
2018 2ND QUARTER OUTLOOK

PRESENTATION TO FINANCE COMMITTEE

AUGUST 13TH-2018



2018 PROJECTION: GENERAL & LIBRARY FUNDS

| | 2018 Adopted Budget | | | Difference |
|----------------------------------|---------------------|---------------------------------|--------------------|-------------|
| | Adopted Budget | 2 nd Quarter Actuals | Yearend Projection | |
| General Fund Revenue | (316,209,674) | (216,732,430) | (316,491,772) | 282,097 |
| Agency Revenues | (17,453,038) | (4,446,627) | (17,047,407) | (788,814) |
| Expenditures | 332,262,711 | 166,630,926 | 333,716,725 | (1,071,215) |
| Fund Balance (Generated)/Applied | (1,400,000) | | \$177,932 | (1,577,932) |

- If 2nd Quarter trends continue we will end 2018 with a \$1.6m lower net revenues compared with the adopted budget.
- Projected revenue surplus driven by:
 - PILOT Payments: \$0.25m
 - Licenses & Permits: \$0.2m
 - State Aid: \$0.2m
 - Room taxes: down \$0.1m
 - Fines and forfeitures down \$0.25m

AGENCY REVENUES

Agency Revenues

| | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Adopted | 2018 2nd Q | 2018 Projected | Difference |
|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|------------------|
| INTERGOV REVENUES | (1,338,101) | (2,020,019) | (1,893,206) | (1,700,528) | (543,463) | (1,787,987) | 87,459 |
| CHARGES FOR SERVICES | (5,577,435) | (6,125,909) | (6,587,118) | (6,077,861) | (2,368,120) | (5,794,237) | (283,624) |
| LICENSES AND PERMITS | (1,063,338) | (1,091,234) | (986,547) | (1,432,619) | (532,272) | (1,124,392) | (308,227) |
| FINE FORFEITURE ASMT | (600,981) | (727,550) | (722,246) | (760,000) | (130,774) | (729,000) | (31,000) |
| INVEST OTHER CONTRIB | (494,727) | (564,246) | (1,125,597) | (898,200) | (263,590) | (969,568) | 71,368 |
| MISC REVENUE | (738,223) | (746,948) | (768,240) | (849,323) | (593,335) | (844,265) | (5,058) |
| OTHER FINANCE SOURCE | (45,520) | (161,593) | (54,517) | (53,800) | - | (72,483) | 18,683 |
| TRANSFER IN | (2,377,783) | (3,563,015) | (5,496,610) | (6,005,707) | (15,072) | (5,725,475) | (280,232) |
| Total Revenue | (12,236,108) | (15,000,514) | (17,634,080) | (17,778,038) | (4,446,627) | (17,047,407) | (730,631) |

% Change (2015 to 2018)

28%

% of Revenue Received

25.01%

Agency Revenues Received: 2nd Q

(4,446,627)



Major Line Items

| Item | Budget | YTD | Projection | Difference |
|----------------------------|-------------|-----------|-------------|------------|
| Municipal Court-Court Fees | (670,000) | (195,000) | (500,000) | 170,000 |
| Fire | (1,870,000) | (700,000) | (1,700,000) | 170,000 |
| Parks-Seasonal Revenues | (6,300,000) | (705,000) | (6,200,000) | 100,000 |
| CDD-Revenues | (665,000) | (60,000) | (190,000) | 475,000 |

EXPENDITURES

Agency Expenditures

| | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Revised | 2018 2nd Q | 2018 Projected | Difference |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| SALARIES | 133,381,116 | 138,314,844 | 141,434,122 | 147,369,934 | 65,585,520 | 146,675,943 | 693,991 |
| BENEFITS | 48,947,218 | 51,127,245 | 52,174,962 | 52,377,655 | 28,339,509 | 53,517,028 | (1,139,373) |
| SUPPLIES | 6,601,600 | 7,033,234 | 7,751,048 | 8,293,626 | 4,153,327 | 8,087,452 | 206,174 |
| PURCHASED SERVICES | 28,249,918 | 27,671,830 | 29,795,925 | 31,117,747 | 11,727,858 | 31,219,333 | (101,587) |
| DEBT OTHR FINANCING | (192,876) | 35,893 | 168 | 1,661,585 | - | 1,611,585 | 50,000 |
| INTER DEPART CHARGES | 18,560,265 | 22,792,445 | 19,719,358 | 20,730,493 | 6,081,072 | 21,490,698 | (760,205) |
| INTER DEPART BILLING | (3,079,982) | (2,794,897) | (2,801,780) | (3,106,847) | (1,240,062) | (2,995,473) | (111,374) |
| TRANSFER OUT | 64,043,001 | 62,491,330 | 68,900,453 | 74,143,518 | 51,983,702 | 74,110,158 | 33,360 |
| Total Expenditures | 296,510,259 | 306,671,924 | 316,974,254 | 332,587,711 | 166,630,926 | 333,716,725 | (1,129,013) |

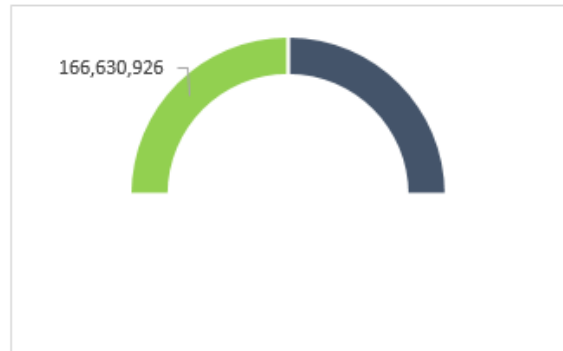
% Change (2015 to 2018)

11.15%

% Spent

50.10%

Expenditures: 2nd Q



Major Line Items

| Item | Budget | YTD | Projection | Difference |
|-------------------------------|------------|------------|------------|------------|
| Fire-Staffing Costs | 46,200,000 | 22,500,000 | 47,355,000 | 1,155,000 |
| Police-Overtime & WRS | 7,800,000 | 3,800,000 | 8,800,000 | 1,000,000 |
| Streets- Snow | 6,000,000 | 3,200,000 | 6,700,000 | 700,000 |
| Streets-Landfill Tipping Fees | 2,400,000 | 1,000,000 | 2,650,000 | 250,000 |
| Fleet Charges | 14,500,000 | 3,286,443 | 15,350,000 | 850,000 |

CONTINGENT RESERVE

- Current Balance=\$1.6m
- 2018 Approved Amendments
 - \$170k transferred to Contingent Reserve from Police Department when creating new Officer positions (file 49855)
 - \$50k appropriated to Mayor's Office for My Brother's Keeper grant match (file 51713)
 - \$6k appropriated to EAP for office security improvements
- Based on 2nd Quarter projection, the remaining balance will be needed to offset projected deficits
 - Unplanned expenditures should be absorbed within existing appropriations
 - True emergencies will be handled on a case by case basis

2018: MITIGATING RISK

- In 2018, General Fund expenditures can only exceed budget by \$500k without violating Expenditure Restraint (ERP)
- Projections reflect seasonality of expenditures, but need to develop plan to address projected deficit that does not involve increasing the budget
- Options to balance
 - Reduce Transfer to Capital: Potential Savings=\$2.0m (frees up ERP room; increases GF debt service and GO debt).
 - Defer new initiatives & positions to 2019 budget.

NON GENERAL FUND HIGHLIGHTS

Metro

Projection=\$350k Surplus

- **Changes from 1st Quarter:** Para-transit agency fares are continuing; 1st Quarter assumed utilization of these fares would stop after the 1st Quarter
- Salaries=\$1.6m Deficit driven by exceeding salary savings (\$1.1m) and overtime spending (\$500k)
 - A portion of the salary deficit is offset by saving in contracted rides that are not being realized; In-house services will be transitioned over the fall

Monona Terrace

Projection=\$100k Surplus

- **Changes from 1st Quarter:** Improved revenue outlook based on events that took place in the 2nd Quarter
- Revenue=\$650k surplus in facility rental
- Salaries=\$125k Deficit driven by leave payouts & hourly staffing costs

Public Health

Projection=\$270k Surplus

- **Changes from 1st Quarter:** Updated revenue projections to reflect the loss of various grant funding & current personnel trends
- Revenue=\$400k shortfall in projected revenue; projection assumes utilizing \$2.0m from fund balance
- Salaries=\$270k surplus driven by vacant positions

MIDYEAR APPROPRIATION ADJUSTMENT

- Resolution introduced at Aug 7th CC meeting to make midyear adjustments, primarily focused on distributing funds budgeted centrally to agencies based on actuals through the 2nd Quarter
 - Sick Leave Escrow: Total Transferred=\$2.0m
 - \$1.45m to Police & Fire
 - \$250k to Streets
 - \$150k to IT
 - \$150k to Building Inspection
 - Carryforward Encumbrances: Total Transferred=\$0.4m
- Additional Adjustments
 - Fleet: Transfer appropriation from salaries to supplies for fuel costs
 - Monona Terrace: Appropriate additional revenue to offset supply & purchased services costs that have resulted from events during the 2nd Quarter
 - Parks: Transfer appropriation across 2 major capital projects for planning costs