

CITY OF PROVIDENCE

FISCAL 2013 BUDGET ANALYSIS & YEAR-END PROJECTIONS
BASED ON RESULTS THROUGH DECEMBER 31, 2012

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January 31, 2013

OBJECTIVE OF PRESENTATION

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- The objective of this presentation is to bring the City Council up-to-date on the status of the FY2013 budget based on results through December 31, 2012.
- In addition, potential options to address the projected budget deficit are discussed.

OVERVIEW

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- Based on a careful review of actual results through the second quarter of FY 2013 as well as a comparison for the same period in the previous fiscal year, a year-end budget deficit of \$11.2 million is projected for FY 2013.

	Budget	Projected	Projected Variance
Revenues:			
General Fund Revenues	\$437,830,844	\$435,462,318	(\$2,368,526)
School Revenues	\$204,179,345	\$203,679,345	(\$500,000)
Total Revenue	\$642,010,189	\$639,141,663	(\$2,868,526)
Expenditures:			
General Fund Expenditures	\$312,934,234	\$321,829,995	(\$8,895,761)
School Expenditures	\$329,075,956	\$328,555,517	\$520,439
Total Revenue	\$642,010,190	\$650,385,512	(\$8,375,322)
Total Projected			
Surplus/(Deficits)			(\$11,243,848)

REVENUES

REVENUE OVERVIEW

	Budget	Projected	Projected Variance
Revenues:			
General Fund Revenues	\$437,830,844	\$435,462,318	(\$2,368,526)
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Total Revenue	\$642,010,189	\$639,141,663	(\$2,868,526)

PROPERTY TAXES

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▣ CURRENT TAXES:

- ▣ An additional \$2.6 million in Homestead Exemptions and the likely loss of \$488,808 in tangible taxes from 38 Studios are being offset by a higher than expected collection rate through the first three collection periods
- ▣ Revenue from current year taxes is projected to be \$1.0 million below the budget of \$307,810,510

▣ PRIOR YEAR TAXES:

- ▣ Revenue from prior year taxes is trending below last fiscal year
- ▣ Assuming that revenue from prior year tax payments for the remaining of the fiscal year mirrors the average of the past three years, it is projected that prior year tax payments will be \$500,000 short of the \$9.1 million budgeted
- ▣ Revenue generated from interest charged on past due taxes is trending below previous fiscal years and is projected to fall \$310,000 short of the \$5.5 million budgeted.

▣ INTEREST ON PAST DUE TAXES:

- ▣ Revenue generated from interest charged on past due taxes is trending below previous fiscal years and is projected to fall \$310,000 short of the \$5.5 million budgeted.

OTHER REVENUES

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- ▣ Fines & Forfeits:
 - ▣ Revenue generated from fines is trending ahead of results through the same period last fiscal year but is still projected to fall \$1.6 million short of the \$8.0 budget

- ▣ Meals & Beverages Tax:
 - ▣ Revenue generated from this tax is trending 4% ahead of results for the same period last fiscal year and is projected to surpass the \$4.1 million budget by \$500,000

- ▣ Traffic Engineering:
 - ▣ Parking meter revenue is trending 9.0% ahead of results for the same period last fiscal year and is projected to surpass the \$1.9 million by \$220,000
 - ▣ A total of only \$71,075 has been generated through December from the Overnight Parking Program
 - ▣ It is projected that only \$140,000 of the \$600,000 budgeted from the Overnight Parking Program will be realized

- ▣ Department of Inspection & Standards:
 - ▣ Through December revenue from the Department of Inspection & Standards has continued the strong results that began in the second half of FY 2012
 - ▣ It is projected that the department's revenue will surpass the \$3.6 million budget by \$625,000

SCHOOL DEPARTMENT

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■ Medicaid Reimbursement:

- The School Department receives reimbursement from Medicaid for health related costs associated with providing Special Education services to eligible students.
- Services that are reimbursable are speech therapies, occupational and physical therapies, counseling, case management, behavioral health, and personal care.
- It is projected that this revenue will fall \$100,000 short of the \$4.25 million budget

■ Other Revenues

- The School Department's General Fund receives a portion of federal funds referred to as "indirect costs." It is projected that this revenue source will be approximately \$400,000 under budget.

EXPENDITURES

EXPENDITURE OVERVIEW

	Budget	Projected	Projected Variance
Expenditures:			
General Fund Expenditures	\$312,934,234	\$321,829,995	(\$8,895,761)
School Expenditures	\$329,075,956	\$328,555,517	\$520,439
Total Expenditures	\$642,010,190	\$650,385,512	(\$8,375,322)

PENSION CONTRIBUTION

■ Annual Required Contribution

- According to a report by the city's actuary, Buck Consultants, the Annual Required Contribution (ARC) for fiscal year 2013 is \$58,144,513
- The ARC is divided as follows: City General Fund \$46,917,588; School Department \$8,120,212; and Other Agencies (PWSB & Workforce Solutions) \$3,106,713
- The City General Fund has budgeted \$44,008,089 and the School Department has budgeted \$6,875,083 to pay the ARC, leaving a total of \$4,154,628 of the ARC not funded

PENSION CONTRIBUTION

FY 2013 Annual Required Contribution (ARC)			
City ARC *	\$46,917,588	School ARC *	\$8,120,212
Amount Budgeted	\$44,008,089	Amount Budgeted (Local)	\$6,875,083
Budget Shortfall	\$2,909,499	Budget Shortfall	\$1,245,129
Combined Shortfall (City & School)	\$4,154,628		
* Source: Buck Consultants 10/5/2012 ** Total ARC for FY 2013 is \$58,144,513. Remaining \$3.1 million is PWSB & Workforce Solutions			

MEDICAL BENEFITS

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▣ Medical Benefits

- Based upon claims experience through November, the city's medical consultant, Mercer, is projecting that medical expenditures will end the year near or at the total budget of \$97.6 million
- It is projected, however, that employee co-shares will be approximately \$2.7 million under the amount anticipated in the budget, which will leave the City and/or Schools to make up that amount of funding

PUBLIC SAFETY DEPARTMENTS

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▣ Police Department:

- ▣ It is projected that the police department's budget will end the year approximately \$500,000 over budget due to overtime

▣ Fire Department

- ▣ It is projected that the fire department's budget will be approximately \$1.55 million over budget due to an over-expenditure of \$2.2 million in callback

▣ Communications

- ▣ It is projected that the Communications budget will be approximately \$285,000 over budget due to salary costs, including overtime

DISCUSSION OF POTENTIAL OPTIONS TO CLOSE DEFICIT

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	(\$) millions
Request a Corrective Action Plan	?
Monitor Additional Distressed Cities Funding	\$2.44
Funding of 95% at ARC	\$2.75
Forgo Rainy Day Reserve Appropriation	\$4.33