (NCGA) Statements, and American Institute of Certified Public Accountants (AICPA) guidelines.
3. To have the ability to respond to local and regional economic conditions, to adjust to changes in the service requirements of our community, and to respond to changes in State and Federal priorities and funding.
4. To maintain a maximum degree of financial flexibility by ensuring that the City is in a position to respond to changes in the economy or new service challenges without an undue amount of financial stress.
5. To promote fiscal conservation and to obtain the highest credit rating possible by insuring that the City is at all times in a solid financial condition. This can be defined as:
 - a. Cash Solvency - the ability to pay current bills in a timely fashion.
 - b. Budgetary Solvency - the ability to balance the budget.
 - c. Long-run Solvency - the ability to pay future costs.
 - d. Service Level Solvency - the ability to provide needed and desired services.
6. To assure taxpayers that City government is well managed by using prudent financial management practices and maintaining a sound fiscal condition.

III. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

The goals of the Finance Department are fully consistent with the following stated budget and accounting policies of the Grand Island City government. That is, to provide the best financial data possible to allow Administrative and the general citizenry an understanding of the complete financial circumstances surrounding public decision-making so the financial consequences of those decisions can be properly assessed and the rational allocation of City resources be enhanced.

A. Accounting and Reporting Capabilities:

The City of Grand Island's governmental accounting system must make it possible:

1. to present fairly and with full disclosure the financial position and results of financial operations of the funds and account groups of the city in conformity with generally accepted accounting principles as defined by the GASB, and
2. to determine and demonstrate compliance with finance-related legal and contractual requirements.

B. Fund Accounting:

The accounting system shall be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein, which are

segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

While conforming to legal requirements, only enough funds shall be established to provide for efficient operations.

C. Fixed Assets and Long-Term Liabilities:

Fixed assets shall be accounted for at cost or, if the cost is not practicably determinable, at estimated cost. Donated fixed assets shall be recorded at their estimated fair market value at the time received. Depreciation of general fixed assets shall be recorded in the accounts of individual funds.

D. Basis of Accounting

The basis of accounting will be determined to most efficiently measure financial position and operating results.

E. Financial Reporting:

Appropriate interim financial statements and reports of financial position, operating results, and other pertinent information shall be prepared to facilitate oversight, and where necessary or desired, for external reporting purposes.

An annual financial report covering all funds of the reporting entity will be prepared following GASB Statements and Standards set by FASB, and Government Auditing Standards set by the United States General Accounting Office.

An independent public accounting firm shall perform an annual audit and will publicly issue an opinion concerning the City's finances.

F. Budgeting:

The City of Grand Island shall prepare a comprehensive annual budget using the basis of accounting determined in Section III-D covering all funds for each ensuing fiscal period.

The annual General Appropriations Act, when signed into law, establishes revenue, expenditure/expense and obligation authority at the summary control level of total appropriations for all funds. The City Administrator and the Finance Director shall exercise supervision and control of all budgeted expenditures within these limits, holding expenses below appropriations or allowing over-runs in individual line-items providing that at no time shall the net expenditures exceed the total appropriation for that fund as originally authorized or amended by the Mayor and City Council.

The City Administrator may submit to the Mayor and City Council, a request for a supplemental appropriation. This additional appropriation may be based on the receipt of funds unforeseen at the time of the original budget or based upon emergency service needs required of the City.

No appropriations measure shall be submitted to or adopted by the Mayor and City Council in which estimated total expenditures, including an accrued deficit, exceed estimated total revenues, including an available surplus.

There are five appropriation types unless regulated otherwise by other statutes; Personnel costs which include all employee compensation and benefit related expenses; Operating expenses which are all expenses that are required for operations; capital expenditures for assets falling within the Capitalization threshold; Debt Service which includes all debt related payments; and fund transfers.

No obligation shall be incurred against, and no payment shall be made from, any appropriation type unless there is sufficient unencumbered balance in the appropriation and sufficient funds are or will be available to meet the obligation.

The Finance Director, after the end of each month, shall transmit to the Mayor and City Council a report depicting the financial condition of budgeted operations, including, but not limited to:

1. A report of actual revenues by General Fund departments compared with budgeted revenues.
2. A report of actual expenditures by General Fund departments compared with authorized appropriations.
3. A statement of Cash Position for all funds with sources and uses of funds compared to prior year and fiscal year-end.
4. A Sales Tax Analysis report with historical monthly receipts and annual projection.

All appropriations are annual as authorized by the General Appropriations Act and the unexpended portion shall lapse at year end. Encumbrances and appropriations carried forward shall be recorded as a reservation of fund balance and the subsequent year's budget amended to provide authority to complete these transactions, as defined in NCGA, Statement No.1.

Budgeting comparisons shall be presented in the financial statements as required by GASB and all budgetary procedures shall conform to existing State Law.

The budget shall provide for adequate maintenance of the capital plant and equipment, and for their orderly replacement.

The budget shall provide for adequate funding of the City's retirement programs.

The operating budget shall describe the major program goals to be achieved, and the services and programs to be delivered for the level of funding provided.