



# Governmental Funds FY21 Proposed Budget Changes

City Council Special Meeting

April 22, 2020



# Goals of Today's Meeting

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- Clear understanding of city's financial position
- Council endorsement of recommendations to balance the FY 2021 budget
- Enable staff to bring forward final budget for adoption on May 26, 2020



# Changes since March 11

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- Covid-19 revenue reductions
- Using estimates from Account Analysis data almost all revenue for fiscal year 2021 is reduced by 40%
- Rents from solar leases are recession resistant are expected not to decrease



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# Special Revenue Funds



# PAYGO - Pay as You Go System

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- PAYGO is the practice of financing expenditures with current funds rather than borrowing
- The Boulder City community and council prefer PAYGO as practice
- This is different compared to many other municipalities that will bond or enter into debt rather than saving



# Identifying Funding

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- Being PAYGO it is necessary to keep cash on hand to pay for expenses
- It is also necessary to be able to identify funds and know their intended purpose
- Fund accounting segregates resources (cookie jar)
  - Without it trending is skewed



# New Special Revenue Funds

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- October 17, 2019 four special revenue funds were adopted
- A fifth fund, Risk Management Fund, goes before council on April 28, 2020 for possible adoption
- The purpose of all five funds are to provide resources for their intended purposes



# Funding Special Revenue Funds

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- The first opportunity for council to move moneys to their intended purposes in the special revenue funds adopted in FY 2020 is the FY 2021 budget cycle
- As the city is experiencing hardship with Covid-19 it is even more critical to associate funds that will support the financial obligations of the city
- Municipalities are different than the private sector. We do not do stuff to make money. We raise money to provide services





# Proposed Funding

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- Compensated Absences \$1,688,057
  - Used for payout of accumulated leave balances of employees upon separation of employment
  - Fully funded when equals liability



# Proposed Funding

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- Extraordinary Maintenance, Repair or Improvement of a Capital Asset Fund \$1,381,711
  - Authorized under NRS 354.6105 to cover expenses not ordinarily incurred
  - Fully funded when equals 5% of capital assets in the General Fund (Total Assets FY 2019 CAFR \$26M 5% \$1.3M)



# Proposed Funding

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- Vehicle Equipment Replacement Fund \$976,501
  - For purchase of new/replacement vehicles and large equipment
  - Fully funded when equals 5% of capital assets in the General Fund (Total Assets FY 2019 CAFR \$26M 5% \$1.3M)



# Proposed Funding

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- Revenue Stabilization and Natural Disaster Fund  
\$2,000,000
  - Authorized by NRS 354.6115 to stabilize the general fund revenues to cover operations in the event of an economic downturn or natural disaster that interrupts projected revenue streams
  - Fully funded when equals 10% of the expenditures from the General Fund for the prior fiscal year (Total Expenses FY 2019 CAFR \$30.5M)



# Proposed Funding

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- Risk Management Fund \$1,580,122\*
  - Authorized by NRS 354.6215 ensures the City can pay the insurance premiums and any deductibles and claims against the Governmental Funds
  - Fully funded when equals 10% of the expenditures from the General Fund for the prior fiscal year (Total Expenses FY 2019 CAFR \$30.5M)

\*if adopted on April 28, 2020 Council Meeting



# Augmentation Resources

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**NAC 354.410 Available resources.**

**(NRS 354.107, 354.594, 354.598005)**

1. An unappropriated ending balance of any governmental fund, **except a fund for capital projects, is not an available resource.**



# Emergency Capital Reserve

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- General Fund Emergency Capital Reserve is \$2,000,000 is fully funded and is in the incorrect fund
- Should be in Special Projects Fund to be utilized in an emergency
- Move \$400K during FY 2020 budget augmentation and \$600K during FY 2021 budget cycle
  - The remaining \$1M will be moved as allowed by NRS



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# General Fund





# Covid-19 Changes

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- All revenues with the exception of rents and royalties have been reduced using estimates from Applied Analysis projections
- Includes a 40% reduction in C-Tax
- Total possible revenue loss is \$9.1M FY 2021



# Means to Mitigate Revenue Loss

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\$ 889,514	Hiring Freeze
\$ 1,302,923	Department Expense Reductions
\$ 98,459	Adjust RDA contribution 2 Positions
\$ 6,900,857	Other as determined including General Fund Balance
\$ 9,191,753	Projected Revenue Loss



# General Fund Ending Fund Balance

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**\$ 20,073,577 Projected 6/30/2020 General Fund Balance**

## **Estimated FY 2021 Fund Changes**

### **FY 2021 Special Revenue Funding**

\$ 1,688,057	Comp Absence (fully funded)
\$ 1,580,122	Risk Management
\$ 1,381,711	Extraordinary Maintenance (fully funded)
\$ 2,000,000	Revenue Stabilization
\$ 976,501	Vehicle Equipment Replacement Fund
\$ 600,000	Emergency Capital Reserve to Special Projects
\$ 2,266,000	Special Projects
<u>\$ 10,492,391</u>	

\$ 6,393,461 Use of Fund Balance to Balance Budget

**\$ 2,581,028 7.35% Anticipated FY 2021 General Fund Ending Balance**  
**\$ 5,610,455 15.99% Including Revenue Stabilization**



# Reconciling Ending Fund Balance

						Preliminary
		FY 2020-2021 BUDGET	2018	2019	2020	2021
		REVENUES / EXPENDITURES	ACTUAL	ACTUAL	BUDGET	BUDGET
<b>10 GENERAL FUND</b>						
<b>10970 GF OTHER</b>						
5611	OTHER SUPPLIES		0	0	150,000	150,000
5975	TRANSFERS OUT		0	3,972,425	5,474,149	10,492,391
	<b>Total 10970 GF OTHER</b>		<b>0</b>	<b>3,972,425</b>	<b>5,624,149</b>	<b>10,642,391</b>
	<b>TOTAL 10 GENERAL FUND REVENUE</b>		<b>34,772,131</b>	<b>34,912,837</b>	<b>33,995,711</b>	<b>26,130,056</b>
	<b>TOTAL 10 GENERAL FUND EXPENSE</b>		<b>30,553,019</b>	<b>31,999,728</b>	<b>38,001,778</b>	<b>43,462,793</b>
	<b>BEGINNING BALANCE</b>		<b>16,787,611</b>	<b>21,006,723</b>	<b>23,919,832</b>	<b>19,913,765</b>
	<b>ENDING BALANCE</b>		<b>21,006,723</b>	<b>23,919,832</b>	<b>19,913,765</b>	<b>2,581,028</b>
	<b>Ending Fund Balance Reconciliation</b>			<b>2,581,028</b>		
	<b>Use of Revenue Stabilization Fund</b>			<b>2,422,730</b>		
	<b>Other Reductions as Determined</b>			<b>606,697</b>		
	<b>Anticipated FY 2021 General Fund Ending Balance</b>			<b>5,610,455</b>		



# Combined Fund Balance

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## Estimated FY 2021 Governmental Fund Balances

\$ 1,957,260	Compensated Absenses
\$ 1,527,852	Risk Management
\$ 1,705,178	Extraordinary Maintenance
\$ 2,422,730	Revenue Stabilization
\$ 782,231	VERF
\$ 1,000,000	Emergency Capital Reserve to Special Projects
\$ 3,187,725	General Fund
<b>\$ 12,582,974</b>	



# Fiscal Year 2021 Budget Adoption Schedule

Fall 2019	Prepare and adopt Tentative Capital Improvement Plan
January – February 2020	Department Directors to meet with Budget Manager, Finance Director and City Manager
2/12/2020	City Council work session #1 to review budgets
2/24/2020	Staff led Citizen Workshop to review budgets
3/11/2020	City Council work session #2 to review budgets
4/15/2020	File Tentative Budget with City Clerk, Clark County Clerk and Controller, and Nevada Department of Taxation. File notice of time and place for budget hearing.
4/22/2020	City Council work session #3 to review final budget
5/22/2020	Publish notice of Public Hearing on the Budget (7-14 days prior) Obtain Affidavit of Publication
5/26/2020	Adoption of Final Budget (on or before June 1, NRS 354.598-2) Adoption of Capital Improvement Program (NRS 278.0226) Adoption of Pay Classification, FTE's and COLA's
6/1/2020	Mail Final Budget and Affidavit of Publication to Nevada Dept. of Taxation.

