



Budget Basics

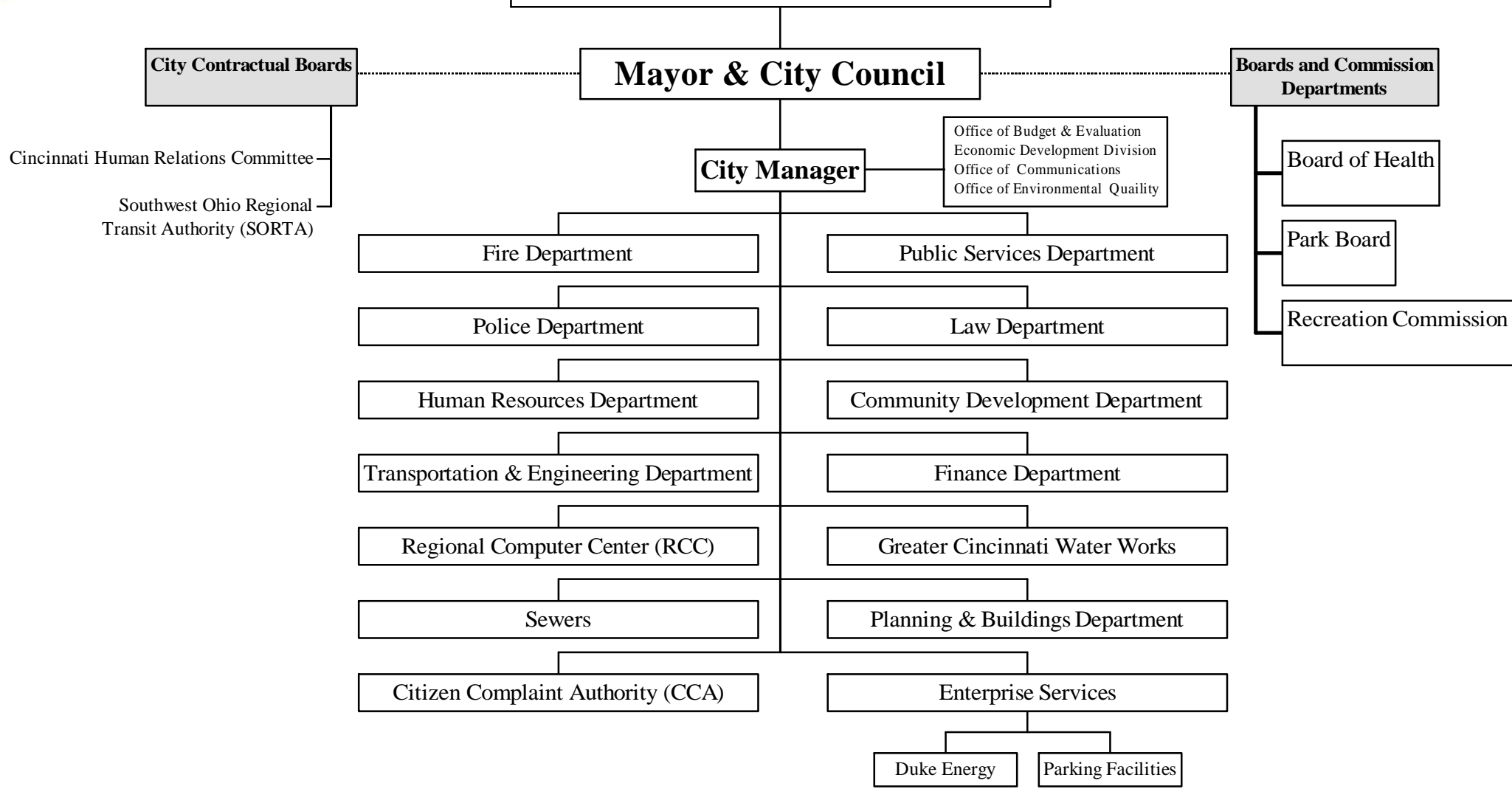
Lea D. Eriksen, Budget Director

To access the Budget on the Internet:
[http://www.cincinnati-oh.gov/cmgr/pages/-12848-/](http://www.cincinnati-oh.gov/cmgr/pages/-12848/)

Overview

- City Government Structure
- City All Funds Budget Structure and Basics
- Budget Development Process
- Budget Strategy

Citizens of Cincinnati



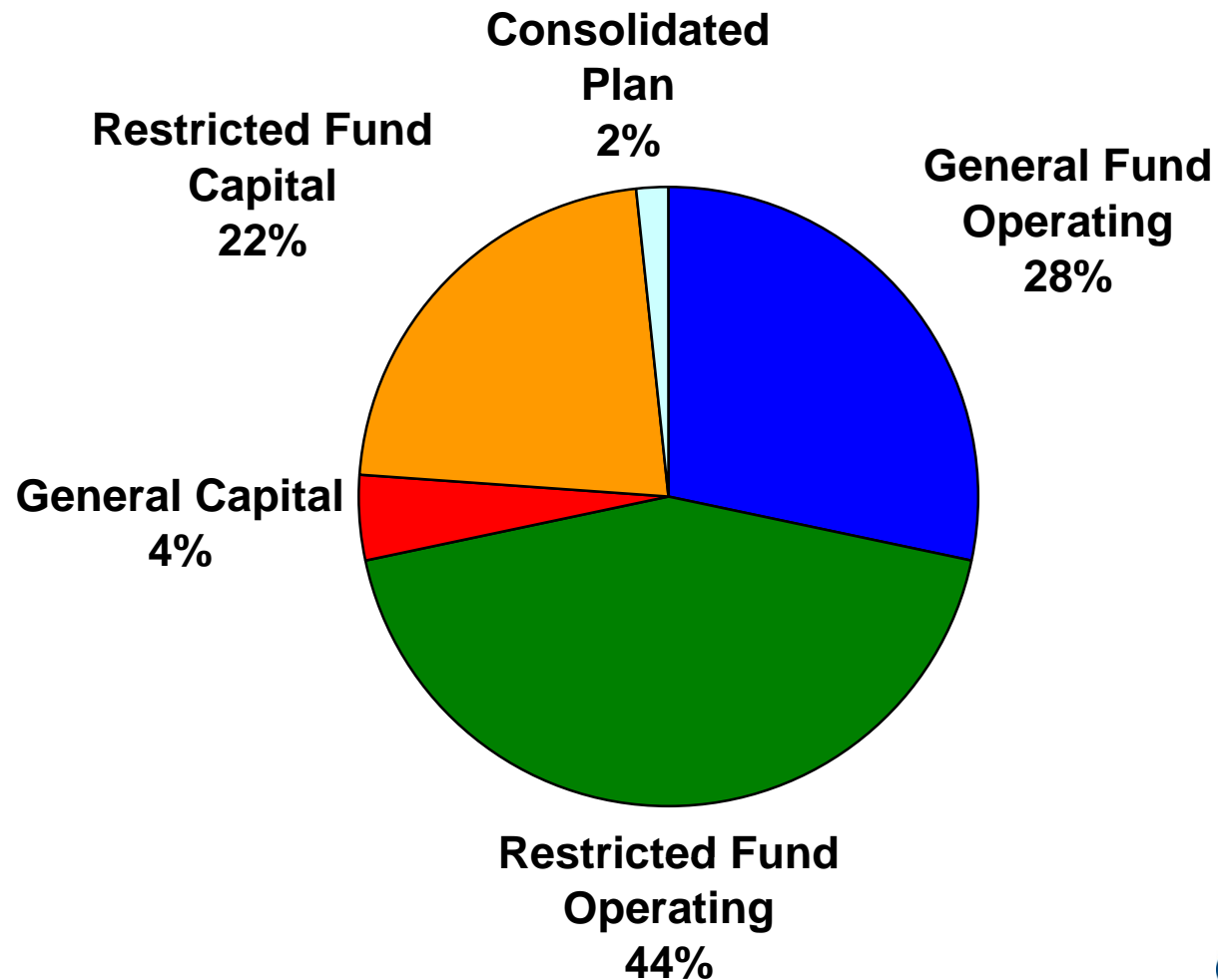
2011/2012 Approved Biennial Budget

2011 - \$1.3 Billion

2012 - \$1.2 Billion

(\$ in Millions)	2010 Approved Budget	2011 Approved Budget	\$ Change	% Change	2012 Approved Budget Update	\$ Change	% Change
Operating Budget							
General Fund	\$359.4	\$355.9	(\$3.5)	-1.0%	\$339.1	(\$16.8)	-4.7%
Restricted Funds	\$524.1	\$546.1	\$22.0	4.2%	\$561.5	\$15.3	2.8%
Subtotal Operating Budget	\$883.5	\$902.0	\$18.5	2.1%	\$900.5	(\$1.5)	-0.2%
Capital Budget							
General Capital Budget	\$63.1	\$55.8	(\$7.3)	-11.6%	\$55.5	(\$0.3)	-0.5%
Restricted Funds Capital	\$200.4	\$266.0	\$65.6	32.7%	\$212.9	(\$53.1)	-20.0%
Special Revenue/Matching Capital	\$3.0	\$11.5	\$8.5	283.5%	\$7.2	(\$4.3)	-37.4%
Subtotal Capital Budget	\$266.5	\$333.2	\$66.7	25.0%	\$275.6	(\$57.6)	-17.3%
Consolidated Plan Budget	\$20.4	\$21.3	\$1.0	4.7%	\$20.3	(\$1.0)	-4.6%
Total Budget	\$1,170.4	\$1,256.6	\$86.2	7.4%	\$1,196.4	(\$60.1)	-4.8%

2011 All Funds Budget - \$1.3 Billion

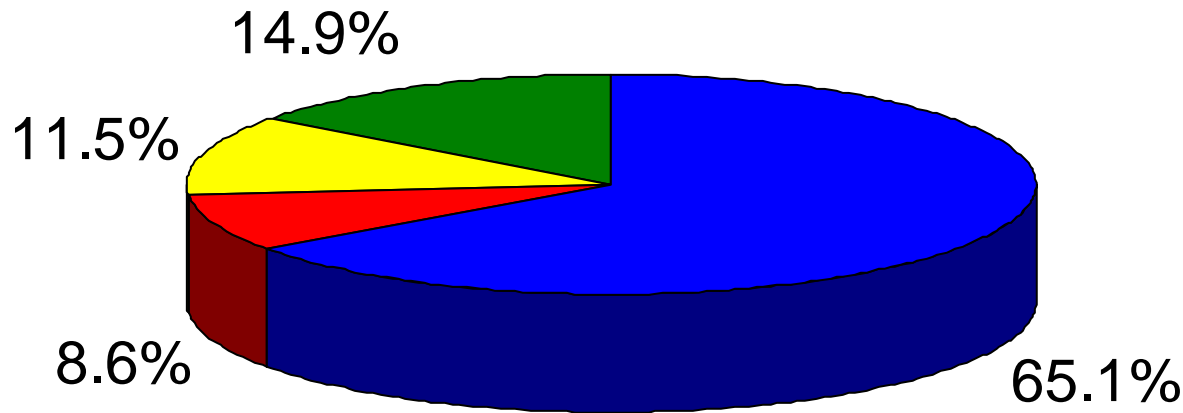


Estimate Revenues

- Finance Department estimates revenues for next budget year to establish budgets for all funds
- Two UC different economic forecasters used to set income tax estimates
- Historical trends, current information and changes to fees are used to forecast next year's revenue estimates

General Fund Revenue

\$338.4 million

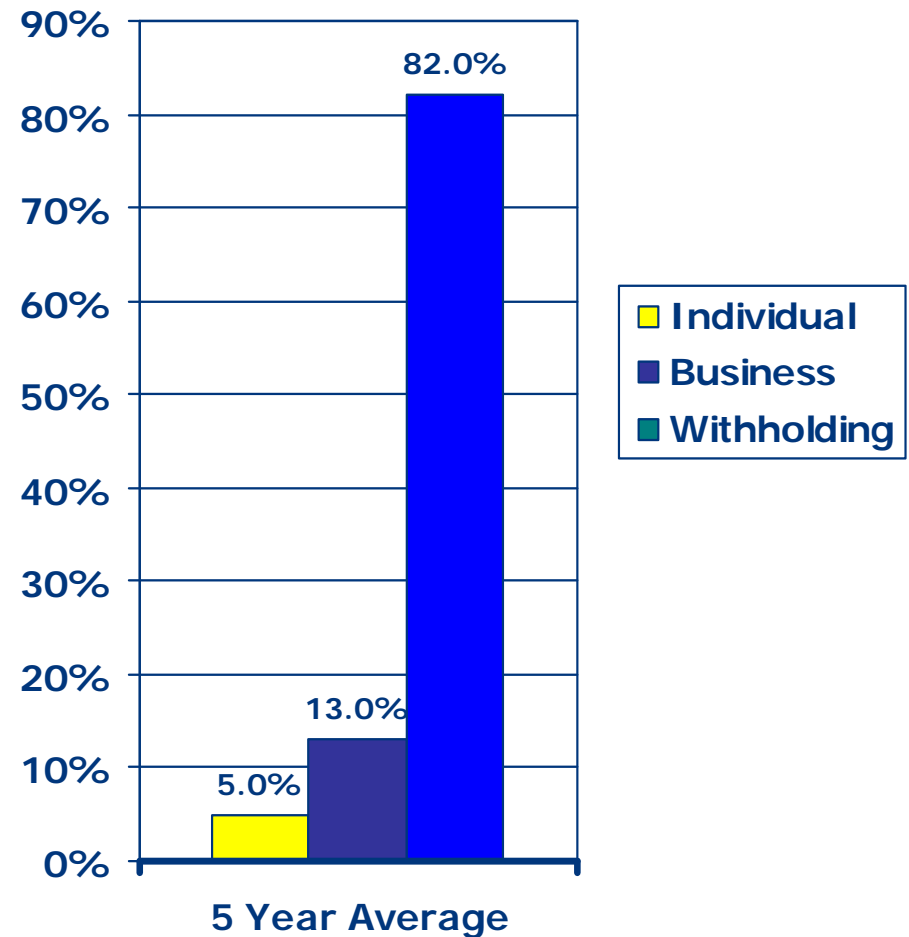


- Income Taxes
- Property Taxes
- State Shared Tax
- Other Revenue

General Fund Revenue

Income Taxes – 65.1%

- 2.1% of gross salaries, wages, other personal services compensation and business net profits
- All earnings derived in City regardless of residency. Rule is first where you work, then where you live
- By Charter, split as follows:
 - 1.55% General Operating
 - 0.30% Transit
 - 0.15% Capital
 - 0.10% Infrastructure
- General Fund Income Tax: \$220.2 million



General Fund Revenue

Property Taxes – 8.6%

- Property taxes collected semiannually by Hamilton County and remitted to the City of Cincinnati
- Levied on real property, public utilities property, and tangible property (equipment and inventory of business)
- City's current millage for operating expenses is 4.6 and generates \$29.9 million
- Millage is updated annually, Limit of 6.1 mills for operations
- Recommended by City Council and approved by County Budget Commission
- City Council's policy to rollback to 2000 collection amounts
 - Each 1 mill generates \$5.8 million and impacts owner of \$100k house by \$31 a year.

General Fund Revenue

State Shared Revenues – 11.5%

Local Government Funds - \$25.7 million

- Consist of portions of the State income, sales and use, public utility and corporate franchise taxes
- Represent 7.6% of the estimated 2010 General Fund Revenue

Estate Taxes - \$13.2 million

- A graduated tax levied on the estate of a decedent
- Represent 3.9% of the estimated 2011 General Fund Revenue

General Fund Revenue

Other Revenues – 14.9%

- Admission taxes
- Licenses and permits
- Fines, forfeitures & penalties
- Income from Treasury investments
- Combined other revenues generate \$50.3 million

Enterprise Fund Revenue

- Operates like a business, user fees support 100% of operation
- No tax dollars associated with operation
- Revenues generated stay within the fund as mandated by State law
- Water Works, Sewers, Parking Facilities, Convention Center, Golf Courses and Lunken Airport

Special Revenue Fund Revenue

- Not self supported (user fees do not pay for 100% cost) but restricted to purpose
- General Fund used to supplement
- Revenues generated stay within the fund as mandated by State law
- Parks and recreation special activities funds, grants funds, health centers funds

Capital Eligible

- Fixed asset with lifespan of 5 years or more
- Once appropriated to a capital account, monies cannot be used for operating expenses
- Buildings
- Streets
- Equipment

Other Restricted Fund Revenue

Dedicated to a specific purpose by State Law or City Charter

- Income Tax Distribution
 - Transit
 - Income Tax – Infrastructure
- Revenues generated stay within the fund as mandated by State law
 - Street Construction & Maintenance Fund, Motor Vehicle Tax, etc.

Capital Resources

General Capital

- Income Taxes (.15%)
- Bond Sales
- Southern Ohio Railroad

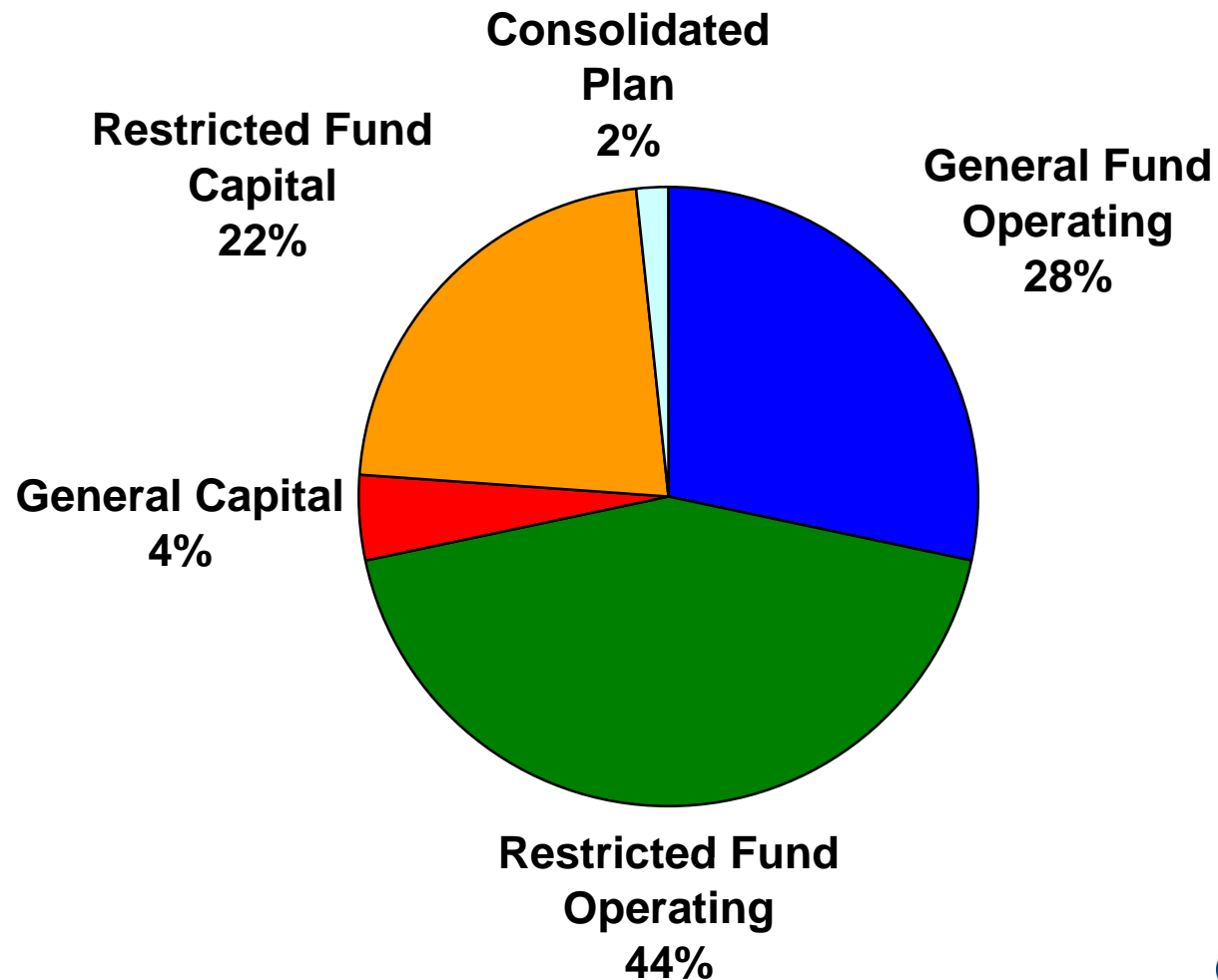
Restricted Capital

- Enterprise funds capital, revenues from operations would repay debt
- Water Works sells debt approximately every other year
- Hamilton County sells debt for MSD

General Obligation Bond Sale

- Issued once per year
- Used to finance capital projects
- Debt capacity set by State standards
- Repaid from designated portion of property taxes collected for capital
- Current Bond Rating (Moody's Aa1 and Standard & Poor's AA+)

2011 All Funds Budget - \$1.3 Billion



Budget Structure

- Operating Budget
 - General Fund

Police

Fire

Planning & Buildings

Finance

Human Resources

Public Services

Transportation & Engineering

Health

Regional Computer Center

Community Development

Parks

Recreation

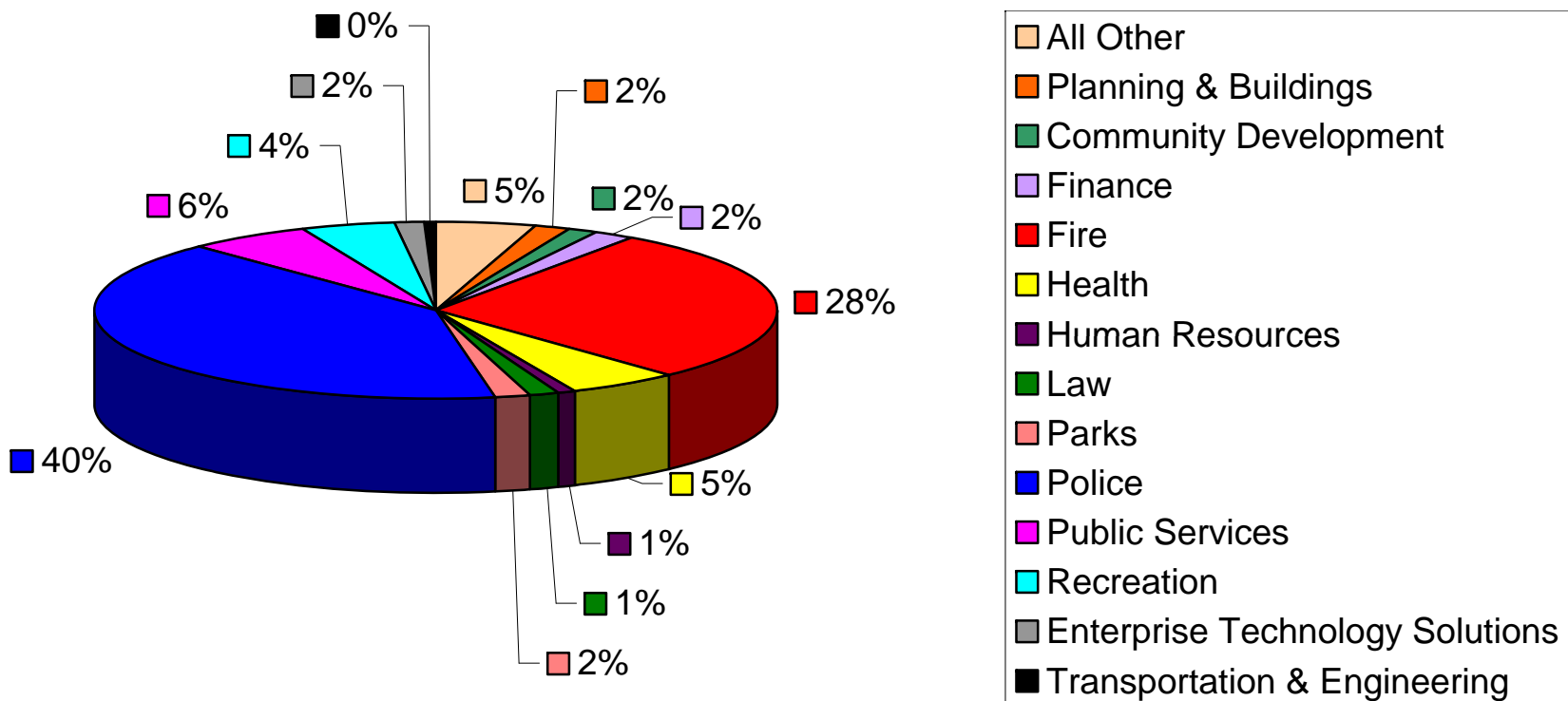
Law

Citizen Complaint Authority

- Restricted Funds (e.g., water, sewer, parking)

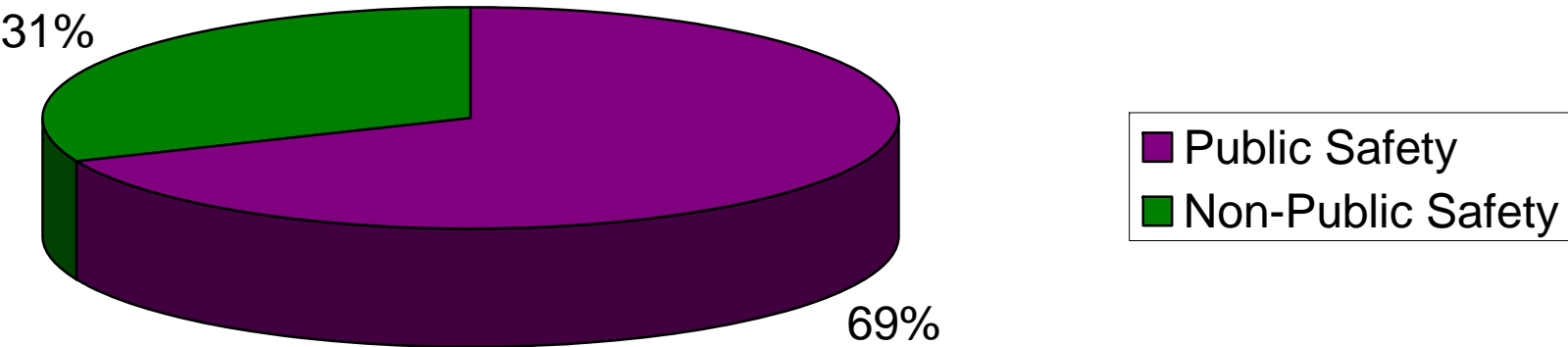
General Fund Expenses

Departmental Breakout



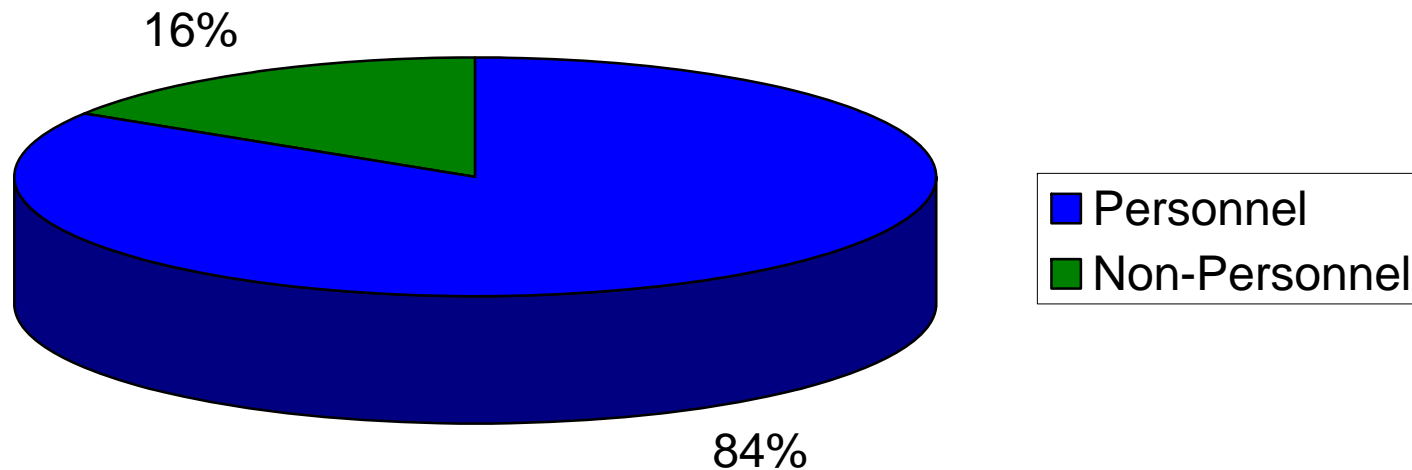
General Fund Expenses

Public Safety vs. Non-Public Safety Expenses



General Fund Expenses

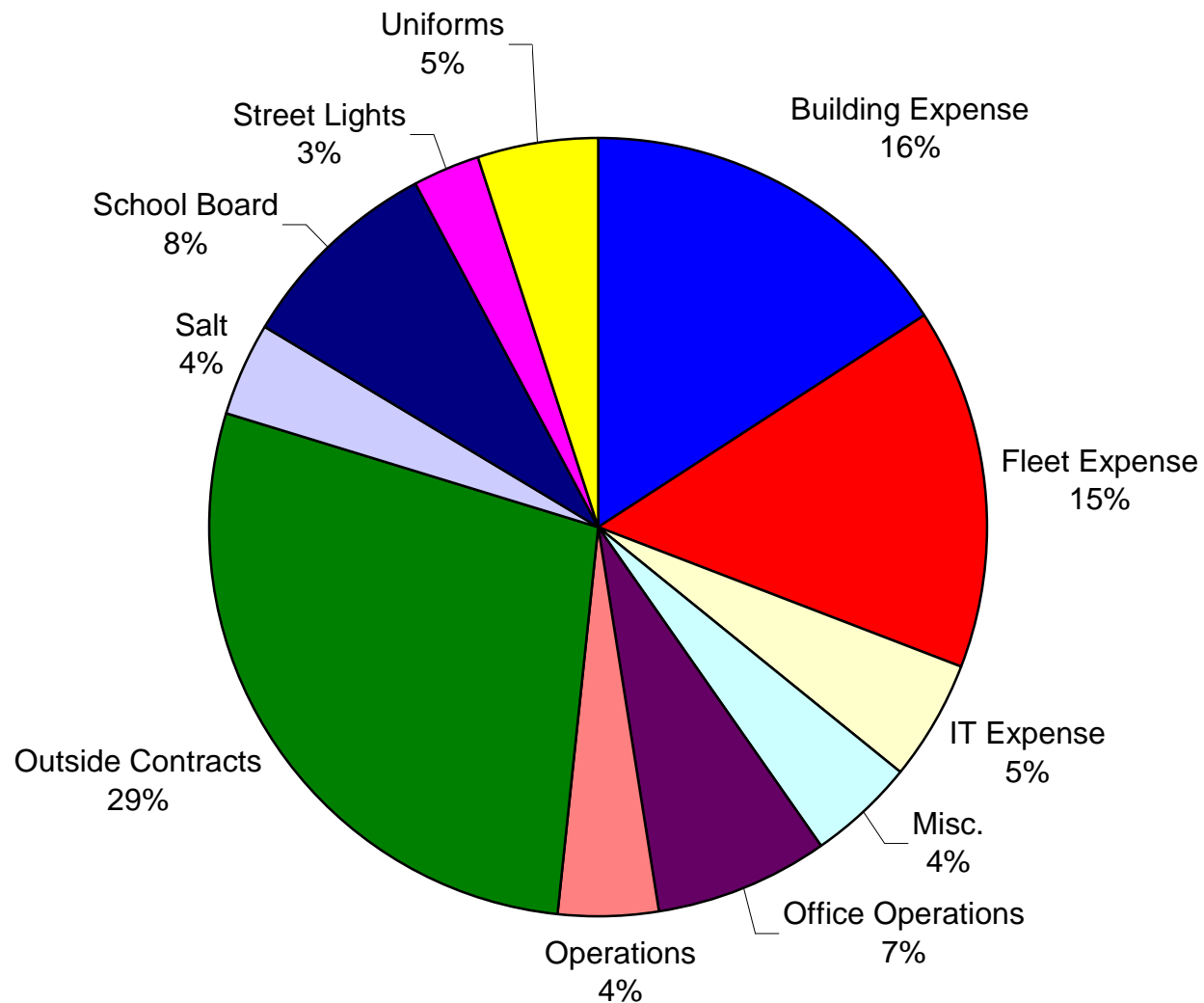
Personnel vs. Non-Personnel Expenses



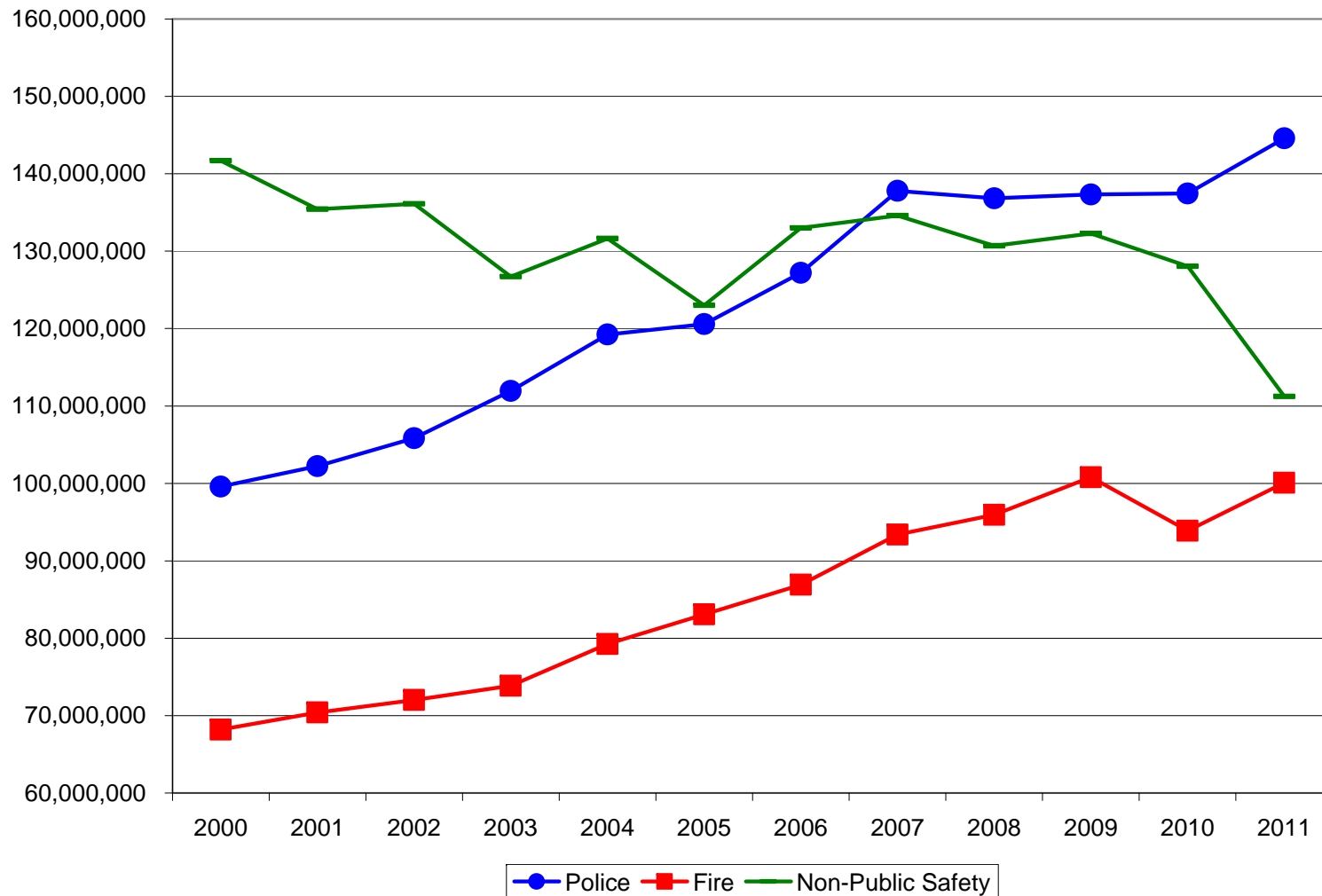
- 91% of all city employees are in a bargaining unit and represented by a union
- 9% are non-represented

General Fund Expenses

Non-Personnel Expenses – 16% of the Budget



General Fund Budget Trends



Note: Amounts include Employee Benefits. Non-Public Safety also includes Non-Departmental accounts.

General Fund Staffing Trends

<i>(in Full-Time Equivalents, FTE)</i>	2000 Approved Budget	2011 Approved Budget	FTE Change From 2000 Budget	Percentage Change
Public Safety FTE	1,787.0	1,886.0	99.0	5.5%
Non-Public Safety FTE	2,372.1	1,442.2	(929.9)	-39.2%
Total General Fund FTE	4,159.1	3,328.2	(830.9)	-20.0%

- Over 1 in 3 Non-Public Safety positions eliminated

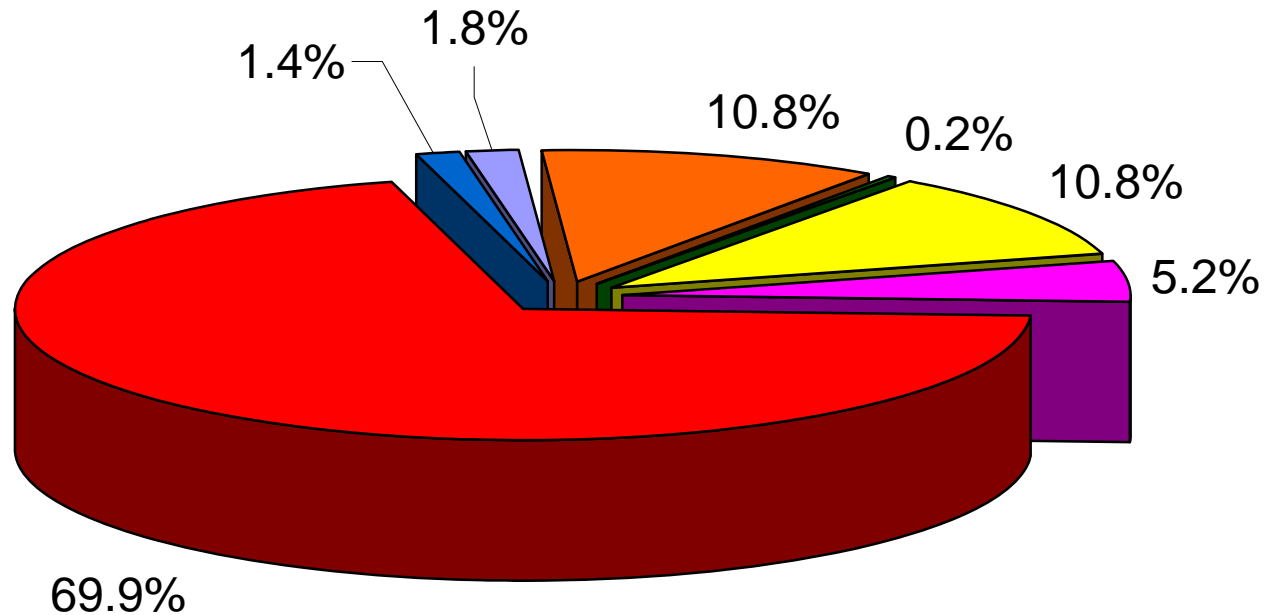
Budget Structure

Capital Budget

By City Charter, General Capital funds are not allowed to be spent on on-going operations.

- Public infrastructure improvements such as:
 - Street Rehabilitation Program
 - Cincinnati Riverfront Park
 - Fleet
 - Police & Fire Stations
- By State Law, Restricted Funds in the Capital Budget may only be spent on items that meet the established purpose of the fund so they cannot be spent on general government purposes.
 - MSD Fund
 - Water Works Fund
 - General Aviation Fund, etc.
- Capital Grants (County State, & Federal) – Restricted to purpose of the grant.

General Capital Budget



- Debt Service Payments
- Economic Development
- Environment
- Equipment
- Housing & Neighborhood Development
- Infrastructure (Smale)
- New Infrastructure

Budget Structure

Consolidated Plan Budget

- The City's Plan For Using Federal Housing and Urban Development (HUD) Funding
 - Community Development Block Grant (CDBG):
 - Housing
 - Economic Development
 - Quality of Life
 - Home Investment Partnerships - Affordable Housing
 - Emergency Shelter Grant - Homeless
 - Housing Opportunities for Persons with Aids (HOPWA)

Consolidated Plan Restrictions

- Must meet one of CDBG National Objectives:
 - Benefit to Low Income Persons – 70% minimum
 - Slum and Blight Prevention – 30% maximum
 - Public Services Cap – 15% maximum
 - No substitution allowed for programs previously funded in the General Fund
- HOME – can only fund affordable housing
- ESG – for emergency shelter and homeless prevention
- HOPWA – housing assistance for persons with AIDS

Budget Development Process

Biennial Budget Cycle: FY 2011/2012

- Policy and Education Stage (Winter/Spring)
 - Neighborhood Support & Education
 - Neighborhood Summit
 - Community Priority Requests (CPR)
 - Enhanced Citizen Engagement (“The Citizens Budget”)
 - Budget Policy Development Process
 - Identify significant Issues, performance data, and policy framework
- Financial Capacity Stage (Winter/Spring)
 - Demographic/Economic Trends and Outlook
 - Revenue and Expenditure Forecast
 - Identify cost escalators and revenue drivers

Budget Development Process

Biennial Budget Cycle: FY 2011/2012, Cont'd

- Budget Development Stage (Summer/Fall/Winter)
 - Operating, Capital, & Consolidated Plan Development
 - Citizen Review
 - Community Development Advisory Board, Human Services Advisory Committee, etc.
 - Public Budget Hearings
- Implementation Stage (On-going)
 - Budget Control
 - Budget Amendments

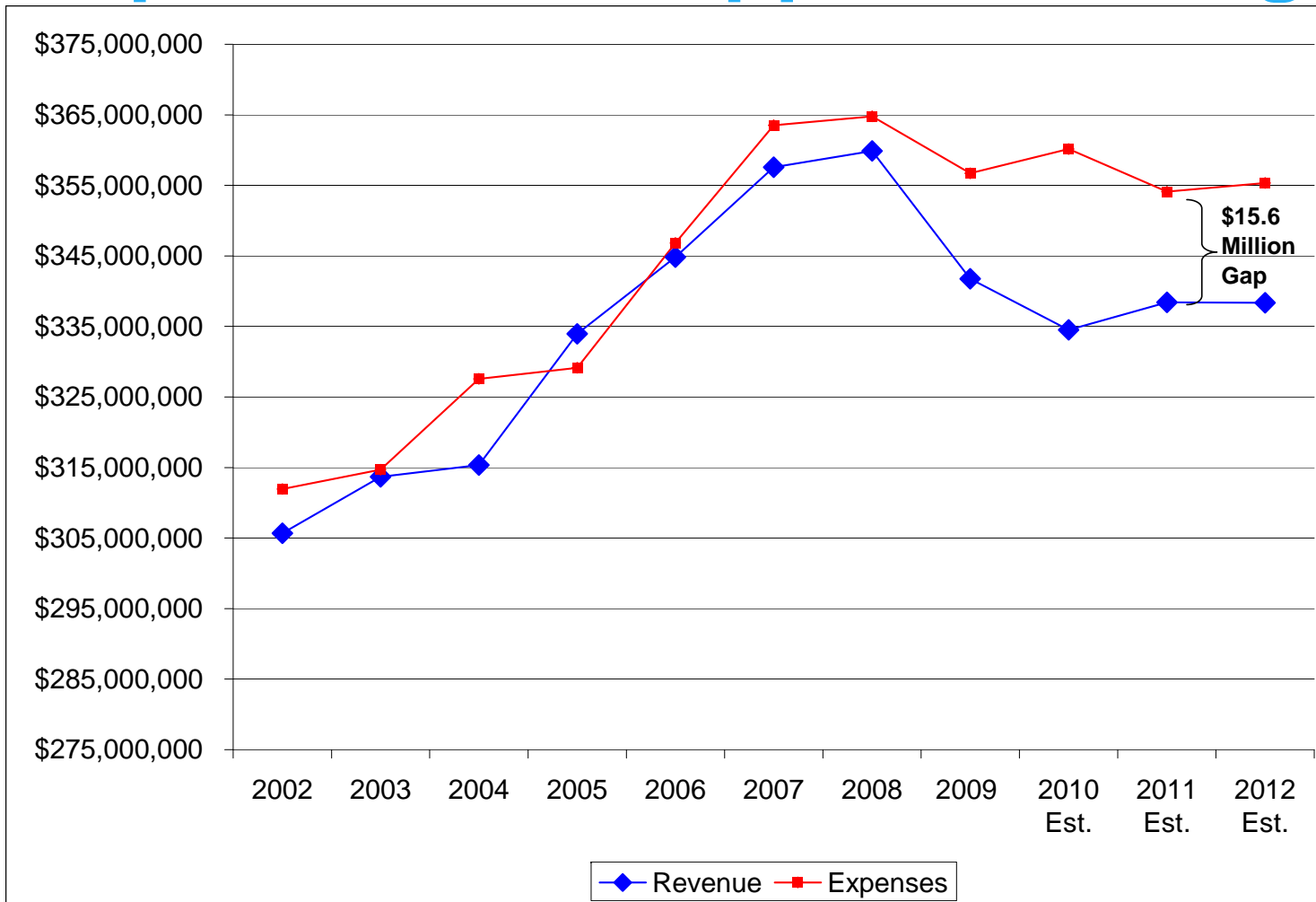
Budget Development Process

Roles

- Departments
- Office of Budget & Evaluation
- Finance Department
- Capital Committee
- Executive Budget Committee
- City Manager

Iterative and fluid process

General Fund Projected Revenues & Expenditures – Approved Budget



Latest Updates

- **Administration is working on City Council's 20 different budget related motions**
- **2010 Year End Carryover - \$5.5 million better than projected**
- **2011 Revenues – Action at State level to threaten \$39 million in revenue**
- **2012 Not Balanced - \$17 Million gap**

Overall Budget Strategy

- Expand the Tax Base
 - Economic Development & Neighborhood Investment as focal points (e.g. GO Cincinnati)
 - Recruit and retain jobs
- Reduce the size of government
 - Early Retirement Incentive (Saved \$10 million)
 - Continued elimination of vacant positions
- Restructure delivery of services for improved efficiency and effectiveness
 - Neighborhood Enhancement Program
 - Reorganized departments focus on excellence
- Enhanced professional development

Questions?