



JAMES D. KALB
MAYOR

CITY OF PORTSMOUTH
OFFICE OF THE MAYOR

TELEPHONE: 740 / 354-8807
FAX: 740 / 354-8809

728 SECOND STREET, ROOM 1
PORTSMOUTH, OHIO 45662

MEMO

TO: CITY COUNCIL MEMBERS

FROM: MAYOR JAMES D. KALB

SUBJECT: NARRATIVE SUMMARY FOR 2009
PROJECTED YEAR-END REVENUES

DATE: SEPTEMBER 28, 2009

The attached page is the General Fund Revenue Summary generated by the Auditor's Office with "actuals" for the first eight months of 2009, with projected revenue shortages noted in the right hand margin. Percentages used are rounded to the nearest tenth of one percent and the dollar amounts are rounded to the nearest thousand dollars.

The revenue lines in question are lettered A through H for easy identification. The second column (actual YTD 09) should account for approximately 66.4% of the budgeted revenues (8.33% per month x 8).

- A. City Income Tax revenues are short of last year's record year, but trailing the projected budget amount by only \$180,000. If the current trend continues, we could finish the year as projected.
- B. Personal Property Tax collections have increased some what for this year; therefore we should finish very close to our projected revenue figure.
- C. Local Government Funds are down 8.5% and if trend continues fund would be short 13% of budgeted revenues, or **\$183,000**.
- D. Interest on Investments is a total loss unless something changes before year's end. This is a revenue shortage of **\$250,000**, due primarily to the sagging economy. This problem is shared by most local governments.

- * Demolitions are worth mentioning in that almost 100% of budgeted revenue has been collected, leaving four months of possible additional income.
- E. The Special Revenue Transfer is the revenue generated by employees now making a “co-pay” on their Health Insurance Premiums. I’m not sure why this revenue line was projected at zero by the Auditor, but we should see at least the **\$73,000** I budgeted.
- F. A Health Insurance savings was budgeted as an amount that would be saved by employees opting out of the City Health Insurance Plan. Some employees decided not to opt-out as originally planned, causing a shortage of about **\$100,000** for this projected revenue.
- G. I budgeted a \$200,000 carry-over from 2008 before the books were officially closed. I believe this projected carry-over would have exceeded that amount had the budgeted charge-offs been made. The actual amount left for a beginning balance in 2009 was \$61,000, making a deficit of **\$139,000** for this revenue.
- H. The Auditor projected a possible revenue shortage of \$1,161,000 by the end of 2009.

The following information and calculations will explain why and how I think Portsmouth will once again finish the year in the “black” with a substantial carry-over.

| | |
|------------------------|---|
| \$208,000 | The 2009 General Fund Budget lists a projected carry-over of \$208,000 . |
| \$400,000 | It appears by the figures through August 2009, we will meet and exceed budgeted revenues for Property Tax and Income Tax. For use in calculations I will just consider meeting the budgeted revenue figures which would reduce the Auditor’s projected deficit by \$400,000 (A+B). |
| \$73,000 | We will meet or exceed the budgeted revenue for the Special Revenue Transfer line of \$73,000 (E). |
| \$17,000 | I estimate only \$183,000 shortage of Local Government Funds (C for a difference of \$17,000 from the Auditor’s projects. |
| \$300,000 | We have a savings of approximately \$300,000 (salaries and fringes) because of having budgeted positions vacant and not filling them. |
| <u>\$998,00</u> | The amounts explained to this point total \$998,000. |

If property and income taxes continue at their current pace, we will realize an additional \$550,000 above my original projected revenues. If they don't continue at that pace, we may have to utilize the amounts available in other lines.

\$25,000 There is a surplus of **\$25,000** in the "indigent" expenditure line.

\$44,000 There is **\$44,000** available in the "McKinley Pool" expenditure line.

\$300,000 There is **\$300,000** in the "**Compensated Absences**" line that won't be used this year.

\$25,000 It appears we will be receiving grant money for court security and save the **\$25,000** budgeted to pay the Sheriff's Department.

\$50,000 We could possibly trim another **\$50,000** out of individual department budgets (travel, training, misc.).

\$85,000 We have a balance of approximately \$85,000 for health insurance savings to date.

\$529,000 **These additional sources total \$529,000.**

I believe we will be able to finish the year in the black, but the continuing increase in expenditures is far exceeding any increase in revenues. This administration has continued to cut expenditures, stream-lined operations by realigning the work force, installing energy saving equipment at our utility plants and in offices, reduced employee costs through mandatory training programs, negotiating the best possible labor and business contracts, implementing new revenue generating programs, utilizing probationers and inmates to help provide services our citizens expect, and more. We are also reviewing the current tax abatement program to lessen the amount of abated properties in Portsmouth.

We are far from being in a "comfortable" financial position and never will be until we have an increase in revenue. I am again suggesting we implement "Mandatory Income Tax Filing" and change the percentage of income tax "forgiveness" of people working or living in other taxing municipalities.

It is important that City Council do more than legislate and appropriate. They need to initiate some plans for additional revenue streams and/or ways to reduce operating costs.

As always I appreciate any comments, suggestions or questions you may have.

General Fund Revenue Summary

2009 Budgeted, Actual YTD August 31, 2009 and Projected Year-End Revenues

| | Budgeted 2009 | Actual YTD 09 | +/- Budgeted | % Budget | Projected 2009 | |
|--------------------------------|---------------|---------------|----------------|----------|----------------|--------|
| A City Income Tax | 5,300,000.00 | 3,643,948.91 | (1,656,051.09) | 68.75% | 5,100,000.00 | -200 K |
| B Real & Personal Property Tax | 2,100,000.00 | 1,647,456.49 | (452,543.51) | 78.45% | 1,900,000.00 | -200 K |
| C Local Government Funds | 1,411,000.00 | 830,537.65 | (580,462.35) | 58.86% | 1,211,000.00 | -200 K |
| Court Collections | 650,000.00 | 395,961.64 | (254,038.36) | 60.92% | 650,000.00 | |
| Inheritance Tax | 400,000.00 | 85,898.79 | (314,101.21) | 21.47% | 400,000.00 | |
| Intangible Tax | 16,000.00 | 27,109.63 | 11,109.63 | 169.44% | 16,000.00 | |
| D Interest on Investments | 250,000.00 | 967.94 | (249,032.06) | 0.39% | 1,000.00 | -249 K |
| Revenue Assistance-State | 0.00 | 0.00 | 0.00 | #DIV/0! | 0.00 | |
| Cable TV Franchise | 220,000.00 | 173,666.31 | (46,333.69) | 78.94% | 230,000.00 | |
| Board of Health | 325,000.00 | 185,122.07 | (139,877.93) | 56.96% | 325,000.00 | |
| Miscellaneous | 85,000.00 | 52,635.43 | (32,364.57) | 61.92% | 85,000.00 | |
| State Sales Tax-Local Govt. | 0.00 | 0.00 | 0.00 | #DIV/0! | 0.00 | |
| Cemetery-Burial Permits/Misc. | 42,000.00 | 23,844.60 | (18,155.60) | 56.77% | 42,000.00 | |
| Liquor Permits | 40,000.00 | 27,216.70 | (12,783.30) | 68.04% | 40,000.00 | |
| Building Permits | 75,000.00 | 29,952.80 | (45,047.20) | 39.94% | 75,000.00 | |
| Police Fines | 15,000.00 | 7,975.00 | (7,025.00) | 53.17% | 15,000.00 | |
| 17th Street Community Center | 0.00 | 0.00 | 0.00 | #DIV/0! | 0.00 | |
| Campground Fees | 0.00 | 0.00 | 0.00 | #DIV/0! | 0.00 | |
| Electrical Permits | 35,000.00 | 12,430.28 | (22,569.72) | 35.52% | 35,000.00 | |
| Police-Special Duty | 135,000.00 | 78,010.00 | (56,990.00) | 57.79% | 135,000.00 | |
| Police Reports-Fingerprinting | 1,000.00 | 1,210.40 | (210.40) | 121.04% | 1,000.00 | |
| City Business Licenses | 6,000.00 | 4,282.00 | (1,718.00) | 71.37% | 6,000.00 | |
| Rents, Leases & Concessions | 29,000.00 | 19,147.69 | (9,852.31) | 66.03% | 29,000.00 | |
| Police Impound Fees | 17,000.00 | 7,030.00 | (9,970.00) | 41.35% | 17,000.00 | |
| Campus Security | 5,000.00 | 5,000.00 | 0.00 | 100.00% | 5,000.00 | |
| Plumbing Permits | 30,000.00 | 11,787.00 | (18,213.00) | 39.29% | 30,000.00 | |
| Cigarette Tax | 1,000.00 | 627.27 | (372.73) | 62.73% | 1,000.00 | |
| Sewer Permits | 1,800.00 | 650.00 | (1,150.00) | 36.11% | 1,800.00 | |
| Police Record Checks | 1,500.00 | 918.00 | (582.00) | 61.20% | 1,500.00 | |
| Fire Reports | 5,000.00 | 2,080.00 | (2,920.00) | 41.60% | 5,000.00 | |
| Misc. Engineering Fees | 5,000.00 | 2,036.00 | (2,964.00) | 40.72% | 5,000.00 | |
| Demolitions | 25,000.00 | 24,534.64 | (465.36) | 98.14% | 25,000.00 | |
| Donations/Grants | 0.00 | 7,957.64 | (7,957.64) | #DIV/0! | 0.00 | |
| Sale of Assets | 575,000.00 | 474,793.00 | (100,207.00) | 82.57% | 575,000.00 | |
| E Special Revenue Transfer | 73,000.00 | 0.00 | (73,000.00) | 0.00% | 0.00 | -73 K |
| Special BWC Payment | 0.00 | 0.00 | 0.00 | #DIV/0! | 0.00 | |
| From County for Prosecutors | 30,000.00 | 0.00 | (30,000.00) | 0.00% | 30,000.00 | |
| F Health Insurance Savings | 150,000.00 | 0.00 | (150,000.00) | 0.00% | 50,000.00 | -100 K |
| License Rental Fees | 0.00 | 0.00 | 0.00 | #DIV/0! | 0.00 | |
| Total Revenues | 12,054,300.00 | 7,784,787.78 | 4,269,512.22 | 64.58% | 11,042,300.00 | |
| G Beginning Balance | 200,000.00 | 60,950.18 | 139,049.82 | 30.48% | 60,950.18 | -139 K |
| Total Revenues and Balance | 12,254,300.00 | 7,845,737.96 | 4,408,562.04 | 64.02% | 11,103,250.18 | |

Auditor projected revenue shortage 1,161 K