

Adopted December 30, 2010

2011
City of Johnstown's
Operating Budget

Bill 32 of 2010, introduced in Council November 1, 2010

City Manager Message (Distributed November 1)

II. Budget Summary

III. Budget Ordinance

<u>Pg #</u>	<u>Fund</u>
01-17	GENERAL FUND
18-21	PARKING FUND
22-29	COMMUNITY DEVELOPMENT (CDBG) FUND
30	LIQUID FUEL FUND
31	UDAG FUND
32-34	STATE GRANT FUND
35	PENSION FUND
36	DEBT SERVICE FUND
37-38	SANITATION FUND
39-42	RECREATION FUND
43-44	STATE HOME FUND
45	SEWER RENTAL/UPGRADE/MAINTENANCE/REPAIR FUND

2011
Wage & Salary Ordinance
&
Other Budget
Supporting Details & Information

Carlos Gunby
Finance Director

To: Mayor Trigona and Members of City Council

From: Kristen Denne
City Manager

RE: Presentation of 2011 City of Johnstown

Date: November 1, 2010

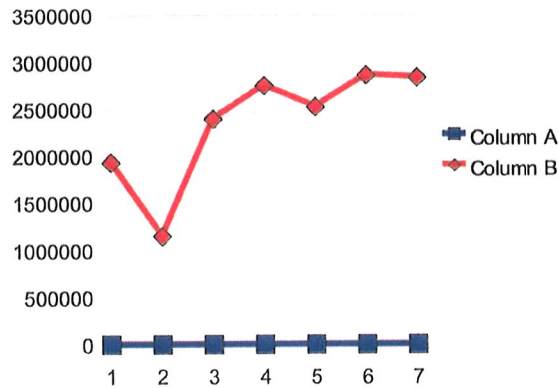
It is my duty and pleasure to provide the elected officials of the City of Johnstown with the 2011 Budget for the City of Johnstown. This budget is balanced with a general fund total of \$10,348,904.16. This budget recognizes the freeze on tax mileage imposed by the City Council. The Staff of the City of Johnstown has worked very hard to stay within the limits of the Resolution 9405 of 2010.

The 2010 Fiscal Year has been one marked by tax and rate increases that were very necessary to continue operations and meet unfunded mandates presented by state authorities. As you will recognize in upcoming budget deliberations these steps were necessary to continue operations. Even with the tax increases from last year and health care contributions by employees, the budget is still sparse. We have made significant progress in allocating all sewer funds into the rental account. This has been a practice that has gone on entirely too long and is not ethical or fair for the rate payers of Johnstown to endure. Doing so has resulted in a \$800,000 loss of revenue to the budget. Most of which has been filled by the measures mentioned before. The City needs to continue to be very cognizant of its spending due to continued increases in insurances, union employee pay increases, pension liabilities and bond payments.

In 2010, the City did participate in a \$1.2 Million TAN Note, which was used internally by the Finance Department as a line of credit only when necessary. The TAN was only utilized during the beginning months of 2010 and was paid in full and closed in April of this year. I would suggest that council continue this initiative as a safety net for cash flow in the beginning months of the year.

One of the City's greatest expenditures is the Pension obligation. Amazingly, the City had a reduction in the 2011 Minimum Municipal Obligation (MMO) for 2011 of \$25,261. I have to attribute this to the wise fiscal policy of not taking advantage of the Act 44 provisions that allows for the amortization of pension payments as a reaction from the stock market plunges in recent years. I would advise when at all feasible that the City continue to pay all pension MMO's in full. Participating in the amortization, though necessary in some cases, results in a condition of passing the costs and burdens to future taxpayers and does not eliminate the underlying problem of high pension and employee retirement costs. The chart below demonstrates the trends on recent years for pension obligations of the City of Johnstown.

Pension Costs
Years 2005-2011



The amount of debt that the City of Johnstown is carrying would not be of such great concern if the special funds that were to provide the revenue would actually produce enough revenue to cover the cost of bond payments. In 2009, the General Fund was well within budget until bond payments had to be made from General Fund Revenues to cover that of the Parking Fund. Steps need to be taken to insure that we find a way to make the parking fund a balanced account in regards to revenue and expenditures. The Bond Payments for 2011 have also increased to \$3,3490,362. which is \$129,453 more than 2010. I would also advise that the City Council refrain from refinancing bonds in the future to make general fund obligations. I fully understand the measures taken in the past were necessary for survival, but in the future we must conduct more formal planning to avoid the rise in debt that has occurred over the last few years. Please refer to the chart below to illustrate how much debt has increased.

I believe it is also very important for elected officials to understand what portion of the budget is dedicated to payroll and full departmental expenses. We often classify employees by wage or salary alone, not taking into consideration the costs of benefits for each department. Hopefully the below attached graphs can give you an appreciation of how the budget is allocated.

DEBT 2005-2011

