

City of
Dayton, Ohio



Finance Committee Briefing

September 2011 Financial Results

Presented to:

Dayton City Commission

October 26, 2011



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General Fund Financial Condition

1. Revenues continue to outpace the estimate but are being eroded by the State budget cuts that started hitting us in August.
 - a) Given that the first half of the year has been better than expected, we allocated \$1 million from the General Fund for demolition. This is a very small restoration to the significant cuts we have made to funding infrastructure needs.
 - b) Cuts to the capital budget have been much more significant than our cuts to the operating budget.
2. The State budget cuts will continue to have a negative impact on the remainder of the year as well as for 2012 and beyond (\$9 million annual loss).
3. Cuts in HUD funding are also adding pressures to our 2012 budget planning.



State Budget Cuts Now Confirmed

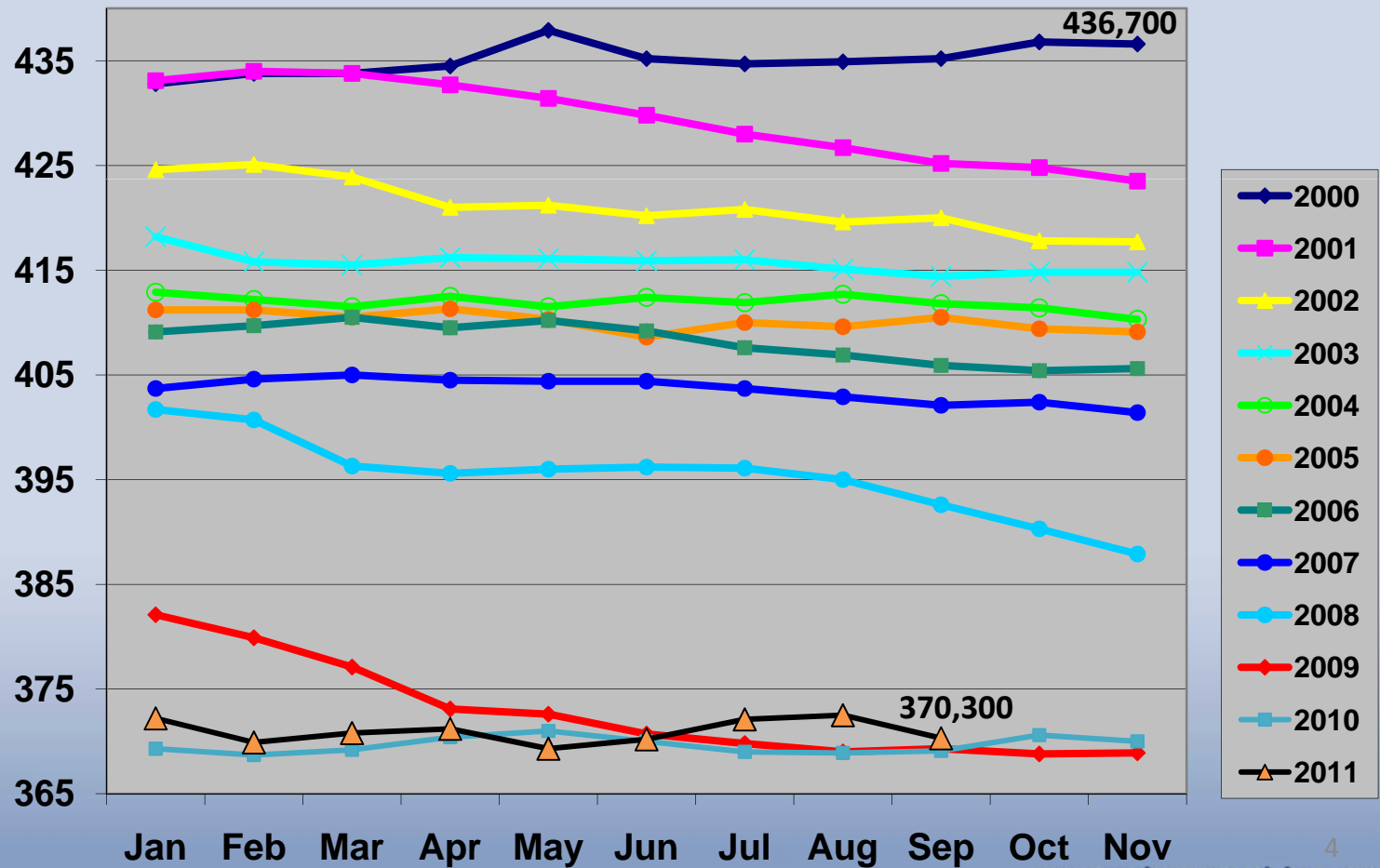
	2011 Certified Estimates	2011 State Budget Impact	2012 State Budget Impact	2013 State Budget Impact
Local Government Fund	\$12,944,000	\$(332,000)	\$(3,968,000)	\$(6,239,000)
Dealers in Intangibles	289,000	55,000	(289,000)	(289,000)
Tangible Personal Property	1,427,000	(1,217,000)	(1,427,000)	(1,427,000)
Public Utility	161,000	(80,000)	(161,000)	(161,000)
Estate Tax (5 Year Ave.)	1,173,000	0	0	(1,173,000)
TOTAL IMPACT	\$15,994,000	\$(1,574,000)	\$(5,845,000)	\$(9,289,000)



Dayton MSA

Total Non-Farm Employment (Seasonally Adjusted, In Thousands)

- Regional employment has grown by 1,200 jobs over the same month in 2010.





General Fund Revenue & Expenditures Overview

- ❑ Revenues are tracking \$3.8 million or 3.3% above estimate.
- ❑ Expenditures are \$4.2 million or 3.6% under year-to-date budgeted levels at the end of September.



Finance Committee Briefing • September 2011 YTD

General Fund Revenue, Expenditures & Other Sources/Uses Statement

Revenues	2011 Orig. Budget	2011 YTD Budget	2011 YTD Actuals	YTD Bgt. Variance	YTD Bgt. Variance	2010 YTD Actuals	2011 YTD Actuals	'10-'11 % Chg.
Income Tax	96.5	72.8	74.9	2.1	2.9%	73.8	74.9	1.5%
Property Tax	8.4	7.2	7.4	0.2	2.8%	7.5	7.4	-1.8%
Local Gov't Fund	12.5	10.2	10.3	0.1	0.8%	9.9	10.3	4.4%
EMS & Vehicle Accident Fees	4.0	3.1	3.2	0.1	2.3%	3.2	3.2	-1.8%
Fees, Charges & Other Sources	31.7	21.0	22.3	1.3	6.0%	20.3	22.3	9.7%
Total Revenue & Other Sources	153.2	114.3	118.1	3.8	3.3%	114.7	118.1	2.9%
Reserve for Encumbrances due to Accounting Change	1.5	1.5	1.5	0.0	0.0%	0.0	1.5	N.A.
Expenditures & Other Uses								
Personnel	105.4	80.0	80.0	0.0	0.0%	82.5	80.0	-3.0%
Contracts, Materials & Other Uses	41.0	30.2	26.2	4.0	13.3%	24.6	26.2	6.4%
Capital Equipment	2.3	0.5	0.3	0.2	38.2%	0.0	0.3	N.A.
Capital Improvements	2.0	2.0	2.0	0.0	0.0%	3.0	2.0	-33.3%
Development	3.0	3.0	3.0	0.0	0.0%	3.3	3.0	-9.9%
Total Expenditures & Other Uses	153.7	115.7	111.5	4.2	3.6%	113.4	111.5	-1.7%
Reserve for Encumbrances due to Accounting Change	1.5	1.5	1.5	0.0	0.0%	0.0	1.5	N.A.
Excess/(Shortfall) of Rev. & Other Sources over Exp. & Other Uses	(0.5)	(1.4)	6.6			1.3	6.6	

Notes:

1. Amounts may not sum due to rounding.
2. 2011 Budget includes adopted budget and appropriated fund balance (i.e., prior year's encumbrances).
3. Other Sources includes interest earnings, appropriated fund balance, special project revenue and operating transfers in.
4. Other Uses include debt service, special project expenditures, and miscellaneous operating transfers out.
5. EMS is reported on a cash basis.
6. In 2010 the accounting basis was changed from modified accrual to modified cash, resulting in an reserve for encumbrances to account for 12-months of expense activity.



General Fund YTD Performance by Month

	% Change over Prior Year							
	Feb YTD	Mar YTD	April YTD	May YTD	June YTD	July YTD	Aug YTD	Sep YTD
Income Tax	0.3%	0.6%	2.0%	2.8%	4.0%	1.0%	1.4%	1.5%
Total Revenue & Other Sources	12.5%	4.5%	5.7%	7.6%	8.5%	6.9%	2.9%	2.9%
Personnel	-3.1%	-4.1%	-4.3%	-4.5%	-4.9%	-5.2%	-5.6%	-3.0%
Total Expenditures & Other Uses	-0.7%	-1.9%	-2.6%	-3.7%	-3.1%	-3.7%	-3.8%	-1.7%



General Fund

September 2011 YTD Revenue

- ❑ Income Tax collections are 1.5% higher than the same time last year:
 - ❑ Withholding collections are down 1%
 - ❑ Collections from the tax on business profits has increased 20%
 - ❑ Note: Growth in profits tax started escalating in fourth quarter, 2010 (Q4 2010 was 70% higher than Q4 of 2009, or \$1.0 million)
 - ❑ Growth in final quarter of 2011 expected to soften considerably
- ❑ Our original forecast of a 1.6% decrease in income tax will be adjusted upward -- we believe we will now see positive, year over year growth, in 2011 income tax receipts



General Fund September 2011 YTD Revenue

- ❑ Property Tax receipts total \$7.4 million
 - ❑ Collections are essentially completed for the year now that the State budget cuts have eliminated the reimbursements for tangible personal property tax and the public utility tax payments to most municipalities
 - ❑ Original estimate for property tax was \$8.4 million
- ❑ Local Government Fund receipts are only up 4.4% (after being up 9% through July) – the impacts of the State budget cuts are now being realized (2011 receipts reflects two months payments at the reduced amount)



General Fund September 2011 YTD Revenue

- ❑ Fees, Charges & Other Sources increased 10% and are \$1.3 million ahead of the target
 - ❑ Waste collection revenues for City customers are up \$1.0 million due the rate increase
 - ❑ Estate tax collections are \$398,000 higher
 - ❑ The timing of indirect charges in 2010 is responsible for \$268,000 of the variance
 - ❑ Also included are loan proceeds of \$462,000 for the purchase of waste containers
- ❑ An accounting change in 2010 required the establishment of a \$1.5M reserve for encumbrances that is a one-time source of funds in 2011



General Fund September 2011 YTD Expenditures

- ❑ Personnel Costs have declined 3% compared to the same period last year (September expenditures include an additional payroll due to timing)
- ❑ The average number of full-time employees in the General and Street Maintenance funds is down 9% (or 118 positions) from 1,308 during the first 9 months of 2010 to 1,190 in 2011



General Fund September 2011 YTD Expenditures

- ❑ Contracts, Materials & Other Uses increased 6% during the first nine months of 2011, but are \$4.0M under budget
 - ❑ 2011 expenditures reflect the first full year for fees paid for the Regional Dispatch Center
 - ❑ Departments are seeing higher expenses due to greater than planned fuel prices (44% over last year)



2012 Budget Planning

1. Policies that are driving this budget
 - a) Use of \$2 million from 2012 reserve for capital
 - b) Assumes \$500,000 of casino revenue
 - c) Shift 0.2 mills from General Fund to Debt Service due to shrinking property taxes to pay debt service (\$250,000)
 - d) Use of Debt for Capital to increase overall investments
 - e) Assumptions of continuation of current pay structure
 - f) Continued implementation of items from the Partition Report during 2012 (not factored in at this point but must be considered)

2. OMB is working with departments to finalize their budgets. Challenges include:
 - a) Higher than planned health insurance bids that are being negotiated
 - b) Impact of the federal budget process – expecting significant cuts to HUD funding



2012 Budget Planning

3. Budget recommendations will be presented to the City Commission late November
4. Departmental budget presentations will be made in late November and December
5. Near term actions:
 - ❑ 2012 Tax Rates Resolution approved October 19
 - ❑ 2012 Temporary Appropriation will be submitted for approval



2012 Budget Work Sessions

- Overview • November 16, 3:30 p.m.
- Police, Fire • November 23, 9:30 a.m.
- ED, Bldg. Serv., PCD • November 30, 3:30 p.m.
- Public Works, Recreation, Central Services • December 7, 3:30 p.m.
- No Work Session • December 14, 9:30 a.m.
- Aviation, Water, General Fund Wrap Up • December 21, 3:30 p.m.
- Back Up Date • December 28, 9:30 a.m.



2012 Budget Work Sessions

Presentation information will be provided but not scheduled:

- Municipal Court and Clerk of Courts
- Finance
- Convention Center
- City Commission
- Civil Service
- City Manager's Office/Public Affairs
- Human Relations Council
- Human Resources
- Law
- Management and Budget



Thank you.

Questions?

