

FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU

2005 Proposed Budget Summary: City Revenues

2005 Proposed Budget Expenditures

<u>Category</u>	<u>Total '04 Adopted</u>	<u>Total 2005 Proposed</u>	<u>Change from '04</u>
Total City Budget*	\$1,083,897,899	\$1,101,167,796	\$17,269,897 (1.6%)
Tax Levy-Supported Budget**	799,181,047	800,718,593	1,537,546 (0.19%)
General City Budget	496,631,541	512,232,930	15,601,389 (3.14%)

*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 main 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 2005 general City purposes budget totals \$512.2 million, an increase of \$15.6 million or 3.14% from the 2004 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 and the property tax levy account for nearly 71.4% of total revenues for general City purposes in the 2005 Proposed Budget. Nearly 53% of these revenues are from state shared revenue.
4. Intergovernmental revenues total \$271.9 million in the 2005 Budget. Of this amount, \$230.6 million is comprised of state shared revenues, approximately \$100,000 less than was received in 2004. The City will receive \$9,550,000 in expenditure restraint revenue, about \$75,000 less than in 2004.
5. The Property Tax Levy will provide \$93.8 million in revenue for general City purposes in 2005, an increase of \$8.7 million from the 2004 levy. The levy for all tax supported purposes is \$203 million for 2005, an increase of \$4 million from 2004. The tax levy increase falls within the parameters of the proposed State Republican 2003 tax freeze plan.

6. The 2005 Proposed Budget includes an estimated \$12.6 million in revenue attributed to taxes and payments in lieu of taxes (PILOTs), an increase of \$600,000 from 2004. 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.
7. The 2005 Proposed Budget includes an initiative intended to recover costs of doing city business from tax exempt properties, called a Fair Share PILOT Program. Since it is difficult to project how much revenue could be generated, no revenues are included in the 2005 source of funds for general city purposes. Any revenue that is generated from this new program will be deposited in the Tax Stabilization Fund, to be used for future property tax relief.
8. Revenue from Fines and Forfeitures is \$5.2 million in the 2005 Proposed Budget, an increase of \$428,300 from 2004. This increase is due to the Tax Intercept Program which allows courts to receive payments from individuals through a reduction in their income tax returns, by the amount owed to the City.
9. The 2005 Proposed Budget includes \$59.5 million in revenue from charges for services provided by City departments, an increase of \$2.1 million from 2004.

No DPW user fee increases are planned in the 2005 Proposed Budget:

 - The Solid Waste Fee will remain at \$75. It will continue to generate \$14 million (43% recovery of costs) in 2005.
 - 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 \$4.2 million in 2005.
10. 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 \$25.3 million in 2005, an increase of \$4.9 million from 2004:

- A payment of \$15 million from the Parking Fund to the General Fund is projected for 2005, an increase of \$3 million from the \$12 million payment in 2004. Greater than anticipated revenues in 2003 and 2004 account for this increase. It is unlikely that such a large transfer from the Parking Fund would be advisable again in 2006 or beyond.
 - Revenues from licenses and permits are estimated at \$10.2 million in 2005, an increase of \$200,000 from 2004.
 - 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 2005, a 1.75% rate of return on unrestricted investments of approximately \$225 million is assumed. This results in \$2.6 million in general city purpose revenue (2/3 of the \$3.9 million in estimated interest earnings), an increase of \$750,000 from the 2004 budget.
11. 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.
 12. The balance in the Tax Stabilization Fund (TSF) as of April 15, 2004, totals \$34.3 million. The proposed TSF withdrawal for 2005 totals \$16.3 million. Another \$550,000 will be temporarily shown as a withdrawal from reserves, in anticipation of revenue recognition by the Comptroller related to a new appraisal service charge proposed by the Assessor's Office. This service charge would apply to new construction and building additions where an appraiser from the Assessor's Office must inspect the property.
 13. After the 2005 TSF withdrawal, \$18 million will remain in the fund in 2005. Combined with anticipated regeneration of \$13 million, the TSF likely will end 2004 with a fund balance of about \$31 million. The 2005 withdrawal represents 47.5% of the available fund balance.
 14. 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 2005 TSF withdrawal conforms to the policy guidelines.

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