

# 2018 3<sup>RD</sup> QUARTER OUTLOOK

PRESENTATION TO FINANCE COMMITTEE

NOVEMBER 26<sup>TH</sup> 2018





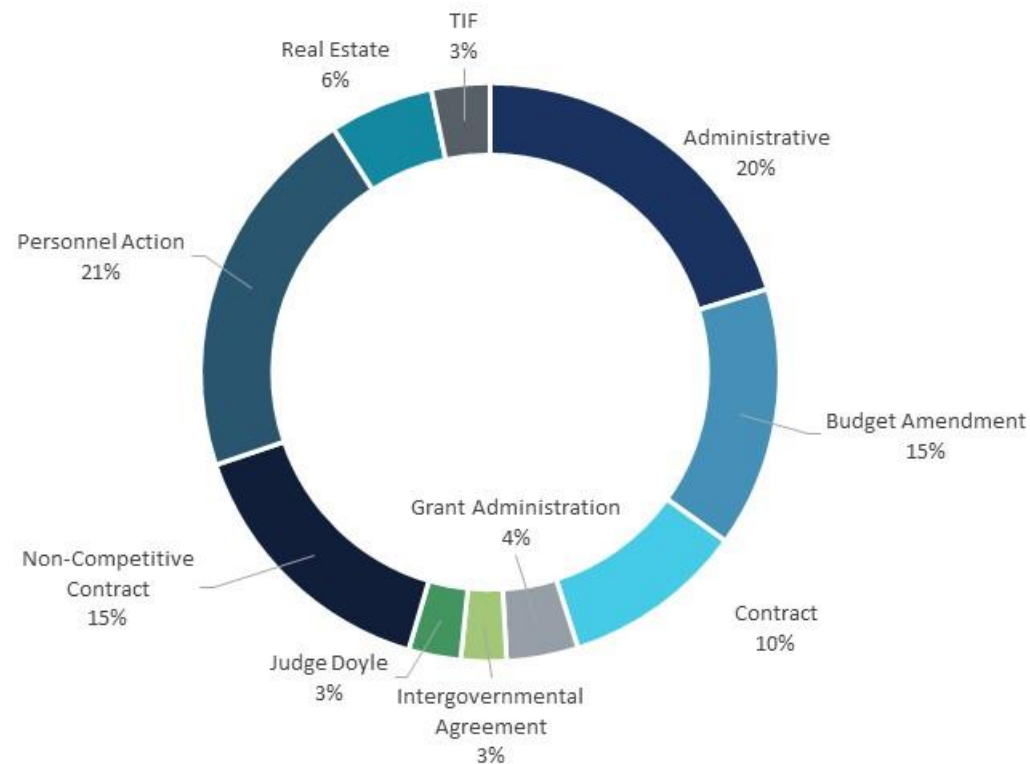
## 2018 FINANCE COMMITTEE ACTIONS: YEAR IN REVIEW



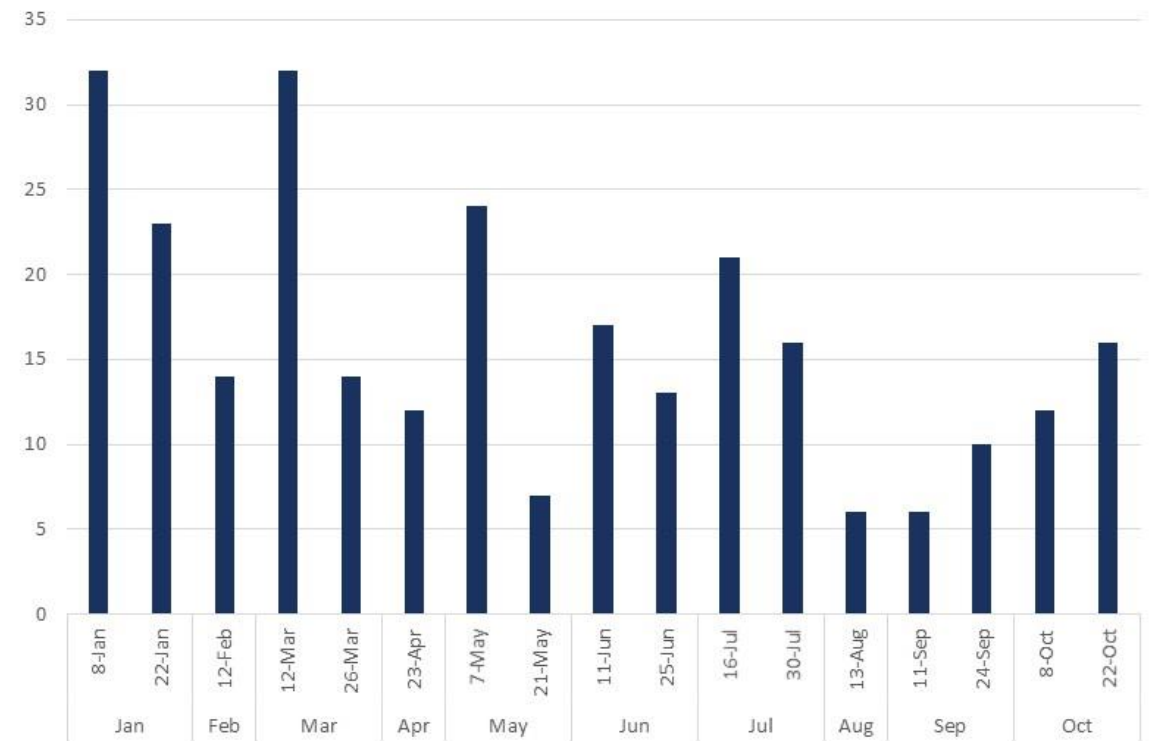
# FINANCE COMMITTEE: 2018 STATS

In 2018 the Finance Committee took up 307 items

Finance Committee Actions by Type



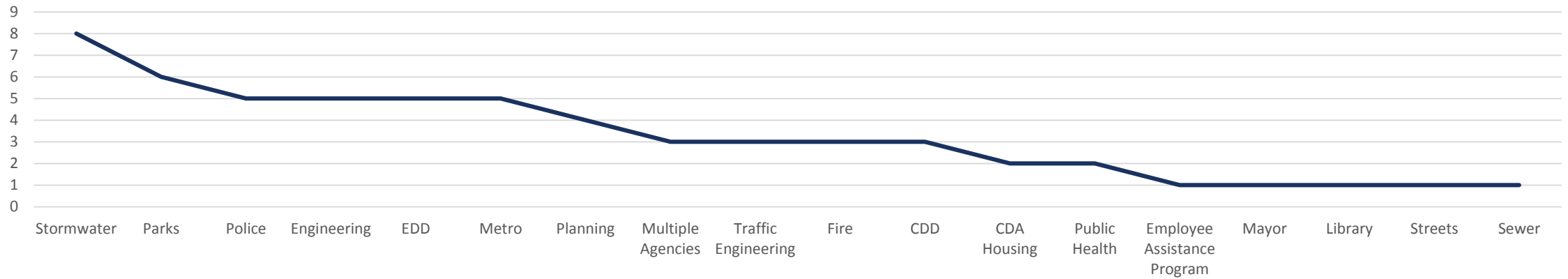
Finance Committee Actions by Month



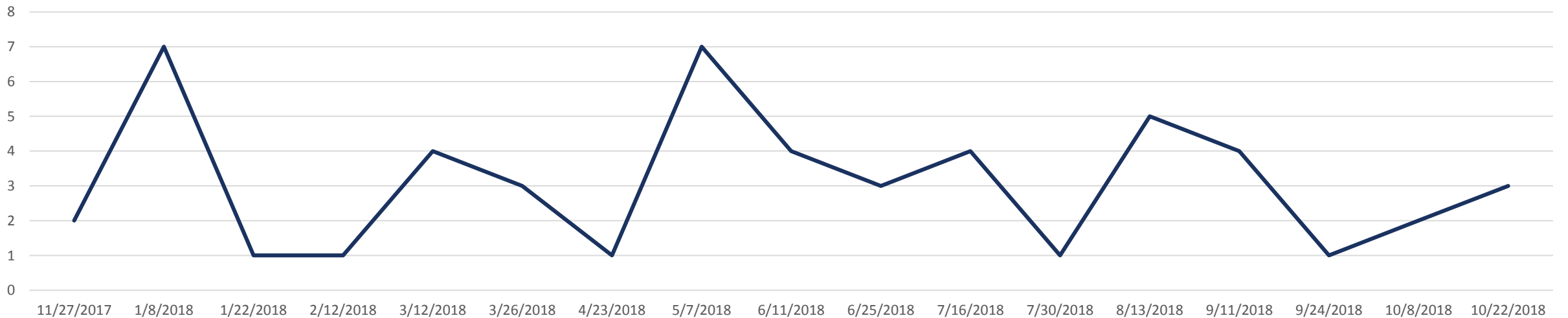
# 2018 YEAR IN REVIEW: BUDGET AMENDMENTS

- The 2018 budget was amended 63 times, down from 91 in 2017 (does not include Nov 26<sup>th</sup> actions)
- In total (all funds: operating & capital) \$24.5m was added to the 2018 Adopted Budget

Count of Amendments by Agency



Amendments by Month





# 2018 OPERATING BUDGET: 3<sup>RD</sup> QUARTER PROJECTIONS



## 2018 PROJECTION: GENERAL & LIBRARY FUNDS

- Based on 3<sup>rd</sup> Quarter projections there will be a \$2.4m surplus at the end of 2018; the surplus is driven by stronger than budgeted General Fund revenue
- Projected revenue surplus driven by:
  - Charges for Services: \$0.4m
    - Higher than anticipated engineering service charges and various application fees associated with new development.
  - Licenses & Permits: \$0.7m
    - Street occupancy and street opening permits are much stronger than forecast, and building permits are continuing at the same pace as 2017.
  - Investment Interest: \$1.3m
    - Investment income is increasing as overall interest rates are moving upward in response to Federal Reserve actions.
  - State Aid: \$0.3m
    - Additional state aid for exempt computer equipment was received associated with the closure of Tax Increment District (TID) 40 and the deposit of the state computer aid to the city's general fund rather than the TID.

# 2018 PROJECTIONS: CHANGES FROM 2<sup>ND</sup> QUARTER TO 3<sup>RD</sup> QUARTER

## ■ Fleet Costs

### ■ What Changed:

- The 1<sup>st</sup> & 2<sup>nd</sup> Quarter projections anticipated Fleet would need an additional \$850,000 in 2018 ensuring the fund would end the year with a positive cash position
- Updated expenditure projections and depreciation estimates indicate additional funding is not needed in 2018

## ■ Contingent Reserve

### ■ What Changed

- The 1<sup>st</sup> & 2<sup>nd</sup> Quarter projections predicted additional unanticipated expenditures against the Contingent Reserve
- To date, \$170k has been transferred **INTO** the Contingent Reserve while \$96k has been transferred **FROM** the Contingent Reserve

## ■ Cost Allocation

### ■ What Changed:

- The cost allocation methodology was completed over the summer months, enterprise agencies will not be charged based on the new methodology in 2018

# AGENCY REVENUES

## Agency Revenues

	2015 Actual	2016 Actual	2017 Actual	2018 Revised	2018 3rd Q	2018 Projected	Difference
INTERGOV REVENUES	(1,338,101)	(2,020,019)	(1,893,206)	(1,742,400)	(925,559)	(1,561,574)	(180,826)
CHARGES FOR SERVICES	(5,577,435)	(6,125,909)	(6,587,118)	(6,077,861)	(3,744,304)	(5,893,110)	(184,751)
LICENSES AND PERMITS	(1,063,338)	(1,091,234)	(986,547)	(1,432,619)	(811,944)	(1,087,089)	(345,530)
FINE FORFEITURE ASMT	(600,981)	(727,550)	(722,246)	(760,000)	(192,655)	(716,092)	(43,908)
INVEST OTHER CONTRIB	(494,727)	(564,246)	(1,125,597)	(1,116,046)	(348,358)	(843,004)	(273,042)
MISC REVENUE	(738,223)	(746,948)	(768,240)	(849,323)	(722,068)	(858,540)	9,217
OTHER FINANCE SOURCE	(45,520)	(161,593)	(54,517)	(76,483)	(4,000)	(76,483)	-
TRANSFER IN	(2,377,783)	(3,563,015)	(5,496,610)	(6,005,707)	(85,830)	(4,878,910)	(1,126,797)
Total Revenue	(12,236,108)	(15,000,514)	(17,634,080)	(18,060,440)	(6,834,719)	(15,914,803)	(2,145,637)

% Change (2015 to 2018)

23%

% of Revenue Received

37.84%

Agency Revenues Received: 3rd Q

(6,834,719)



## Major Line Items

Item	Budget	YTD	Projection	Difference
Municipal Court-Court Fees	(670,000)	(310,000)	(485,000)	185,000
Fire	(1,900,000)	(1,100,000)	(1,700,000)	200,000
Parks-Seasonal Revenues	(6,300,000)	(1,200,000)	(6,200,000)	100,000
Library	(2,100,000)	(1,100,000)	(2,000,000)	100,000
Traffic Engineering	(1,200,000)	(770,000)	(1,100,000)	100,000
CDD-Revenues	(665,000)	(132,000)	(160,000)	505,000
Cost Allocation	(850,000)	-	-	850,000



# EXPENDITURES

## Agency Expenditures

	2015 Actual	2016 Actual	2017 Actual	2018 Revised	2018 3rd Q	2018 Projected	Difference
SALARIES	133,381,116	138,314,844	141,434,122	147,477,880	98,932,976	146,945,549	532,331
BENEFITS	48,947,218	51,127,245	52,174,962	52,307,429	40,770,148	53,748,208	(1,440,779)
SUPPLIES	6,601,600	7,033,234	7,751,048	8,442,589	5,731,433	7,597,976	844,613
PURCHASED SERVICES	28,249,918	27,671,830	29,795,925	31,220,465	18,950,894	31,053,284	167,181
DEBT OTHR FINANCING	(192,876)	35,893	168	1,619,585	-	11,500	1,608,085
INTER DEPART CHARGES	18,560,265	22,792,445	19,719,358	20,730,493	9,768,296	20,627,111	103,383
INTER DEPART BILLING	(3,079,982)	(2,794,897)	(2,801,780)	(3,106,847)	(1,916,857)	(3,116,565)	9,718
TRANSFER OUT	64,043,001	62,491,330	68,900,453	74,178,518	54,561,255	74,110,176	68,342
Total Expenditures	296,510,259	306,671,924	316,974,254	332,870,112	226,798,145	330,977,239	1,892,874

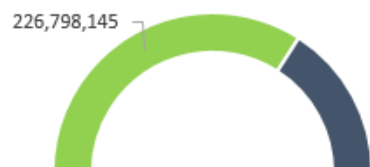
% Change (2015 to 2018)

10.41%

% Spent

68.13%

Expenditures: 3rd Q



## Major Line Items

Item	Budget	YTD	Projection	Difference
Fire-Staffing Costs	46,600,000	33,000,000	47,600,000	1,000,000
Police-Overtime & WRS	7,800,000	5,800,000	8,800,000	1,000,000
Streets-Landfill Tipping Fees	2,400,000	1,800,000	2,650,000	250,000

# NON GENERAL FUND HIGHLIGHTS

## Metro

### Projection=\$123k Surplus

- **Changes from 2<sup>nd</sup> Quarter:** Para-transit agency fares are continuing; 1<sup>st</sup> Quarter assumed utilization of these fares would stop after the 1<sup>st</sup> Quarter
- Revenue: 3<sup>rd</sup> Quarter projected revenue \$400k lower than 2<sup>nd</sup> Quarter
- Salaries=\$1.6m Deficit driven by exceeding salary savings (\$1.1m) and overtime spending (\$450k)
  - 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=\$423k Deficit

- **Changes from 2<sup>nd</sup> Quarter:** Improved revenue outlook based on events that took place in the 2<sup>nd</sup> Quarter
- Revenue=\$1.0m surplus driven by facility rental revenue; Yearend resolution proposes appropriating \$400k to fund expenses associated with events
- Salaries=\$200k Deficit driven by leave payouts & hourly staffing costs

## Public Health

### Projection=\$270k Surplus

- **Changes from 2<sup>nd</sup> Quarter:** Projected surplus consistent with 2<sup>nd</sup> Quarter
- Revenue=\$400k shortfall in projected revenue; projection assumes utilizing \$2.0m from fund balance. Yearend resolution proposes increasing use of fund balance by \$50k to offset loss of WIC grant
- Projected Salary Savings=\$540k; Savings partially offset by unbudgeted use of hourly staffing (\$350k Projected Deficit)



# 2018 YEAREND APPROPRIATION



# YEAREND APPROPRIATION ADJUSTMENT: NEW APPROPRIATIONS

\$550,000 WILL BE APPROPRIATED FROM GENERAL FUND BALANCE

## ***Municipal Court***

- Total Amount: \$125,000
- Recommended appropriation will fund the agency's projected net deficit

## ***Streets***

- Total Amount: \$300,000
- Recommended appropriation will fund deficit in landfill tipping fees & recyclable processing costs
- 2018 Projected amounts consistent with 2017 Actuals; 2019 budget increased based on these trends

## ***Direct Appropriations***

- Total Amount: \$125,000
- Will fund costs associated with moving 3.25% General Municipal Employee pay increase from first pay period in 2019 to final pay period in 2018

# YEAREND APPROPRIATION ADJUSTMENT: INTER-AGENCY TRANSFERS

\$2.2M WILL BE TRANSFERRED ACROSS VARIOUS AGENCY BUDGETS

## Increase Amounts

- Community Development: \$200,000
  - Decrease budgeted revenue based on projections
- Fire: \$1,000,000
  - Increase budget for permanent wages, currently projected to exceed budgeted salary savings
  - Increase budget for various benefits associated with non-annualized pay
- Police: \$1,000,000
  - Increase budget for various benefits that are exceeding budgeted benefit savings & are associated with various non-annualized pay

## Decrease Amounts

- Direct Appropriations: -\$1,200,000
  - Net remaining balance of Contingent Reserve
- Proposed reductions in the agencies listed below are a result of salary savings
  - Building Inspection: -\$100,000
  - Clerk: -\$75,000
  - Finance: -\$125,000
  - Information Technology: -\$285,000
- Engineering: -\$300,000
  - Benefit savings associated with charging time to other funding sources

# YEAREND APPROPRIATION ADJUSTMENT: INTRA-AGENCY TRANSFERS

**\$432,000** WILL BE TRANSFERRED ACROSS MAJORS WITHIN VARIOUS AGENCY BUDGETS

- Civil Right: \$39,000
  - Transfer funding from salaries based on vacancies to benefits, supplies, & purchased services
- Assessor: \$8,000
  - Transfer funding for consultant services for commercial assessments to supplies for postage costs
- Clerk: \$40,000
  - Transfer funding from election official wages to postage & election supply budgets
- PCED-Office of Director: \$50,000
  - Transfer funding from consulting services for blight studies to hardware supplies for printer & computer purchases
- Library: \$105,000
  - Transfer funding from salaries based on vacancies to supplies & purchased services
- Traffic Engineering: \$115,000
  - Transfer funding from health insurance based on vacancies to purchased services for Electricity costs
- Parks: \$75,000
  - Transfer funding from salaries based on vacancies to benefits, reducing the budgeted benefit savings that were not realized in 2018

# YEAREND APPROPRIATION ADJUSTMENT: NON-GENERAL FUND

- Metro: \$1.2m in reserve funds from Transport 2020 Grant
  - Reserve funds available in City's grant fund
  - Appropriation with fund Phase 1 of the analysis for BRT
- Monona Terrace: \$430,000 from Rental Income
  - Rental income revenue is projecting a \$1.0m surplus
  - These funds will be used to fund costs associated with additional bookings, specific costs include:
    - hourly staffing costs & benefits,
    - work supplies
    - rental of equipment
- Public Health: \$50,000 from Fund Balance
  - Funds will be appropriated to Community Health-Salaries
  - These funds will lost revenue for the WIC program