

City of Grass Valley
Fiscal Year 2019-20
Mid-Year Financial Status Report



Presentation to City Council
April 14, 2020

FY 2019-20 Financial Status Report - Discussion Outline -

1. Budget Review Process / COVID-19 Fiscal Issues
2. Budget Update / Forecast - General Fund
3. Budget Update / Forecast - Measure E Fund
4. Enterprise Funds Update
5. Other Special Revenue Funds Update
6. Fiscal Year 2020-21 Budget Development



FY 2019-20 Financial Status Report - Budget Review Process -

Review of mid-year fiscal experience and recommended updates to annual budget consistent with:

- City Council directives and goals
- Health and safety
- Critical staffing needs
- Cost recovery
- Project delivery
- Improved service and efficiency



FY 2019-20 Financial Status Report - Budget Review Process -

Budget review considers fiscal impacts of COVID-19 Pandemic:

- National / Statewide / Local economic shutdown – likelihood of recessive economy
- State unemployment claims – 1.9 million in recent three week period
- Evolution and de-evolution of *Social Distancing* – Psychology and behavior modification
- Oil market impacts – High supply / low demand
- “Fiscal Stimulus” mechanisms – Sales tax deferrals impacts
- Ultimate fiscal magnitude and length of recovery unknown – ongoing data review and dissemination



FY 2019-20 Financial Status Report

- General Fund -

	<u>Revenues</u>	<u>Expenditures</u>
FY 2019-20 Adopted Budget	\$ 12,769,900	\$ 13,093,905
Estimated Amounts @ 6/30/20	\$ 12,746,814	\$ 13,428,993
Recommended Adjustment	(\$ 22,276)	\$ 335,088

Resulting impact to Fund Balances: (\$357,364)



FY 2019-20 Financial Status Report

- General Fund Changes -

General Fund Budget – Recommended Revenue Changes

REVENUE SOURCES: INCREASE IN REVENUE FORECASTED = (\$ 22,276)

•Property Taxes	\$ 15,000
•RPTTF Residual Property Tax	\$ 99,312
•Sales Taxes	(\$225,000)
•Transient Occupancy Taxes	(\$ 80,000)
•Interest Earnings	\$ 50,000
•SB-2 Planning Grants	\$ 50,000
•Building Dept Fees / Permits	\$ 20,700
•Residual Other Revenues	\$ 68,412



FY 2019-20 Financial Status Report

- General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$335,088

Department

• Finance (Admin Services)	\$ 69,473
• Information Systems	\$ 24,000
• City Attorney	\$ 75,000
• Police Department	\$ 160,390
• Community Dvlpmt (Planning / Building)	\$ 73,309
• Fleet Services	\$ 27,628
• Streets	\$ 80,755
• Non-Departmental	(\$ 176,183)
• Residual Other Appropriations	\$ 716



FY 2019-20 Financial Status Report - General Fund Reserves -

General Fund Budget – Recommended Reserves

Recommended Reserve Levels:

- Designated Reserves** \$ 5,926,216
- Undesignated Reserves \$ 1,895,682

Total General Fund Reserves – June 30, 2020 \$ 7,821,898

** - *Types of Designated Reserves:*

- *Pension Stabilization - \$1.5 million*
- *OPEB Stabilization - \$500,000*
- *Capital and Deferred Maintenance - \$1.0 million*
- *Economic Contingency - \$2.5 million*



FY 2019-20 Financial Status Report

- General Fund Forecast -

General Fund Forecast

FY 2018-19 to FY 2024-25 General Fund Forecast							
	2018-19 Actual	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenues	\$13,346,588	\$12,746,814	\$12,498,449	\$12,728,201	\$13,041,068	\$13,156,422	\$13,273,265
Expenditures	\$12,857,355	\$13,428,993	\$13,099,856	\$12,871,130	\$13,082,530	\$13,256,921	\$13,432,149
Surplus/(Deficit)	\$489,233	(\$682,179)	(\$601,407)	(\$142,929)	(\$41,462)	(\$100,499)	(\$158,884)
Ending Fund Bal.	\$8,617,965	\$7,935,786	\$7,334,379	\$7,191,451	\$7,149,988	\$7,049,489	\$6,890,605

- Forecast includes estimated fiscal impacts of COVID-19 Pandemic – FY 2019-20 / 2020-21
- Forecast assumes COVID-19 impacts are mitigated beginning in FY 2021-22
- Forecast to be updated frequently as information becomes available



FY 2019-20 Financial Status Report

- General Fund Forecast -

Revenue Type	FY 2019-20	FY 2020-21
Sales Tax	<i>Reduction - \$ 125,000</i>	<i>Reduction - \$ 425,000</i>
Transient Occupancy Tax	<i>Reduction - \$ 125,000</i>	<i>Reduction - \$ 150,000</i>
Property Transfer Tax	<i>Reduction - \$ 10,000</i>	N/A
Parking Revenues	<i>Reduction - \$ 2,500</i>	N/A
Pool Rentals & User Fees	<i>Reduction - \$ 8,000</i>	<i>Reduction - \$15,000</i>
Building Permit Fees	<i>Reduction - \$ 20,000</i>	<i>Reduction - \$50,000</i>
Business License Fees	N/A	<i>Reduction \$ 10,000</i>

Total Annual Reduction: \$ 290,500 \$ 650,000

Total Aggregate Reduction: \$ 940,500



FY 2019-20 Financial Status Report

- Measure E Fund -

Measure E Fund

	<u>Revenues</u>	<u>Expenditures</u>
Fiscal Year 2019-20 Budget	\$ 5,626,000	\$ 6,466,652
Estimated Amounts – 06/30/20	5,742,664	10,286,779
Recommended Adjustment	\$ 116,664	\$ 3,820,127

Projected Measure E Fund Balance @ 6/30/20: \$ 948,947

Recommendations:

- Measure E Sales Tax – 1-cent transactions sales tax effective October 2018
- Sales tax impacts – increases during first 8 months of year; decreases last 4 months (COVID-19)
- Parks-related projects / carryovers – Lyman Gilmore Field; Minnie Park; Park Bathrooms - 20.2 FTE Police / Fire funded



FY 2019-20 Financial Status Report

- Measure E Fund Forecast -

Measure E Fund Forecast

FY 2018-19 to FY 2024-25 Measure E Fund Forecast							
	<i>2018-19 Actual</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Revenues	\$5,053,511	\$5,742,664	\$5,260,000	\$5,536,250	\$5,713,881	\$5,742,401	\$5,771,063
Expenditures	\$2,737,807	\$10,286,779	\$5,899,796	\$5,875,804	\$6,419,395	\$5,902,992	\$5,930,672
Surplus/(Deficit)	\$2,315,704	(\$4,544,115)	(\$639,796)	(\$339,554)	(\$705,514)	(\$160,591)	(\$159,610)
Ending Fund Bal.	\$5,492,499	\$948,384	\$308,588	(\$30,966)	(\$736,480)	(\$897,071)	(\$1,056,680)

- Forecast includes estimated fiscal impacts of COVID-19 Pandemic – FY 2019-20 / 2020-21
- Forecast assumes COVID-19 impacts are mitigated beginning in FY 2021-22
- Forecast to be updated frequently as information becomes available



FY 2019-20 Financial Status Report

- Measure E Fund Forecast -

Revenue Type	FY 2019-20	FY 2020-21
Sales Tax	<i>Reduction - \$ 150,000</i>	<i>Reduction - \$ 400,000</i>

Total Annual Reduction: \$ 150,000 \$ 400,000

Total Aggregate Reduction: \$ 550,000



FY 2019-20 Financial Status Report - Enterprise Funds -

Water Fund

	<u>Revenues</u>	<u>Expenditures</u>
Fiscal Year 2019-20 Budget	\$ 2,175,000	\$ 2,814,317
Estimated Amounts – 06/30/20	2,307,063	3,934,273
Recommended Adjustment	\$ 132,063	\$ 1,119,956

Projected Water Fund Balance @ 6/30/20: \$ 3,136,654 *Note: \$1,765,227 reserved*

New Recommendations:

- Revenues slightly higher due to receipts of connection fees
- Decreased cell tower lease revenues / increased interest earnings
- Re-budgets of certain capital projects carried over; addition of Richardson St. Line Replacement



FY 2019-20 Financial Status Report

- Enterprise Funds -

Sewer Fund

	<u>Revenues</u>	<u>Expenditures</u>
Fiscal Year 2019-20 Budget	\$ 8,206,000	\$ 9,840,247
Estimated Amounts – 06/30/20	8,203,893	10,052,391
Recommended Adjustment	(\$ 2,107)	\$ 212,144

Projected Sewer Fund Balance @ 6/30/20: \$ 6,206,067 *Note: \$4,279,474 reserved*

New Recommendations:

- Minor decrease in anticipated revenues – various sources impacted
- Expenditures increase due to property purchase; Vaccon purchase
- \$5.3 million capital program – projects will be prioritized and re-budgeted if necessary into FY 2020-21



FY 2019-20 Financial Status Report - Other Special Revenue Funds -

Capital Projects Fund

	<u>Revenues</u>	<u>Expenditures</u>
Fiscal Year 2019-20 Budget	\$ 6,866,000	\$ 6,866,000
Estimated Amounts – 06/30/20	15,516,904	14,364,382
Recommended Adjustment	\$ 8,650,904	\$ 7,498,382

Projected Capital Projects Fund Balance @ 6/30/20: (\$ 1,255,842)

New Recommendations:

- Revenues and expenditures increased to include Measure E projects; addition of Peabody Creek Project; Street Rehab. projects (grants / transfers / AB-1600)
- Capital Projects Fund expected to have \$1.26 million negative fund balance - this amount represents Sinkhole Project and related costs, a portion of which may ultimately be reimbursed (General Fund obligation otherwise)



FY 2019-20 Financial Status Report - Other Special Revenue Funds -

Special Projects Fund

	<u>Revenues</u>	<u>Expenditures</u>
Fiscal Year 2019-20 Budget	\$ 44,000	\$ 550,000
Estimated Amounts – 06/30/20	735,000	1,404,178
Recommended Adjustment	\$ 695,000	\$ 854,178

Projected Special Projects Fund Balance @ 6/30/20: \$1,382,332

New Recommendations:

- Additional revenues related to proceeds received from RDA lawsuit
- Additional expenditures related to purchases of property and parking lot construction



FY 2019-20 Financial Status Report - FY 2020-21 Budget Development-

Factors affecting FY 2020-21 budget (and beyond):

- Economy – Impacts of COVID-19
- Rising Retirement Costs – CalPERS Unfunded Liability amortization and increased normal costs to the extent CalPERS returns are less than 7%
- Continued focus on Council priorities
- Continued update of comprehensive General Fund Forecast to assure maintenance of long-term fiscal sustainability

