

# Fiscal Overview for 2013 Budget

Presentation to: Finance Committee 8/9, Department Heads 8/13,  
and Common Council 8/14/2012

--corrections 8/15/2012

## Presentation Outline:

- Budget – Plan for Action
- Key Fiscal Considerations
- Financial Information
- Revenue Limits
- Cost Drivers
- Recommendations for 2013 Budget

# Budget: Plan for Action

Budget is more than just annual procedure

- To Shape Policy
- To Set Priorities
- To Improve Organizational Performance
- To Maintain Financial Control
  - Required by Wisc Stats, sec 65.90
  - Fiduciary responsibility
- To Provide Long-Term Stability

# Key Fiscal Considerations: Budget Policies

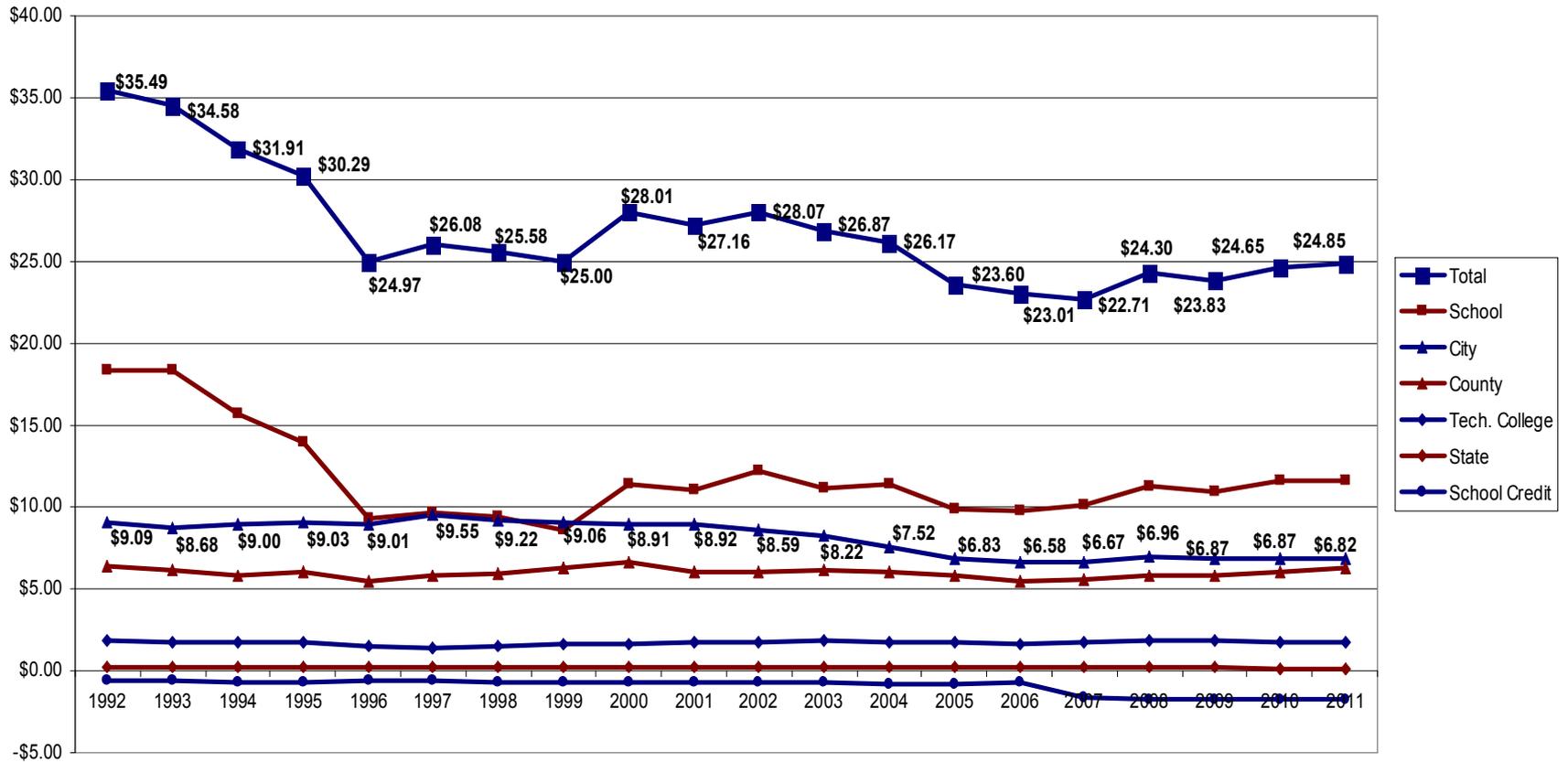
- Budget starts with revenues
  - Spend within our means
- Maintain structural balance
  - Match one-time sources and uses
  - Long-term stability
  - Maintaining assets, particularly infrastructure
- Budget as a management tool
  - Monitor variances throughout the year
  - Flexibility: line-item discretion, budget amendments

# Key Fiscal Considerations: Over the Horizon

- Shared Revenues Cuts
- Emerald Ash Borer – 351 trees, est. \$1000 each
- Recession – continued drag on employment, wages, property values, and new construction
- Debt Service and Capital Projects
- Personnel Changes: retirements, policies

# Financial Info: Historic Tax Rates

## Evansville Tax Rates per \$1000



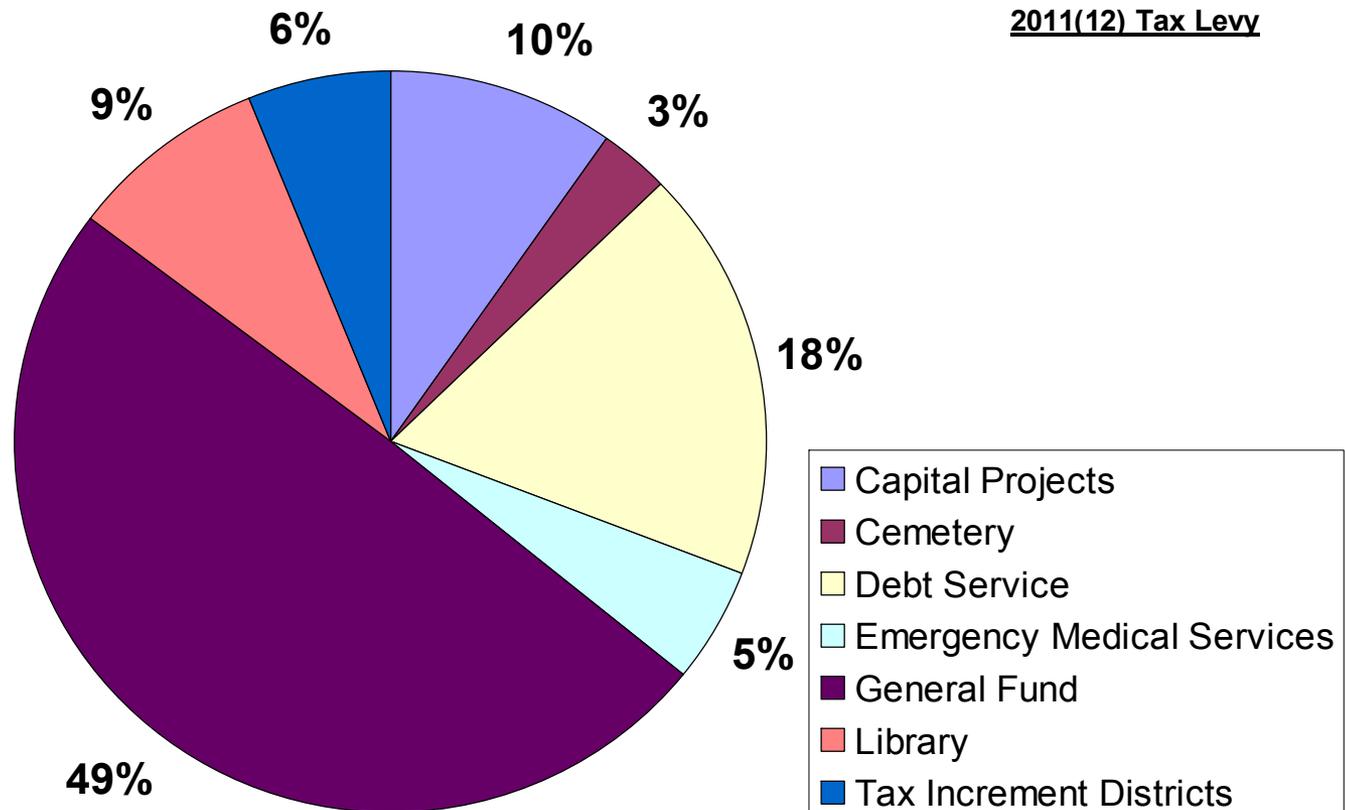
# Financial Info:

## 2011(12) Taxes on \$150,000 property

School	0.01159803	\$ 1,740
City	0.00682234	\$ 1,023
County	0.00627111	\$ 941
Tech College	0.00177880	\$ 267
State	0.00016918	\$ 25
School Credit	(0.001787144)	(\$ 268)
<b>TOTAL</b>	<b>0.02485202</b>	<b>\$ 3,728</b>

# Financial Info:

## 2011 Tax Levy (payable in 2012)



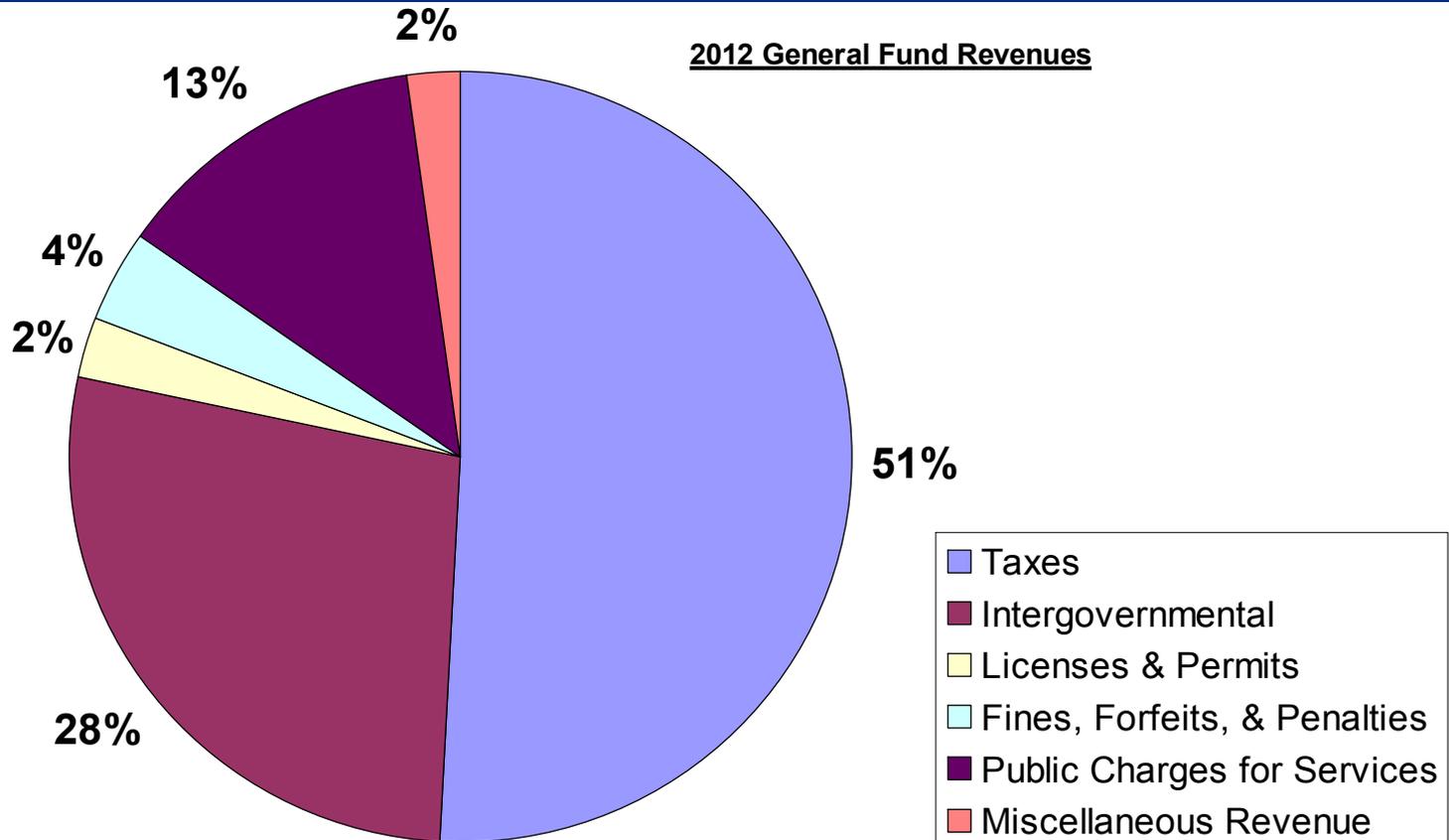
# Financial Info:

## 2011(12) Taxes for \$150,000 property

General Government	\$ 118.23
Police	\$ 213.06
Fire District	\$ 90.71
Ambulance	\$ 50.34
Public Works	\$ 28.41
Parks & Recreation	\$ 39.72
Library	\$ 88.79
City Cemetery	\$ 32.08
Capital Projects	\$ 99.97
Debt Service	\$ 183.92
TIF Districts (Econ Development)	\$ 62.67
Other Miscellaneous	\$ 15.11
<b>TOTAL</b>	<b>\$ 1,023.00</b>

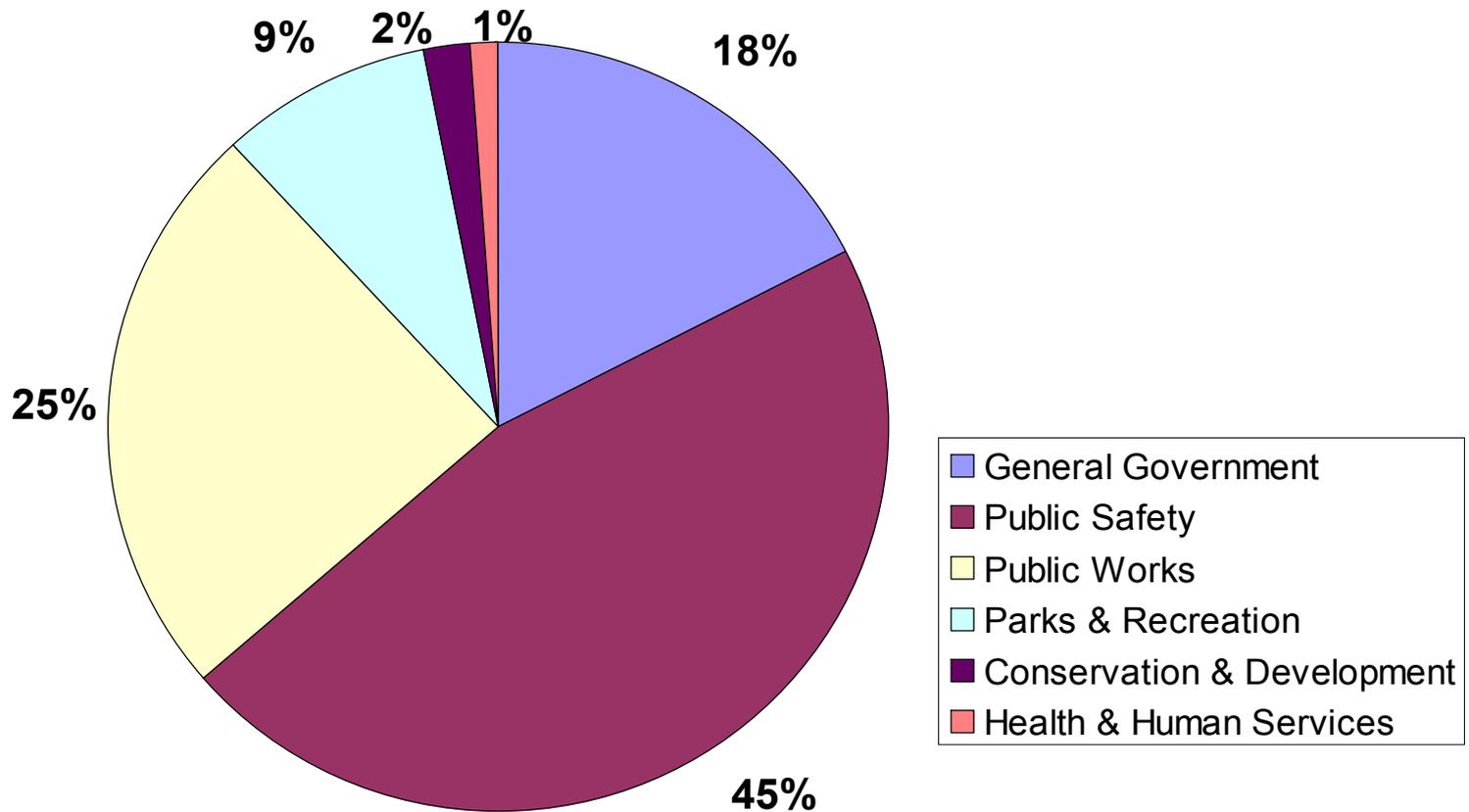
# Financial Info:

## 2012 General Fund Revenues



# Financial Info:

## 2012 General Fund Expenditures



# Revenue Limits

- Levy Limit
  - Limit increases in property tax levy
  - 0% or net new construction (est. nnc about \$20,000 in 2013)
  - Hold levy to no increase in tax rate est. \$8,300 in 2013
  - Exceptions for Debt Service, TIF
- Intergovernmental Revenues
  - Shared Revenues, General Transportation, Connecting Streets, etc.
  - Major portion of GF budget (close to \$800,000)
  - Frequent cuts, including over \$86,000 cut in 2012
- Expenditure Restraint Program
  - Limit increases in GF operations regardless of revenue source
  - Limit 3% in 2012 (est. same in 2013)
  - \$52,000 ERP revenues in 2012

# Cost Drivers: Personnel

## ■ Personnel

- Wages – depending on position and contract
  - Wage freeze, 20c – 54c per hour increase, or 1.5% increase
  - Adjustments for staffing changes
- Retirement: - depending on contract (or no contract)

	2012	2013 range	2013 budget est.
General	11.8%	12.8 – 13.7%	13.25%
Executive	14.1%	13.8 – 14.8%	14.3%
Protective	14.9+1.9=16.8%	15.6 – 16.5+1.9%	16.05+1.9=17.95%

- Health: 90% of lowest in county, est. 7% increase
- Dental: 2.5% increase
- Total estimated additional cost: \$50,564

# Cost Drivers: Other

- Inflation: CPI running 1.7% last 12 months
- Debt Service (\$1000s):

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General	412	367	344	335	127
TIF	400	437	499	492	400
WWTP	339	339	352	351	319
W&L	738	738	591	593	593

- Capital Expenses
  - Several “one-time” items in 2012 CIP (eg: parks, vehicles, equip)
  - Infrastructure improvements recommended in 2013-17 CIP
- New Programs??????

# Recommendations for 2013 Budget: Personnel Covered

- GF Personnel Costs
  - About \$56,000 increase
  - Retirement Contribution
  - Health and Dental Insurance
  - Wages
    - Union Contracts
    - Non-Rep Employees
    - City Administrator
  - Within ERP limit
- GO Debt Service
  - About \$45,000 savings
- Misc. Savings
  - Maintenance
  - Energy
  - Computer
- Levy Limit: \$8300

Close enough to call it even: The major expenses over which we have limited control are covered.

# Recommendations for 2013 Budget: Hold Steady Operations

- Department Heads and Committees were given a “Hold Steady” budget target.
- Any increased operating expense should be matched with a corresponding decreased expense or new revenue source to keep in balance.

# Recommendations for 2013 Budget: Reinvigorate CIP

- Bit of a pause 2011-2012
- Capital Improvement Plan (CIP) – 5 years
  - Capital Projects (expensive and long-lived)
  - Time to planning, engineering, financing, etc.
  - Often financed, also cash on hand
- Systematic repair/upgrade of infrastructure
  - Also non-capital maintenance of infrastructure
- Balance with debt service projections

# Recommendations for 2013 Budget: Beyond the Status Quo

- Lean Government
  - Effective and efficient
  - From customer's point of view
  - Cut unnecessary paperwork, time/delay, and costs
  - Vision for top-notch service – focus on results
  - Culture of looking beyond the status quo
- Drive for excellence
  - Committed to continuous improvement
  - BMPs and professionalism
  - Third party recognition

# Recommendations for 2013 Budget: Property Revaluation

- Wis Stat, sec 70.05(5)(d) requires assessed values of each major class of property to be within 10% of full value determined by DOR in 4 year period.
- Commercial out of compliance since 2008, so revaluation required now.
- 2011: Commercial 86.03%, Residential 103.36%.
- Assessor comment that residential land values are off.
- New state requirement for digital photos by 2015.
- Est. \$40-\$80,000 for revaluation; waiting on proposal.
- Recommend: 2012 year-end budget amendment.