

FY2014 BUDGET BUDGET HIGHLIGHTS

MARCH 4, 2013



FY2014 Budget



The FY2014 Budget began with major challenges. However, thanks to the hard work of the City Council, Department Heads and Finance Department, the FY2014 Budget is Strong!!

But...the FY14 budget still faces significant challenges!

FY2014 Budget

Accomplished So Far:

- Operational overview with preliminary budget numbers
- Budget work session. Council agreed on several items – most of which related to personnel matters
- During this March 4th report....we'll review budget highlights. No major unresolved issues
- Final Step: Approval of the budget on March 18th

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Recent History of Projected Sales Tax Growth

- Projected FY14 Sales Tax Growth: 0%
- Projected FY13 Sales Tax Growth: 1.5%
- Projected FY12 Sales Tax Growth: 2.0%

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In this report, the measurements for the FY14 budget are:

- The difference between “Anticipated Expenditures” and “Anticipated Revenues”
- The Anticipated FY14 Fund Balance
- The General Fund Performance – Revenues vs. expenses

FY2014 Budget

Summary of the Budget

Fund	Audited Unrestricted Fund Balance 3/31/12	Projected Fund Balance 3/31/13	Anticipated Revenues	Anticipated Expenditures	Anticipated Fund Balance 3/31/14
10 General Fund	\$ 10,346,306	\$ 9,891,669	\$ 14,911,346	\$ 15,584,706	\$ 9,218,309
15 Capital Improvements 2 Fund*	\$ 3,033,036	\$ 10,304,518	\$ 1,782,015	\$ 8,790,493	\$ 3,296,040
22 Library Fund	\$ 644,020	\$ 350,665	\$ 508,810	\$ 508,810	\$ 350,665
23 Park Fund	\$ 1,990,341	\$ 1,900,281	\$ 2,334,000	\$ 2,334,000	\$ 1,900,281
24 Central Business & Cultural Fund	\$ 37,256	\$ 35,567	\$ 43,750	\$ 36,680	\$ 42,637
40 Capital Improvements Fund	\$ 378,496	\$ 362,692	\$ 1,196,098	\$ 1,184,794	\$ 373,996
50 Midtown Special Allocation Fund	\$ 77,492	\$ 112,426	\$ 32,100	\$ 134,000	\$ 10,526
61 Water Pollution Control Fund**	\$ 26,051,310	\$ 24,448,243	\$ 5,615,284	\$ 10,693,602	\$ 19,369,925
81 Cemetery Fund	\$ 310,390	\$ 315,390	\$ (315,390)	\$ -	\$ -
82 Fire Pension Fund	\$ 4,643,411	\$ 4,524,100	\$ 631,000	\$ 738,000	\$ 4,417,100
83 Police Pension Fund	\$ 3,122,421	\$ 2,859,697	\$ 273,000	\$ 602,800	\$ 2,529,897
TOTAL ALL FUNDS	\$ 50,634,479	\$ 55,105,248	\$ 27,012,013	\$ 40,607,885	\$ 41,509,376

FY2014 Budget

- Anticipated FY2014 Revenues TOTAL for all funds:
\$27,012,103
- Anticipated FY2013 Revenues TOTAL for all funds:
\$26,825,462
- Anticipated FY2012 Revenues TOTAL for all funds:
\$25,183,579

FY2014 Budget

Measurement One

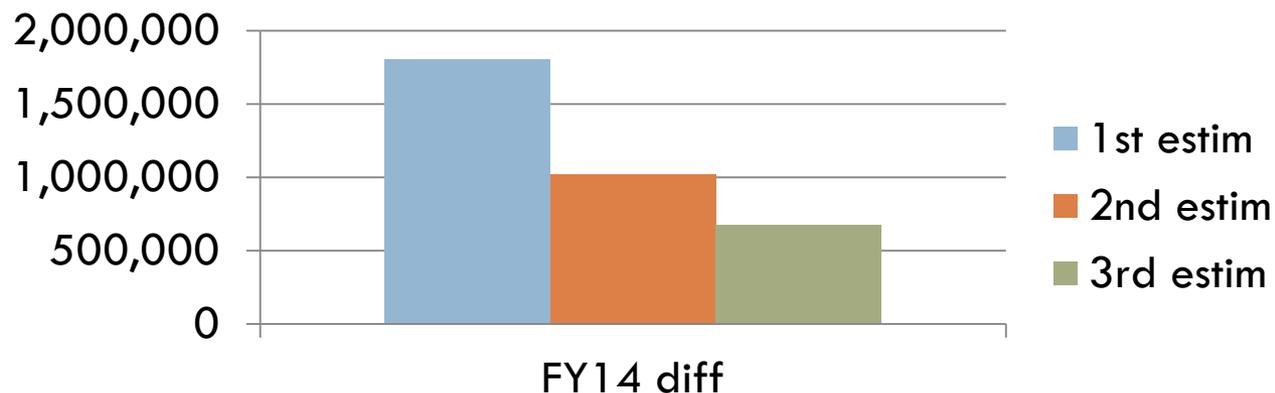
- General Fund FY14 Anticipated Revenues: \$14,911,346
- General Fund FY14 Anticipated Expenses: \$15,584,706
- General Fund FY14 Anticipated Difference: **\$673,360**

We do not know how long it has been since the “difference” figure has been that low.

FY2014 Budget

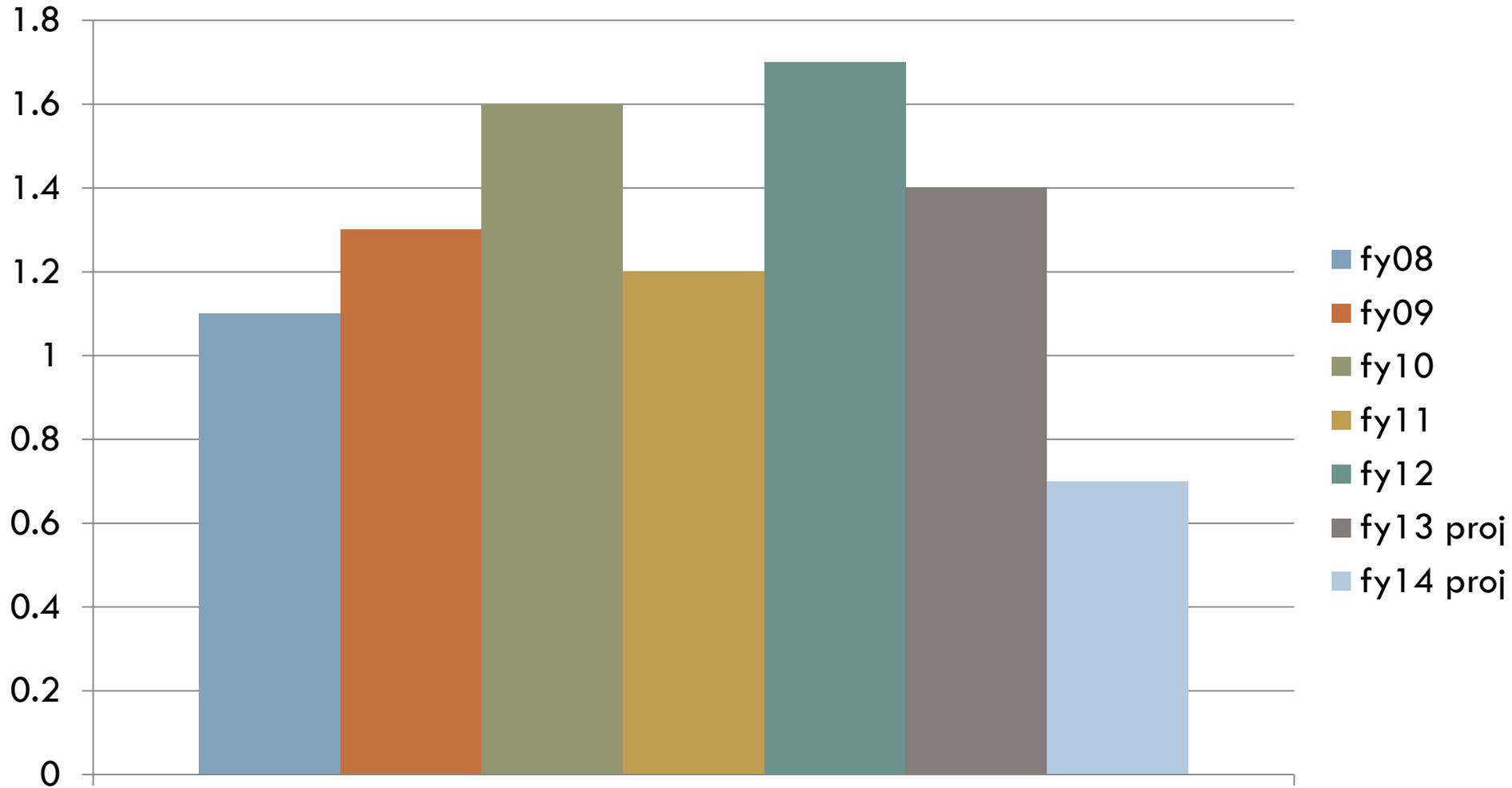
In this FY14 budget process we have had three “anticipated difference” figures:

- 1) \$1.8 Mil (\$1,803,253)
- 2) \$1.0 Mil (\$1,020,363)
- 3) \$0.7 Mil (\$673,360)



FY2014 Budget

Year-by-year difference comparisons



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Anticipated Fund Balances as of 3-4-13

Measurement Two

G.F. Projected Fund Balance for FY13: \$9,891,669

(\$9,873,380) (\$9,869,880)

Last year at this meeting the anticipated FY13 fund balance was:

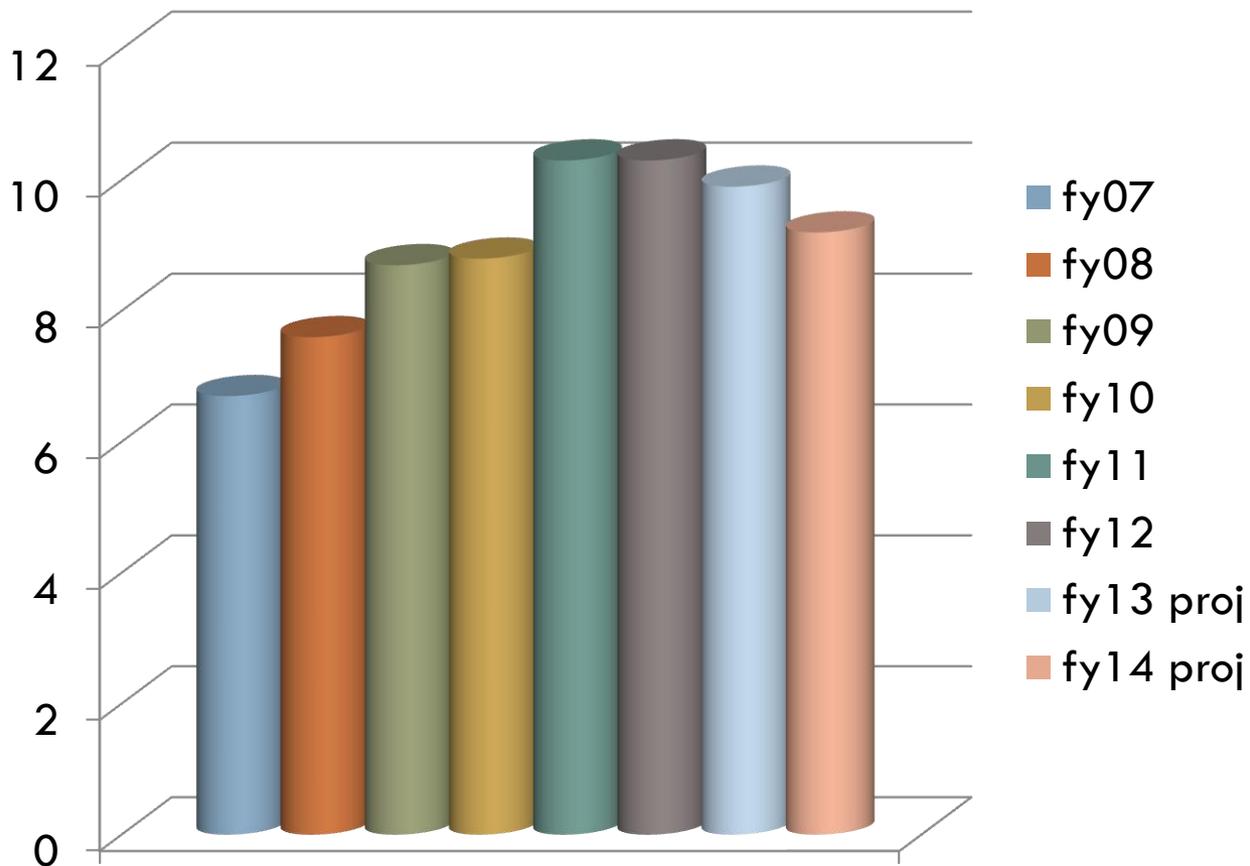
\$9,233,374

G.F. Projected Fund Balance for FY14: \$9,218,309

(\$8,853,017) (\$8,066,627)

FY2014 Budget

Anticipated FY14 General Fund Balance - A Comparison



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Why did the “Difference” and the General Fund Balance become Stronger as this year’s budget process progressed?

- An unanticipated cash infusion
- Hard work by department heads to trim budgets
- These two developments – the infusion and budget trimming allowed the city to add important expenditures in the FY14 budget

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Revenues

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Sales Tax General: \$4,600,000

Sales Tax Total: \$10,485,000

Property Tax total: \$2,477,980

Franchise Tax: \$2,305,000

City Court Fines: \$200,000

Sanitary Sewer: \$4,180,000

License&permits: \$534,062

Revenues

FY2013 Budget proj (one year ago)

Sales Tax General: \$5,151,125

Sales Tax Total: \$11,690,500

Property Tax total: \$2,410,527

Franchise Tax: \$2,461,000

City Court Fines: \$202,000

Sanitary Sewer: \$4,123,250

Licenses&permits: \$461,500

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General Fund Performance – Revenue vs. Expenses

Measurement Three

FY 2013 Projected Revenue: \$14,153,264

FY 2013 Projected Expenditures: \$14,607,901

Projected FY2013 Performance: (\$454,637)

In the meeting two weeks ago: (\$476,426).

FY2014 Budget



Assessed Valuation: \$252,612,495

FY2014 Budget

Significant Expenditures in the FY14 Budget

- 2% step increase for employees who qualify
- Police retirement fund shortfall
- Two additional police officers
- Full-time IT person (cost is above what would already be in budget for contract employee)
- Full-time code enforcement person
- Health insurance
- City share of county sirens (narrow band)
- Additionally, have been able to increase funds for street work and slightly increase funds for sidewalk improvements
- Anticipate being able to incorporate life insurance upgrade

FY2014 Budget



This reminder:

We should not proceed with expenditures

Until

We are certain cash infusion is occurring

FY2014 Budget

If the budget is now stronger, why not spend more??

- A strong budget this year, paves the way for a strong budget next year. In these times we have to prepare for an uncertain economic future.
- This year we have a stronger budget, in large part, because of an unexpected windfall or cash infusion. There is no guarantee we'll have a similar windfall next year.
- This year...maybe for the first time in nearly a generation...the City of Sedalia is projecting "No Growth" with its sales tax revenues. If this trend continues, we need three years of being frugal and to analyze the impact on Sedalia. FY13 was the first year.
- Unless sales taxes continue to be weak, a strong fund balance and expenditure/revenue difference this year helps pave the way next year for NO difference between expenditure and revenue.

FY2014 Budget

Bears Repeating

Potential Problem areas for FY14

- Local Sales Tax Shortfall. Must be monitored.
- Industry Sales Tax State Laws
- Out-of-state auto purchases
- National Economy
- Build America Bonds (BABS)

FY2014 Budget

Bears Repeating

Signs of Growth in FY14

- Local job growth is strong
- State sales tax forecast shows slight growth
- National retailers showing slight decline, but still showing positive growth
- Retail opportunities in FY14

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Summary

You will vote on the final budget on March 18th. Historically, the Council doesn't make significant budget changes during that meeting. The budget is projected to be a strong budget in FY14. Unknown factors that could impact decisions in this budget are sales tax performance, the state and federal economies and BAB's. All of those who participated in this process – the City Council, department heads and finance department are to be commended for changing a potentially weak FY14 budget into a potentially strong budget.

FY2014 Budget



QUESTIONS????