

# 2018 1<sup>ST</sup> QUARTER OUTLOOK

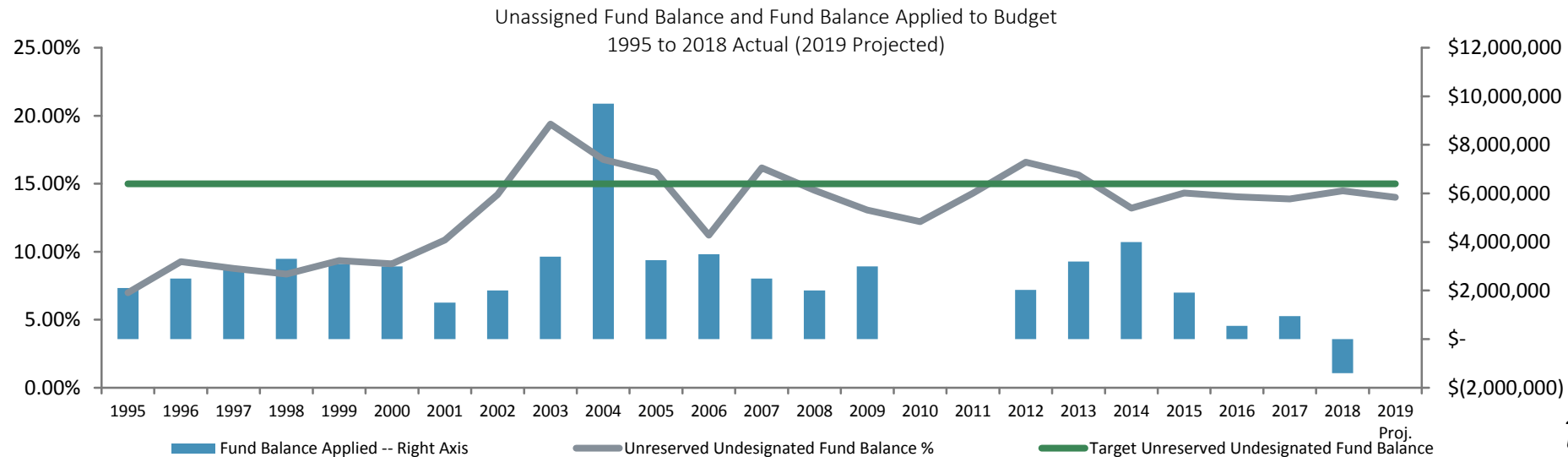
PRESENTATION TO FINANCE COMMITTEE

MAY 21<sup>ST</sup> 2018



# 2017: HOW WE ENDED

- \$6.7m surplus in General Fund (prior to addressing Water Utility cash shortfall).
  - \$4.9m Surplus of Revenues over Expenditures
    - One-time change in accounting for Ambulance billing revenue (\$2.5 million) and transfers to Special Assessment Fund (\$0.8 million)
    - Permit revenue up due to 18% increase in building permit revenues (\$1.2 million).
    - State aid up due to Municipal Services Payment (\$0.7 million)
  - \$1.8m reduction in Assigned/Nonspendable Fund Balance (ice arena debt to GF shifted to GO borrowing; no fund balance applied in 2018 budget)
- Unassigned General Fund balance improved by \$3.6 million (14.5% of 2018 budget; up from 13.9% last year) -- \$3 million allocated to Nonspendable Fund Balance due to Water Utility cash shortfall.



2018 reflects \$3.765m due from Water Utility; 2019 reflects \$4.75m due from Water Utility

## 2018 PROJECTION: GENERAL & LIBRARY FUNDS

	2018 Adopted Budget			
	Adopted Budget	1 <sup>st</sup> Quarter Actuals	Yearend Projection	Difference
General Fund Revenue	(314,809,674)	(160,427,441)	(315,733,953)	924,279
Agency Revenues	(17,778,038)	(1,512,037)	(17,081,243)	(696,795)
Expenditures	332,587,711	55,943,494	333,858,273	(1,270,562)
				(1,043,078)

- If 1<sup>st</sup> Quarter trends continue we will end 2018 with a \$1.0m deficit
- Projected revenue surplus driven by:
  - PILOT Payments: \$0.5m
  - Licenses & Permits: \$0.4m
  - Room taxes – first quarter on track; however, adjusting for new properties / Air BnB / tax rate increase – down 2.5%
- Projected expenditure deficit driven by agency revenues & staffing costs

# AGENCY REVENUES

## Agency Revenues

	2015 Actual	2016 Actual	2017 Actual	2018 Adopted	2018 1st Q	2018 Projected	2018 Diff
INTERGOV REVENUES	(1,338,101)	(2,020,019)	(1,893,206)	(1,700,528)	(196,481)	(1,559,763)	(140,765)
CHARGES FOR SERVICES	(5,577,435)	(6,125,909)	(6,587,118)	(6,077,861)	(820,241)	(6,054,023)	(23,838)
LICENSES AND PERMITS	(1,063,338)	(1,091,234)	(986,547)	(1,432,619)	(251,957)	(1,301,000)	(131,619)
FINE FORFEITURE ASMT	(600,981)	(727,550)	(722,246)	(760,000)	(63,388)	(718,430)	(41,570)
INVEST OTHER CONTRIB	(494,727)	(564,246)	(1,125,597)	(898,200)	(129,796)	(935,921)	37,721
MISC REVENUE	(738,223)	(746,948)	(768,240)	(849,323)	(37,990)	(742,938)	(106,385)
OTHER FINANCE SOURCE	(45,520)	(161,593)	(54,517)	(53,800)	-	(49,800)	(4,000)
TRANSFER IN	(2,377,783)	(3,563,015)	(5,496,610)	(6,005,707)	(12,184)	(5,719,368)	(286,339)
<b>Total Revenue</b>	<b>(12,236,108)</b>	<b>(15,000,514)</b>	<b>(17,634,080)</b>	<b>(17,778,038)</b>	<b>(1,512,037)</b>	<b>(17,081,243)</b>	<b>(696,795)</b>

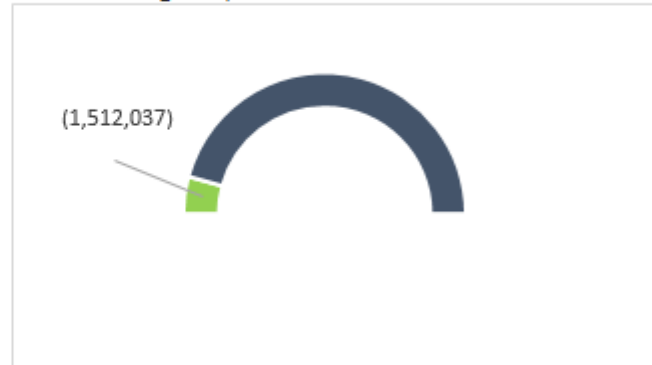
% Change (2015 to 2018)

28%

% of Revenue Received

8.51%

Agency Revenues Received: 1st Q



### Major Line Items

Item	Budget	YTD	Projection	Difference
Municipal Court-Court Fees	(670,000)	(74,000)	(520,000)	150,000
Parks-Seasonal Revenues	(6,300,000)	(300,000)	(6,200,000)	100,000
CDD-Revenues	(665,000)	(37,500)	(175,700)	489,300

# EXPENDITURES

## Agency Expenditures

	2015 Actual	2016 Actual	2017 Actual	2018 Adopted	2018 1st Q	2018 Projected	2018 Diff
SALARIES	133,381,116	138,314,844	141,434,122	147,369,934	27,702,570	146,999,519	370,415
BENEFITS	48,947,218	51,127,245	52,174,962	52,377,655	15,005,433	53,540,437	(1,162,782)
SUPPLIES	6,601,600	7,033,234	7,751,048	8,293,626	1,318,123	8,202,221	91,405
PURCHASED SERVICES	28,249,918	27,671,830	29,795,925	31,117,747	6,086,804	31,604,210	(486,463)
DEBT OTHR FINANCING	(192,876)	35,893	168	1,661,585	-	1,661,585	-
INTER DEPART CHARGES	18,560,265	22,792,445	19,719,358	20,730,493	1,645,651	20,714,591	15,903
INTER DEPART BILLING	(3,079,982)	(2,794,897)	(2,801,780)	(3,106,847)	(347,890)	(2,939,448)	(167,399)
<u>TRANSFER OUT</u>	<u>64,043,001</u>	<u>62,491,330</u>	<u>68,900,453</u>	<u>74,143,518</u>	<u>4,532,802</u>	<u>74,075,158</u>	<u>68,360</u>
Total Expenditures	296,510,259	306,671,924	316,974,254	332,587,711	55,943,494	333,858,273	(1,270,562)

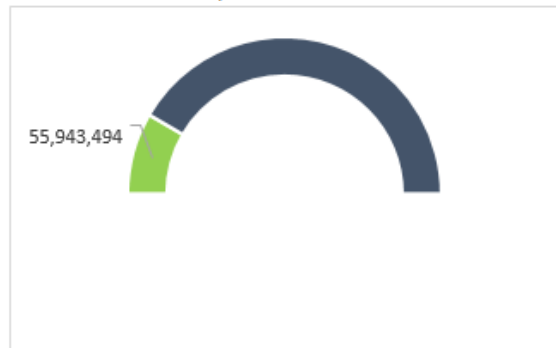
% Change (2105 to 2018)

11.19%

% Spent

16.82%

Expenditures: 1st Q



## Major Line Items

Item	Budget	YTD	Projection	Difference
Charging Time: Misc Agencies	6,200,000	1,236,000	6,400,000	200,000
Fire-Staffing Costs	46,200,000	10,240,000	47,800,000	1,600,000
Police-Overtime & WRS	7,800,000	1,500,000	8,500,000	700,000
Streets- Snow	6,000,000	1,600,000	6,400,000	400,000
Streets-Landfill Tipping Fees	2,400,000	340,000	2,600,000	200,000
Fleet Charges	14,478,957	664,767	15,328,957	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)
- Based on 1<sup>st</sup> 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
- Recommendations 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
  - Improve time entry to other funding sources

# NON GENERAL FUND HIGHLIGHTS

## Metro

Projection=\$270k Deficit

- Projected \$0.8m revenue shortfall; driven by farebox revenue
- Salaries=\$1.5m Deficit driven by exceeding salary savings (\$1.0m) and overtime spending (\$440k)
- Projections currently being updated to reflect Paratransit revenues

## Monona Terrace

Projection=\$200k Deficit

- Salaries=\$160k Deficit driven by leave payouts & hourly staffing costs

## Public Health

Projection=\$500k Surplus

- Salaries=\$700k surplus driven by vacant positions
- Revenue=\$200k shortfall in projected revenue; projection assumes utilizing \$2.0m from fund balance



# OUTSTANDING FISCAL RISKS

## Short Term

2018 & 2019

- 2018: No additional expenditure appropriation capacity to fund unanticipated expenditures
- 2019: Preparing balanced budget that maintains current service levels

## Mid Range

2020-2022

- Nakoosa Trail Fleet Facility: Debt service costs for new facility will be recouped through fleet rate; these costs will not be exempt from expenditure restraint calculation (est. annual impact=\$750k annually)
- Fire Station 14 Operating Costs: 2020 will be the first year of fully funding operating costs of the new Fire station (est. annual impact=\$1.0m)

## Long Range

2023 & Beyond

- Operating Costs of New Facilities:
  - Reindahl Library: Annualized costs will begin in 2025 (Est. Annual Impact=\$1.7m)
  - Streets Far West: Annualized cost will begin in 2024 (Est. Annual Impact=\$1.0m)