



Duke A. Bennett
Mayor

Financial Strategy Update

City Council
March 3, 2016

FILED

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CITY CLERK



Duke A. Bennett
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Financial Strategy Update

1782 Notice Comments

- ***DLGF approved the following budgets at the amount requested:***
 - ***General***
 - ***Fire Pension***
 - ***LRS***
 - ***Parks***
 - ***Cemetery***
 - ***CCI***
 - ***Transit***
 - ***Sanitary District General***
 - ***Sanitary District Bond***

- ***DLGF Reduced and approved the following budgets:***
 - ***Police Pension \$-368,336***
 - ***MVH \$-36,339***
 - ***CCD \$-314,941***

****NOTE: Budgets will be adjusted to absorb the losses.***



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CTAR Report Comments

NEGATIVE FUND BALANCES	12/31/2015	EXPLANATION
101 GENERAL	\$ (8,293,288.96)	TAW came in Jan instead of Dec - predicted \$6.6M deficit
204 PARKS & RECREATION	(239,801.34)	Reduced deficit by \$27,120 in 2015
205 CEMETERY	(164,881.44)	Reduced deficit by \$155k in 2015
511 FIRE TRAINING ACADEMY NR	(25,954.19)	Appropriation 15, 2015 not posted. Actual 12/31/15 balance is \$13,390.44
330 SANITARY DISTRICT BOND	(303,593.36)	Will be taken care of with BAN proceeds
610 WWU-CAPITAL IMPROVEMENT	(4,230,666.34)	Will be taken care of with BAN proceeds
621 TRANSIT	(253,782.14)	Waiting on third quarter reimbursement \$400k
702 FIRE PENSION	(204,973.41)	Health insurance not funded by state, reduced deficit by \$72,375 in 2015
284 TH POLICE OPERATION PULLOVER	(51,021.07)	Waiting on reimbursement
314 FIRE SAFER	(462,258.25)	Waiting on reimbursement
<u>GOLF COURSES:</u>		
288 HULMAN LINKS NON-REVERTING	(3,493,387.98)	Seeking course management options
290 REA PARK NON-REVERTING	(891,189.71)	Seeking course management options
<u>REDEVELOPMENT</u>		
470 BLIGHT ELIMINATION PROGRAM	(5,925.22)	Waiting on reimbursement
416 HISTORIC DISTRICT	(2,114.73)	Waiting on reimbursement



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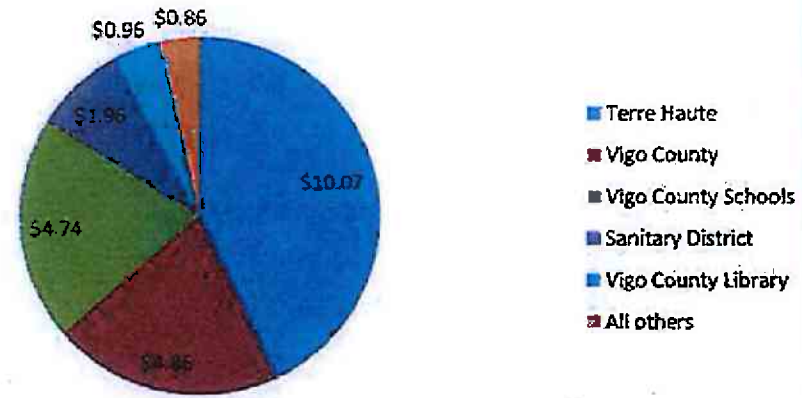
Property Tax Cap Impact

CITY OF TERRE HAUTE, INDIANA

EXECUTIVE SUMMARY



Property Tax Revenue Lost (in millions of dollars)



Property tax relief is also being provided by the other taxing units in Vigo County through these circuit breaker tax credits. In 2015, these property tax reductions totaled \$23.5 million throughout Vigo County, with almost 43% provided by the City of Terre Haute.



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Financial Strategy Update

Goals:

- *Maintain existing balanced funds*
- *Address negative fund balances*
- *Build fund reserves up to 15%*
- *Rebuild Rainy Day Fund*



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General Fund Performance

(No Additional Revenues)

	FY 2016	FY 2017	FY 2018	FY 2019
Beginning Cash (CTAR 2015)	\$ (8,293,288.96)	\$ (10,252,173.74)	\$ (12,056,189.26)	\$ (13,920,871.87)
LOCAL PROP TAXES-CY	17,882,926.00	18,551,862.00	19,015,658.55	19,491,050.01
CAGIT - CERTIFIED SHARES- CY	3,875,590.00	3,875,590.00	3,875,590.00	3,875,590.00
CAGIT - PTRC	1,605,152.00	1,605,152.00	1,605,152.00	1,605,152.00
LICENSE EXCISE TAX-CY	1,116,752.03	1,133,503.31	1,150,505.86	1,167,763.45
FINANCIAL INST TAX - CY	300,840.86	305,353.47	309,933.77	314,582.78
COMM VEHICLE EXCISE TAX-CY	123,097.33	124,943.79	126,817.95	128,720.22
CIGARETTE TAX	41,942.00	41,942.00	41,942.00	41,942.00
ABC GALONAGE TAX	163,202.00	163,202.00	163,202.00	163,202.00
RIVERBOAT WAGERING TAX	360,086.00	360,086.00	360,086.00	360,086.00
PILOT	2,700,000.00	2,700,000.00	2,700,000.00	2,700,000.00
BUILDING & CONSTRUCTION PERMITS	180,000.00	180,000.00	180,000.00	180,000.00
COURT COSTS & FEES	325,000.00	325,000.00	325,000.00	325,000.00
MISCELLANEOUS RECEIPTS	2,271,864.00	2,271,864.00	2,271,864.00	2,271,864.00
	\$ 30,946,452.22	\$ 31,638,498.58	\$ 32,125,752.13	\$ 32,624,952.46
TAW Proceeds	1,600,000.00	1,600,000.00	1,600,000.00	1,600,000.00
TAW Debt Service	(1,600,000.00)	(1,600,000.00)	(1,600,000.00)	(1,600,000.00)
Personnel	26,858,855.00	27,396,032.10	27,943,952.74	28,502,831.80
Supplies	589,050.00	589,050.00	589,050.00	589,050.00
Other Services & Charges	5,375,382.00	5,375,382.00	5,375,382.00	5,375,382.00
Capital Outlays	82,050.00	82,050.00	82,050.00	82,050.00
Total Appropriations	\$ 32,905,337.00	\$ 33,442,514.10	\$ 33,990,434.74	\$ 34,549,313.80
Net Contribution to Cash	\$ (1,958,884.78)	\$ (1,804,015.52)	\$ (1,864,682.61)	\$ (1,924,361.33)
Ending Projected Cash	\$ (10,252,173.74)	\$ (12,056,189.26)	\$ (13,920,871.87)	\$ (15,845,233.20)
Reserve Percentage	-31%	-36%	-41%	-46%

Assumptions:

#1 PILOT is reduced to 2014 levels because SRF will not allow the disbursement of the PILOT without storm water fee or rate increase

#2 Solid waste fee is not enacted



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General Fund Performance

(Additional Revenues – Solid Waste Fee)

	FY 2016	FY 2017	FY 2018	FY 2019
Beginning Cash (CTAR 2015)	\$ (8,293,288.96)	\$ (6,759,673.74)	\$ (3,878,689.26)	\$ (1,058,371.87)
LOCAL PROP TAXES-CY	17,882,926.00	18,551,862.00	19,015,658.55	19,491,050.01
CAGIT - CERTIFIED SHARES- CY	3,875,590.00	3,875,590.00	3,875,590.00	3,875,590.00
CAGIT - PTRC	1,605,152.00	1,605,152.00	1,605,152.00	1,605,152.00
LICENSE EXCISE TAX-CY	1,116,752.03	1,133,503.31	1,150,505.86	1,167,763.45
FINANCIAL INST TAX - CY	300,840.86	305,353.47	309,933.77	314,582.78
COMM VEHICLE EXCISE TAX-CY	123,097.33	124,943.79	126,817.95	128,720.22
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RIVERBOAT WAGERING TAX	360,086.00	360,086.00	360,086.00	360,086.00
PILOT	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
BUILDING & CONSTRUCTION PERMITS	180,000.00	180,000.00	180,000.00	180,000.00
COURT COSTS & FEES	325,000.00	325,000.00	325,000.00	325,000.00
MISCELLANEOUS RECEIPTS	2,271,864.00	2,271,864.00	2,271,864.00	2,271,864.00
	<u>33,246,452.22</u>	<u>33,938,498.58</u>	<u>34,425,752.13</u>	<u>34,924,952.46</u>
TAW Proceeds	1,600,000.00	1,600,000.00	1,600,000.00	1,600,000.00
TAW Debt Service	(1,600,000.00)	(1,600,000.00)	(1,600,000.00)	(1,600,000.00)
Personnel	26,858,855.00	27,396,032.10	27,943,952.74	28,502,831.80
Supplies	589,050.00	589,050.00	589,050.00	589,050.00
Other Services & Charges	5,375,382.00	2,990,382.00	2,990,382.00	2,990,382.00
Capital Outlays	82,050.00	82,050.00	82,050.00	82,050.00
Total Appropriations	<u>32,905,337.00</u>	<u>31,057,514.10</u>	<u>31,605,434.74</u>	<u>32,164,313.80</u>
Net Contribution to Cash	<u>341,115.22</u>	<u>2,880,984.48</u>	<u>2,820,317.39</u>	<u>2,760,638.67</u>
Ending Projected Cash	(7,952,173.74)	(3,878,689.26)	(1,058,371.87)	1,702,266.80
Additional Revenue				
Solid Waste First Collections in July with 90% collection rate	1,192,500.00			
Ending Projected Cash	\$ (6,759,673.74)	\$ (3,878,689.26)	\$ (1,058,371.87)	\$ 1,702,266.80
Reserve Percentage		-21%	-12%	-3%
				5%



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General Fund Performance

(Additional Revenues –
Solid Waste Fee & PS LOIT)

	FY 2016	FY 2017	FY 2018	FY 2019
Beginning Cash (CTAR 2015)	\$ (8,293,288.96)	\$ (6,759,673.74)	\$ (1,678,689.26)	\$ 3,341,628.13
LOCAL PROP TAXES-CY	17,882,926.00	18,551,862.00	19,015,658.55	19,491,050.01
CAGIT - CERTIFIED SHARES- CY	3,875,590.00	3,875,590.00	3,875,590.00	3,875,590.00
CAGIT - PTRC	1,605,152.00	1,605,152.00	1,605,152.00	1,605,152.00
LICENSE EXCISE TAX-CY	1,116,752.03	1,133,503.31	1,150,505.86	1,167,763.45
FINANCIAL INST TAX - CY	300,840.86	305,353.47	309,933.77	314,582.78
COMM VEHICLE EXCISE TAX-CY	123,097.33	124,943.79	126,817.95	128,720.22
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PILOT	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
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COURT COSTS & FEES	325,000.00	325,000.00	325,000.00	325,000.00
MISCELLANEOUS RECEIPTS	2,271,864.00	2,271,864.00	2,271,864.00	2,271,864.00
	<u>33,246,452.22</u>	<u>33,938,498.58</u>	<u>34,425,752.13</u>	<u>34,924,952.46</u>
TAW Proceeds	1,600,000.00	1,600,000.00		
TAW Debt Service	(1,600,000.00)	(1,600,000.00)		
Personnel	26,858,855.00	27,396,032.10	27,943,952.74	28,502,831.80
Supplies	589,050.00	589,050.00	589,050.00	589,050.00
Other Services & Charges	5,375,382.00	2,990,382.00	2,990,382.00	2,990,382.00
Capital Outlays	82,050.00	82,050.00	82,050.00	82,050.00
Total Appropriations	32,905,337.00	31,057,514.10	31,605,434.74	32,164,313.80
Net Contribution to Cash	341,115.22	2,880,984.48	2,820,317.39	2,760,638.67
Ending Projected Cash	(7,952,173.74)	(3,878,689.26)	1,141,628.13	6,102,266.80
Additional Revenue				
Solid Waste First Collections in July with 90% collection rate	1,192,500.00			
Public Safety Loit		2,200,000.00	2,200,000.00	2,200,000.00
Ending Projected Cash	\$ (6,759,673.74)	\$ (1,678,689.26)	\$ 3,341,628.13	\$ 8,302,266.80
Reserve Percentage	-21%	-5%	11%	26%

Assumptions:

#1 Solid waste fee is initiated by June and first collections are received in July

#2 Storm water fee is enacted so that the City can collect the additional \$2.3 million PILOT from WWU

#3 Public Safety LOIT is passed in 2016 so that collections can start January of 2017

#4 2017 has Solid Waste Contract moved to the Sanitary District but includes a 10% bad debt fee in Professional Services

#5 Personnel expense has been increased by 2% per year to reflect changes in health care and pension expenditures



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Controlled Funds Other than General Fund Activities

	FY 2016	FY 2017	FY 2018	FY 2019
MOTOR VEHICLE HIGHWAY	\$ 339,814.00	\$ 445,381.00	\$ 462,280.00	\$ 435,105.00
FY 2016 Receipts	3,635,626.00	3,650,625.00	3,675,226.00	3,702,752.00
DLGF Approved Budget	<u>3,530,059.00</u>	<u>3,633,726.00</u>	<u>3,702,401.00</u>	<u>3,772,448.00</u>
Projected Ending Balance	<u>\$ 445,381.00</u>	<u>\$ 462,280.00</u>	<u>\$ 435,105.00</u>	<u>\$ 365,409.00</u>
LOCAL ROAD & STREET	\$ 437,527.00	\$ 464,838.00	\$ 480,449.00	\$ 496,060.00
FY 2016 Receipts	612,311.00	612,311.00	612,311.00	612,311.00
DLGF Approved Budget	<u>585,000.00</u>	<u>596,700.00</u>	<u>596,700.00</u>	<u>596,700.00</u>
Projected Ending Balance	<u>\$ 464,838.00</u>	<u>\$ 480,449.00</u>	<u>\$ 496,060.00</u>	<u>\$ 511,671.00</u>
PARKS & RECREATION	\$ (239,801.00)	\$ (425,565.00)	\$ (334,004.00)	\$ (162,566.00)
FY 2016 Receipts	2,387,801.00	2,465,126.00	2,592,474.00	2,644,323.00
DLGF Approved Budget	<u>2,573,565.00</u>	<u>2,373,565.00</u>	<u>2,421,036.00</u>	<u>2,469,457.00</u>
Projected Ending Balance	<u>\$ (425,565.00)</u>	<u>\$ (334,004.00)</u>	<u>\$ (162,566.00)</u>	<u>\$ 12,300.00</u>
CEMETERY	\$ (164,881.00)	\$ (58,802.00)	\$ 35,481.00	\$ 117,732.00
FY 2016 Receipts	706,532.00	706,532.00	706,532.00	706,532.00
DLGF Approved Budget	<u>600,453.00</u>	<u>612,249.00</u>	<u>624,281.00</u>	<u>636,554.00</u>
Projected Ending Balance	<u>\$ (58,802.00)</u>	<u>\$ 35,481.00</u>	<u>\$ 117,732.00</u>	<u>\$ 187,710.00</u>
CUMULATIVE CAPITAL IMPROVEMENT	\$ 103,079.00	\$ 103,079.00	\$ 103,079.00	\$ 103,079.00
FY 2016 Receipts	155,000.00	155,000.00	155,000.00	155,000.00
DLGF Approved Budget	<u>155,000.00</u>	<u>155,000.00</u>	<u>155,000.00</u>	<u>155,000.00</u>
Projected Ending Balance	<u>\$ 103,079.00</u>	<u>\$ 103,079.00</u>	<u>\$ 103,079.00</u>	<u>\$ 103,079.00</u>



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Controlled Funds Other than General Fund Activities

CUMULATIVE CAPITAL DEVELOPMENT	\$ 572,059.00	\$ 893,687.00	\$ 853,507.00	\$ 766,317.00
FY 2016 Receipts	586,687.00	546,820.00	506,950.00	466,950.00
DLGF Approved Budget	<u>265,059.00</u>	<u>587,000.00</u>	<u>594,140.00</u>	<u>594,140.00</u>
Projected Ending Balance	<u>\$ 893,687.00</u>	<u>\$ 853,507.00</u>	<u>\$ 766,317.00</u>	<u>\$ 639,127.00</u>
FIRE PENSION	\$ (204,973.00)	\$ (89,452.00)	\$ (17,397.00)	\$ 73,096.00
FY 2016 Receipts	2,800,056.00	\$ 2,810,281.00	\$ 2,883,483.00	2,960,713.00
DLGF Approved Budget	<u>2,684,535.00</u>	<u>2,738,226.00</u>	<u>2,792,990.00</u>	<u>2,848,850.00</u>
Projected Ending Balance	<u>\$ (89,452.00)</u>	<u>\$ (17,397.00)</u>	<u>\$ 73,096.00</u>	<u>\$ 184,959.00</u>
POLICE PENSION	\$ 43,355.00	\$ 412,502.00	\$ 432,861.00	\$ 353,806.00
FY 2016 Receipts	2,751,827.00	2,520,907.00	2,571,325.00	2,571,325.00
DLGF Approved Budget	<u>2,382,680.00</u>	<u>2,500,548.00</u>	<u>2,650,380.00</u>	<u>2,785,439.00</u>
Projected Ending Balance	<u>\$ 412,502.00</u>	<u>\$ 432,861.00</u>	<u>\$ 353,806.00</u>	<u>\$ 139,692.00</u>
ECON DEV INCOME TAX	\$ 1,592,394.00	\$ 2,867,394.00	\$ 2,927,394.00	\$ 2,637,394.00
FY 2016 Receipts	4,525,000.00	4,525,000.00	4,525,000.00	4,525,000.00
DLGF Approved Budget	<u>3,250,000.00</u>	<u>4,465,000.00</u>	<u>4,815,000.00</u>	<u>4,515,000.00</u>
Projected Ending Balance	<u>\$ 2,867,394.00</u>	<u>\$ 2,927,394.00</u>	<u>\$ 2,637,394.00</u>	<u>\$ 2,647,394.00</u>
TRANSIT	\$ (253,782.00)	\$ 258,638.00	\$ 357,096.00	\$ 318,241.00
FY 2016 Receipts	3,563,961.00	3,205,600.00	3,125,000.00	3,125,000.00
DLGF Approved Budget	<u>3,051,541.00</u>	<u>3,107,142.00</u>	<u>3,163,855.00</u>	<u>3,221,703.00</u>
Projected Ending Balance	<u>\$ 258,638.00</u>	<u>\$ 357,096.00</u>	<u>\$ 318,241.00</u>	<u>\$ 221,538.00</u>



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Controlled Funds Other than General Fund Activities

Controlled Funds Summary:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
MOTOR VEHICLE HIGHWAY	\$ 339,814.00	\$ 445,381.00	\$ 462,280.00	\$ 435,105.00	\$ 365,409.00
LOCAL ROAD & STREET	437,527.00	464,838.00	480,449.00	496,060.00	511,671.00
PARKS & RECREATION	(239,801.00)	(425,565.00)	(334,004.00)	(162,566.00)	12,300.00
CEMETERY	(164,881.00)	(58,802.00)	35,480.00	117,731.00	187,709.00
CUMULATIVE CAPITAL IMPROVEMENT	103,079.00	103,079.00	103,079.00	103,079.00	103,079.00
CUMULATIVE CAPITAL DEVELOPMENT	572,059.00	893,687.00	853,507.00	766,317.00	639,127.00
FIRE PENSION	(204,973.00)	(89,452.00)	(17,397.00)	73,095.00	184,958.00
POLICE PENSION	43,355.00	412,502.00	432,861.00	353,806.00	139,692.00
ECON DEV INCOME TAX	1,592,394.00	2,867,394.00	2,937,394.00	2,637,394.00	2,647,394.00
TRANSIT	<u>(253,782.00)</u>	<u>258,638.00</u>	<u>357,096.00</u>	<u>318,241.00</u>	<u>221,538.00</u>
Total Controlled Funds	<u>\$ 2,224,791.00</u>	<u>\$ 4,871,700.00</u>	<u>\$ 5,310,745.00</u>	<u>\$ 5,138,262.00</u>	<u>\$ 5,012,877.00</u>



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Financial Strategy Update

Actions Required to Implement Plan

- 1. Continue to Seek Departmental Efficiencies & Expense Reductions**
- 2. Adopt Solid Waste Fee**
- 3. Adopt Storm Water Fee**
- 4. Pass Resolution Requesting Vigo County Council to Adopt PS LOIT**



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Questions?