




## CITY COUNCIL AGENDA REPORT

June 2, 2020

**TO:** Mayor and Councilmembers  
**FROM:** Lourdes Aguirre, Finance Director   
**SUBJECT:** Discussion & Direction  
**AFFECTED DEPARTMENTS:** City Wide  
**ITEM REQUEST:** Study Session

### TITLE OF AGENDA ITEM:

STUDY SESSION – FISCAL YEAR 2021 TENTATIVE BUDGET

### EXECUTIVE SUMMARY:

Here is an outline of what will be covered:

#### 1.) Recap of items discussed during the meeting of May 7<sup>th</sup> (see attached outline)

#### 2.) Update on financial assistance to local governments:

*Until recently, there had not been too much movement on this topic, but staff will relay the newest developments during the council meeting. We want to make sure we have the most accurate and up to date summary to share with you all. One thing remains true, current federal funding is available for only COVID-19 related expenditures. This and any additional / future funding for "Budget Support" will be based on prior year and baseline budget as an indicator.*

For items 3 and 4, please refer to your Fiscal Year 2021 Tentative Budget included with the item for Resolution 20-11:

#### 3.) Fiscal Year 2021 Budget: Baseline to Tentative (General Fund)

*The Baseline Budget covers minimal / current staffing levels and the normal cost of operations (status quo). The budget is for \$5,606,207 in expenditures of which \$496K has been located under contingency to help absorb a portion of the upcoming revenue shortfall. This contingency line item is made up of: \$360K savings mostly due to bond refinance (originally presented in February) plus \$136K due to increased state shared revenue estimates (updated by the state in April).*

#### 4.) Fiscal Year 2021 Budget: Tentative (Restricted)

*All restricted funding sources have been accounted for including those that are currently in the application stage. The budget is for ~~\$6,619,943~~ of which more than 50% is attributed to the Housing Authority, transportation funds for future projects (allocated by RTA) and increased grant opportunities.*

*\* Revised 6/2/2020: \$6,594,045*

**RECOMMENDATION(S):** None.

**Attachment(s):** Finance Director's Report & Update: General Fund Overview  
(originally presented May 5, 2020)

City Manager Concurrence: \_\_\_\_\_



For reference during  
the Study Session of:  
June 2, 2020

**CITY COUNCIL AGENDA REPORT**

**May 5, 2020**

**TO:** Mayor and Councilmembers  
**FROM:** Lourdes Aguirre, Finance Director  
**SUBJECT:** Financial Update

**AFFECTED DEPARTMENTS:** City Wide

**ITEM REQUEST:** Report

**TITLE OF AGENDA ITEM:**

**FINANCE DIRECTOR'S REPORT & UPDATE: GENERAL FUND OVERVIEW**

**EXECUTIVE SUMMARY:**

Since the last presentation to Mayor & Council on March 3<sup>rd</sup>, a lot has transpired. The attached outline has been developed to help us regroup and bring us up to speed on the status of the General Fund.

Please note that the outline has been put together in two phases:

- Before COVID-19 (Update from November/December 2019 through February 2020)
- After COVID-19 (From Mid-March to date)

**RECOMMENDATION(S):** N/A

**Attachment(s):** Outline dated 5/5/20 (3 pages)

**COPY**

City Manager Concurrence: \_\_\_\_\_



# OUTLINE: May 5, 2020

FINANCE DIRECTOR'S REPORT & UPDATE: GENERAL FUND OVERVIEW

## BEFORE COVID-19

### 1.) FISCAL YEAR 2019: FUND BALANCE AT 6/30/2019 (Unaudited) *Presented December 17, 2019*

#### Statement of Revenues & Expenditures

##### Income Statement

	General Fund	Housing	Youth Operations Center	Grants Fund	Non-Major Governmental Funds	Total Government Funds
FY19 Revenues	\$ 5,739,952	\$ 2,038,521	\$ 113,000	\$ 215,336	\$ 674,502	\$ 8,781,311
FY19 Expenditures	5,634,229	1,892,890	113,125	217,761	639,195	8,497,200
Net Surplus / (Deficit)	105,723	145,631	(125)	(2,425)	35,307	284,111
Fund Balances (Deficits), 06-30-18	1,290,603	22,381	2,859	30,336	112,807	1,458,986
Fund Balances (Deficits), 06-30-19	\$ 1,396,326	\$ 168,012	\$ 2,733	\$ 27,911	\$ 148,114	\$ 1,743,097

Calculation for available (unassigned):	\$ 1,396,326					\$ 1,396,326
					Minus Restricted in General Fund:	
					MPC, Fund 410 (bond restricted)	619,813
					Cash Due from BNY (BNY) at 6/30	(15,863)
					Impounds, Fund 405	25,773
					Courts, Funds 401-404	6,223
					<b>Total fund balance (unassigned) at 06/30/19</b>	<b>\$ 760,380</b>

### 2.) 2019 BOND REFINANCE. *Completed December 2019*

Restricted fund balance of \$603K helped reduce bond debt. That, coupled with an interest rate that went down from 6.125% to 2.94% helped reduce the repayment term by two years and the annual bond payment from \$600K/year by \$190K for the next 4 years. This information was reported to Mayor & Council on November 26, 2019 and December 3, 2019 with Resolution 12-44.

### 3.) GENERAL FUND & CITY OPERATIONS OVERVIEW

*Presented in Study Session: February 18, 2020*

Estimated actuals and a preliminary baseline budget were shared with Mayor & Council as well as a 5-Year Plan indicating an average / projected \$350K would be available from FY2020 through FY2024 to assist with addressing priorities.

	Est Actuals FY 20	Baseline FY 21	Projected FY 22	Projected FY 23	Projected FY 24	Projected FY 25
<b>{a}</b> Revenues	\$5,499,924	\$5,470,146	\$5,557,687	\$5,662,049	\$5,786,157	\$5,931,288
<b>{b}</b> Expenditures	\$5,138,488	\$5,109,986	\$5,220,965	\$5,304,241	\$5,395,722	\$5,687,492
<b>{c}</b> Net Surplus / (Deficit)	\$361,436	\$360,160	\$336,722	\$357,808	\$390,435	\$243,796

### 4.) DISCUSSION AND DIRECTION RELATING TO CITY COUNCIL PRIORITIES FOR FISCAL YEAR 2020-2021

*Agenda item March 3, 2020*

A survey to help identify and prioritize city needs was performed during the council meeting of March 3<sup>rd</sup>. The results were read a loud and tallied during the council meeting. Staff was asked to quantify the results and prepare an impact statement for presentation to Mayor & Council.

### 5.) DISCUSSION OF FUND BALANCE POLICY AND PRIORITIES IMPACT STATEMENT

*Agenda item March 17, 2020 – CANCELLED DUE TO COVID-19*

**Fund Balance Policy** – Recommendation to adopt a level of 20% as recommended by the GFOA. A level of 20% would have been met with surplus that had been projected for FY20.

**Priorities Impact Statement** – All surveyed priorities totaled approx. \$650K for FY21. Exceeding the available / projected surplus of \$360K for that year.

## AFTER COVID-19

### 6.) WHAT HAS TRANSPIRED SINCE MID-MARCH

- a.) Governor Ducey issued an executive order requesting the closure of non-essential business as well as social distancing in Mid-March.
- b.) Former City Manager John Vidaurri, Mayor Teso, Vice Mayor Lopez and staff (Finance Director, Public Safety Director & Grant Writer) have been tracking along with most current developments / legislative proposals to help combat COVID-19.

Weekly conference calls and participation with Senator Sinema have taken place for approximately 5 weeks now.

- c.) By the end of March, Former City Manager John Vidaurri and Finance Director worked on developing a possible COVID-19 Impact Statement.

As of the end of April, there still were no measures in place to assist cities smaller than 500K in population with revenue replacement. Senator Sinema's office has vowed to continue working hard on behalf of cities and towns to include this effort as part of a 4<sup>th</sup> stimulus package, but there is no guarantee.

The City has reached out to other state leaders for support.

At this point, the City will not know the impact of reduced economic activity for March until Mid-May and the effects of April until Mid-June.

### 7.) RECOMMENDATIONS GOING FORWARD

With staffing levels and operating costs already at a minimum, the goal is to continue providing the current level of service to the community without interruption.