

FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU

2006 Proposed Budget Summary: City Revenues

2006 Proposed Budget Expenditures

<u>Category</u>	<u>Total '05 Adopted</u>	<u>Total 2006 Proposed</u>	<u>Change from '05</u>
Total City Budget*	\$1,102,259,709	\$1,197,129,534	\$94,869,825 (8.6%)
Tax Levy-Supported Budget**	801,673,866	883,011,607	81,337,741 (10%)
General City Budget	513,392,003	535,575,530	22,183,527 (4.3%)

*Includes Water Works and Special Revenue Accounts.

**The Tax Levy-Supported Budget includes those funds which are partially or completely funded by the tax levy. Changes in these budget components have a direct impact on the tax levy.

The General City Budget (General City Purposes Fund) is the City's operating and maintenance fund that is used to pay the City's basic services such as public health, safety, public works and general administrative services.

1. The 2006 general City purposes budget totals \$535.6 million, an increase of \$22.2 million or 4.3% from the 2005 Adopted Budget.
2. A variety of revenue sources support the general City purposes budget, including intergovernmental aid, fringe benefits, property taxes, payments in lieu of taxes, charges, miscellaneous revenues, the Tax Stabilization Fund, fines and forfeitures, licenses and permits, and cost recovery.
3. Intergovernmental revenues total \$271.5 million in the 2006 Budget. Of this amount, \$230.6 million is comprised of state shared revenues, about the same amount as received in 2005. The City anticipates an overall reduction in various state aids of about \$1 million from 2005 to 2006. Expenditure Restraint Aid is estimated at \$9.1 million for 2006, down \$430,000 from 2005. In addition, Local Street Aids are expected to decrease by \$550,000 to \$24.5 million in 2006.
4. The Property Tax Levy will provide \$98.9 million for general City purposes in 2006, an increase of \$5 million from the 2005 levy. The levy for all tax supported purposes is \$213 million for 2006, an increase of \$10 million from 2004. The total tax levy meets the state imposed tax levy limit of 2.145% for the general fund and capital improvement tax levy. Combined with the debt service levy, the total property tax levy will increase slightly less than 5%.

5. The 2006 Proposed Budget includes an estimated \$14.1 million in revenue attributed to taxes and payments in lieu of taxes (PILOTs), an increase of \$1.5 million from 2005. These funds include revenues raised by non-property tax levies: occupation taxes, trailer park taxes, tax incremental district close-out revenue, payments from property tax exempt governmental entities for city services, and principal, interest, and penalties on delinquent taxes.
6. The 2005 Proposed Budget included an initiative intended to recover costs of doing city business from tax exempt properties, called a Fair Share PILOT Program. Any revenue generated by this program will be deposited in the Tax Stabilization Fund, to be used for future property tax relief. Six tax exempt properties have agreed to make payments so far: 3 will make PILOTs in 2006, and the other 3 will begin in 2007. For 2006, there is \$27,891.65 worth of signed contracts; at minimum, an additional \$20,714 is expected in 2007. The properties with signed contracts include churches and low-income housing projects.
7. Revenue from Fines and Forfeitures is \$5.2 million in the 2006 Proposed Budget, a slight decrease of \$7,000 from 2005.
8. The 2006 Proposed Budget includes \$73.5 million in revenue from charges for services provided by City departments, an increase of \$13.4 million from 2005.
 - The Solid Waste Fee will increase from \$75 to \$132 annually. At the rate of \$132 annually, this fee works out to be \$11 per month. The \$75 fee generated \$14 million annually; the \$132 fee will generate an additional \$10.6 million for a total of \$24.6 million. The Solid Waste Fee was last increased in 2002, from \$44 to \$75.
 - The Snow and Ice Control Fee will remain at its current rate of \$0.2736 per foot of property frontage, and generate \$2.4 million.
 - Leaf pick-up and street-sweeping costs are recovered through the City's sewer maintenance fee. These will be in the form of service charges to the Sewer Fund by the Department of Public Works – Operations Division. Revenue received for this service is projected at \$4.6 million in 2006, an increase of about \$400,000 from 2005.
 - Miscellaneous Revenues include transfers from the Parking Fund and interest on investments, funds from the sale of surplus property, real estate property sales, various spending offset accounts, and other revenue not accounted for in other revenue categories. Miscellaneous Revenues are projected to total \$28 million in 2006, an increase of \$2.5 million from 2005. This \$2.5 million increase is primarily due to

higher estimated interest earnings. Two-thirds of the interest on the City's unrestricted investments is counted as general city purpose revenue and one-third accrues to the Public Debt Amortization Fund. For 2006, a 3.5% rate of return on unrestricted investments of approximately \$200 million is assumed.

- A payment of \$15.2 million from the Parking Fund to the General Fund is projected for 2006, a decrease of \$10,000 from the payment in 2005.
 - Revenues from licenses and permits are estimated at \$10.9 million in 2006, an increase of \$700,000 from 2005.
9. General city revenue includes an anticipated payment of \$3.38 million from the Potawatomi related to a gaming agreement reached with the City in 1999.
 10. The balance in the Tax Stabilization Fund (TSF) as of April 15, 2005, totals \$34.3 million. The proposed TSF withdrawal for 2006 totals \$16.3 million.
 11. After the 2006 TSF withdrawal, \$17.5 million will remain in the fund in 2006. Combined with anticipated regeneration of \$13 million, the TSF likely will end 2006 with a fund balance of about \$30.5 million. The 2006 withdrawal represents 48.4% of the available fund balance, and a decrease of \$293,000 from 2005..
 12. A TSF policy was proposed with the 2002 budget, suggesting the City maintain a balance in the fund of 5% of the 3-year average of general fund expenditures. Although that policy has not been formally approved by the Common Council, the 2006 TSF withdrawal conforms to the policy guidelines.

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October 3, 2005

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