

City of Poquoson

Seven Keys for Navigating the Great Recession:

- Communication
- Leadership
- Principles
- Planning
- Feasibility
- Partnership
- Reinforcement

Projected General Fund 2013 Budget Challenges

- The Preliminary General Fund Shortfall for Fiscal Year 2013 is \$2.2 million (*Red*).
- The City has Little to No Control over Many of these Challenges (*i.e. State and Federal Mandated Costs*).
- Eliminating the Projected Need for General Fund Support to the Solid Waste Fund and the Sewer Fund can Reduce the Preliminary Short-Fall by Approximately \$485,000 (*Green*).
- This will Leave a \$1.7 million Preliminary General Fund Short-fall to be Addressed (*Yellow*).
- The Amount of Undesignated Fund Balance in Excess of the City's Policy is Not Sufficient to Cover this Short-Fall.

<u>General Fund Budget Challenges (Revised Line Items in Italics)</u>	
Debt Service Increase	\$395,700
Salary Increases (City & School)	292,000
VRS & Life Insurance Increases	319,650
<i>Additional VRS/Life insurance General Fund</i>	<i>45,922</i>
TMDL Funding	150,000
Health Insurance	136,739
Use of fund balance in FY 12 for Solid Waste Fund Support	72,100
Utility Fund Support	273,000
<i>Additional Utility Fund Support</i>	<i>33,000</i>
<i>Additional Enterprise Fund VRS & Life</i>	<i>67,219</i>
Economic Development Position including operational budget	89,829
Use of Fund Balance in FY 12 for School Operations	83,700
Use of Fund Balance in FY 12 for Contingencies	40,000
LOD insurance costs (existing participants)	44,520
<i>Additional VRS/Life insurance for all funds</i>	<i>103,000</i>
<i>Regional Jail</i>	<i>67,500</i>
Total Estimated Budget Challenges	2,213,879
<u>Potential Reduction Options</u>	
Use of fund balance in FY 12 for Solid Waste Fund Support	(72,100)
Utility Fund Support	(373,219)
Contingencies	(40,000)
Total Potential Reduction Options	(485,319)
Net deficit after reduction options	\$1,728,560
Projected Fund Balance over 15% at 6/30/12 of FY 12 adopted budget	1,070,142
Projected Fund Balance over 14% at 6/30/12 of FY 12 adopted budget	1,301,864
Projected Fund Balance over 13% at 6/30/12 of FY 12 adopted budget	1,533,586

Introduction

- Fifth difficult budget that began in the fall of 2008.
- Recessionary pressures
- Previous strategies have been utilized by the City and Schools.
 - * personnel reductions
 - * operational budget cuts
 - * Short term strategies
 - Debt Restructuring
 - Fund Balance use

FY 2013 Budget Challenges

- Increased debt service
- Declining state revenues
- Increased operational costs
- Lack of significant growth in natural local revenue sources
- Unfunded state and federal mandates
- Fiscal imbalance in the self supporting funds

Guiding Principles

- Prepare a budget without an increase in general property tax rates
- Increase on-going funding support to the Schools
- Continue to provide high quality local government services
- Address structural imbalances in the self supporting funds and General Fund
- Begin to address FY 2014 & FY 2015 budget issues

Relative Credit Ratings

	Moody's	S&P	
Top Tier "Highest Possible Rating"	Aaa	AAA	
2 nd Tier "Very Strong"	Aa1 Aa2 Aa3	AA+ AA AA-	(Highest) (Middle) (Lowest)
3 rd Tier "Strong"	A1 A2 A3	A+ A A-	(Highest) (Middle) (Lowest)
4 th Tier "Adequate Capacity to Repay"	Baa1 Baa2 Baa3	BBB+ BBB BBB-	(Highest) (Middle) (Lowest)
5 th – 10 th Tiers "Below Investment Grade"	BB, B, CCC, CC, C, D		

City's Ratings

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Considered Investment Grade Below Investment Grade