

PRE-2013 BUDGET

Significant information, revenue data,
and projections for preparing the 2013
Operations Budget



09/25/2012





Time Line



Findlay Auditor's office must base financial assumptions on facts as they are known today. The City is preparing 2 adoptable budgets. The voters will determine whether our income tax revenue is 1% or 1.25%

We cannot control many outside factors; we can plan for a successful transition to 2013!



What does it mean to have FISCAL HEALTH?

- ▣ Healthy Reserves on ALL key Funds
- ▣ Prudent Fiscal Policies
- ▣ Monitor Revenue & Control Expenses
- ▣ Maintain Manageable Debt
- ▣ Financial Compliance
- ▣ Economic Diversification

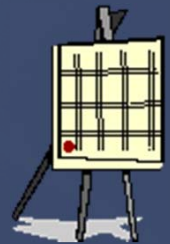




2012 General Revenues

- ▣ Estimate of General Fund Revenues for 2012
 - Original year end Projection = \$25,500,000
 - August Projection = \$26,900,000 (includes estate tax)

- ▣ The Plus & Minus
 - Estate Tax Windfall \$1,200,000 (estate tax ends 12/31/2012)
 - Have received \$204,000 radio reimbursement from several years ago. Was not budgeted for 2012 - windfall



Auditor will continue to adjust numbers through year end



2012 Income Tax Revenue

- Income tax has increased from 64% of General Fund Revenue in 2011 to 67% in 2012 because of reduction in allocation to Capital Improvements

- Base 1% Income Tax Revenues at 2005/07 levels plus the additional temporary 1/4%
 - Original year end Projection = \$20,600,000
 - Year end projection as of Mid-September = \$21,300,000
 - Growth primarily due to 'Prior Year' collections
 - Have approximately \$1,000,000 in outstanding accounts

- Regarding current status of Income tax collections:
 - Awaiting October receipts for true picture of likely growth
 - Larger than expected 'Prior Year' collection repeating 2011's windfall



2012 YTD Expenses

City Auditor has very limited view of expected year end expenses until the 2012 projected year end statutory budget process is completed by each department

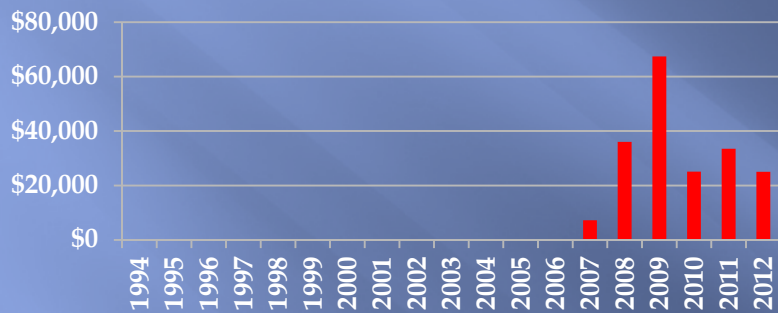
- ▣ Will be several miscellaneous needs, should always *re-allocation before appropriation*



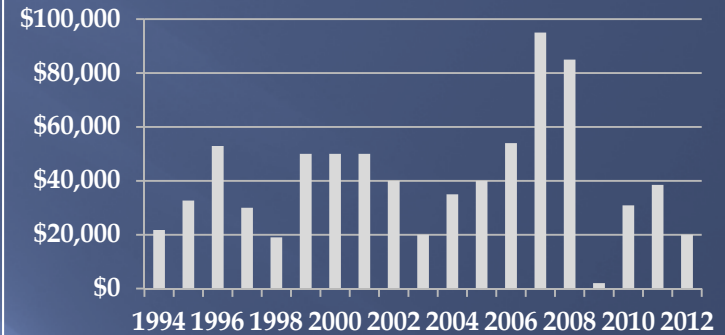
Enterprise Subsidies

Water, Sewer, Airport, Parking, Pool

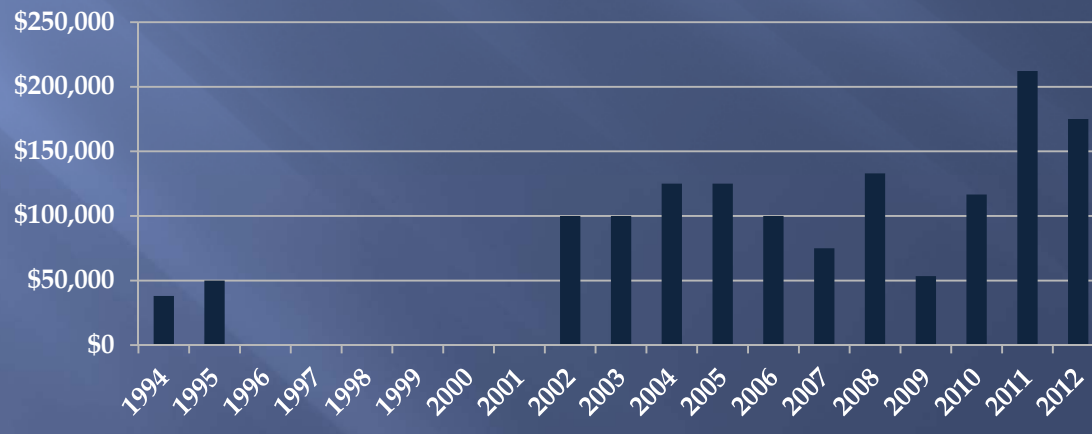
PARKING SUBSIDIES



POOL SUBSIDIES



AIRPORT SUBSIDIES





2013 Revenues

- ❑ City Auditor providing projected total revenue available for operations, the administration must allocate by department (except for Elected officials) hmwf
- ❑ Current Estimate for Total GF Revenues (assumes current 90/10 split)
 - 2013 estimated to be \$26,100,000 at 1.25% Income Tax
 - 2013 estimated to be \$22,900,000 at 1.00% Income Tax
- ❑ Gross Income Tax Revenue Estimates before allocation
 - 2013 estimated to be \$21,800,000 at 1.25% Income Tax
 - 2013 estimated to be \$18,190,000 at 1.00% Income Tax
- ❑ There will be trailing receipts of the .25% tax in 2013

Auditor will continue to adjust numbers through year end



Capital Improvements

- ▣ Auditor recommending a minimum of \$1,750,000 annual transfer
- ▣ Approximately \$8,000,000 behind in street repair and maintenance
- ▣ Calculations incomplete for needed capital maintenance dollars

For a Balanced Budget the following projections apply:

	Cap Impr	General Fund (GF) Portion of CIT	Other GF Revenue	Total Available for GF Operations
2013 Options 1.25%	22.0% \$4,565,000	78% \$16,185,000	\$7,425,000	\$23,610,000
	20.0% \$4,150,000	80% \$16,600,000	\$7,425,000	\$24,025,000
	15.0% \$3,112,500	85% \$17,637,500	\$7,425,000	\$25,062,500
	12.5% \$2,593,750	88% \$18,156,250	\$7,425,000	\$25,581,250
	10.0% \$2,075,000	90% \$18,675,000	\$7,425,000	\$26,100,000
2013 Options 1.00%	22.0% \$3,770,800	78% \$13,369,200	\$7,425,000	\$20,794,200
	20.0% \$3,428,000	80% \$13,712,000	\$7,425,000	\$21,137,000
	15.0% \$2,571,000	85% \$14,569,000	\$7,425,000	\$21,994,000
	12.5% \$2,142,500	88% \$14,997,500	\$7,425,000	\$22,422,500
	10.0% \$1,714,000	90% \$15,426,000	\$7,425,000	\$22,851,000
1% Options do not include likely revenue reductions due to operational changes				



Current Considerations

- ❑ Reducing City Police Officers will have a direct and corresponding impact on Municipal Court General Fund revenues possibly increasing the number of officer reductions needed and so on
- ❑ Administrative cuts to City Income Tax department will have a direct impact on revenues due to our current compliance and enforcement process
- ❑ The City must be cautious as to any change in use of Fire Station 4 due to potential and significant dollar cost of a change in status of these 'Tax Exempt' Bonds
- ❑ There must be strict monitoring to make sure we are not supplanting General Fund shortfalls with enterprise fund monies or equipment.
- ❑ Any cuts the City is committed to should be completed quickly to preserve critical cash reserves that will be needed for 2013



2013 Debt

- ▣ At current CIT allocation (10%), *NO project debt* should be issued in 2013 for General Fund Capital Improvements 47.6-56.0% (5 years)
 - 47% of Capital Debt(GF) is Recreation Facilities
- ▣ Water Fund at 13.7%, will likely need a bond issue for upcoming projects there are two potential refunding opportunities in 2013
- ▣ Sewer debt position improving to 39.5%, *NO debt* should be issued in 2013 (5 years)
- ▣ Will update Debt Summary 1st Quarter '13



Health Insurance

- ❑ Reserve and claims run out will be underfunded through 2013, have yet to determine rate for recapture
- ❑ Currently estimating 15% premium growth for 2012, actuarial review has projected 11% growth in medical claims portion for 2013
- ❑ Union contracts locked in benefits with no changes, eligibility is only path for across board savings initiatives until 2013
- ❑ By October 2nd meeting, legislation will need to be approved for entering brokerage agreement
- ❑ By October 5th, plan and pricing changes must be finalized
- ❑ On October 9th, the administration should present changes to council's appropriations committee
- ❑ By October 16th, plan changes requiring legislation must be approved by council to begin 2013 open enrollment



Conclusions

- ❑ Necessary to complete a budget with a contingency budget for 2013
- ❑ City Auditor determining recommended minimum balances for all funds
- ❑ Once adoptable 2013 budgets created, regardless of the tax outcome, the City should begin 2014 budget process to show short term sustainability of spending priorities. Findlay's 'AA stable' bond rating can be protected with proper planning
- ❑ Must determine the likely Capital Improvements allocation before budgets started
- ❑ Capital Improvement allocation 2013 will be ___% with 1.25% income tax
- ❑ Capital Improvement allocation 2013 will be ___% with 1.00% income tax



Pre-2013 Budget

Questions?

