



City of Cincinnati Budget Basics

**Presentation to joint Finance Committee and
Vibrant Neighborhood, Recreation, Parks and
Public Services Committee
June 16, 2009**

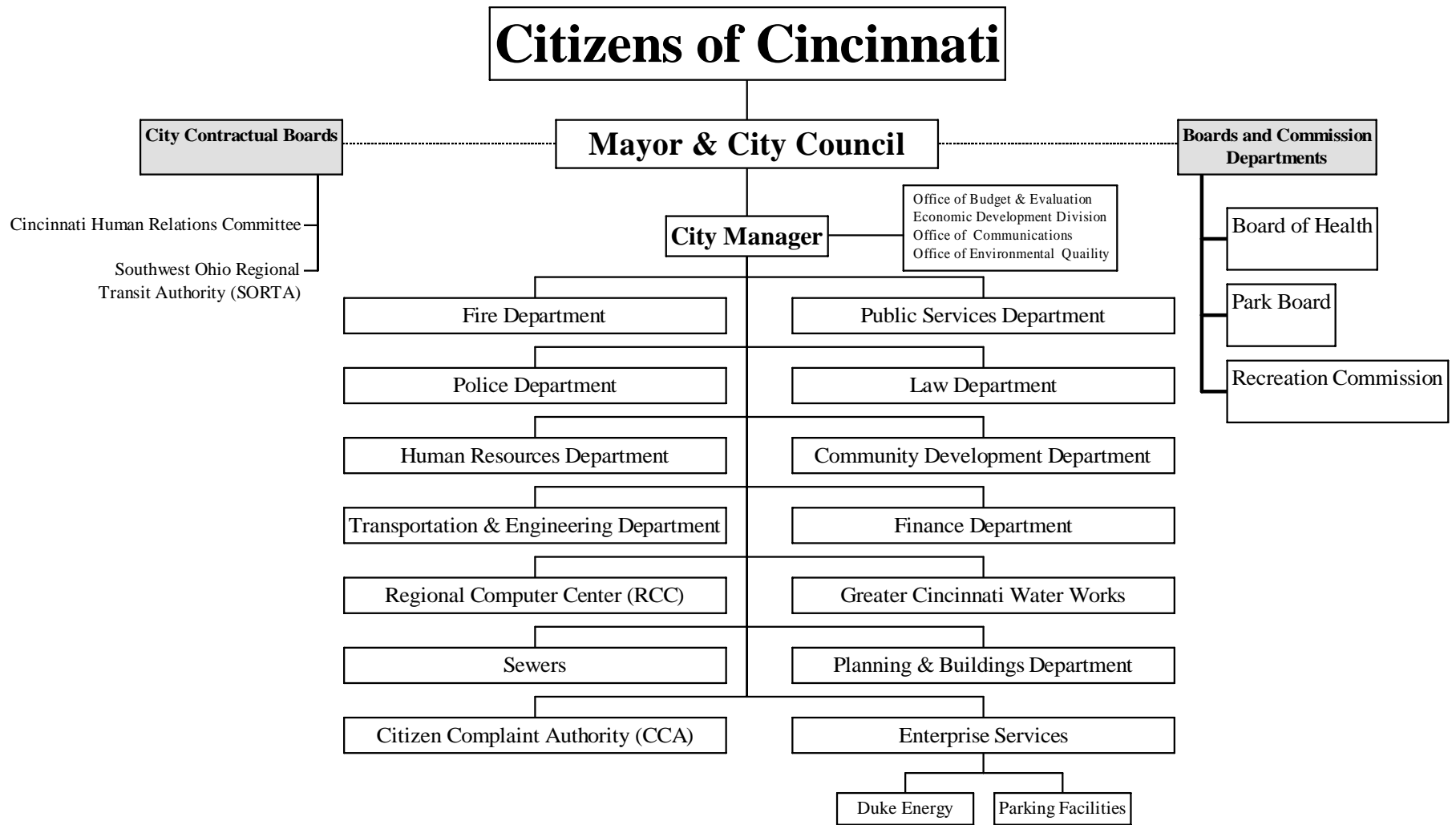
To access the Budget on the Internet:
<http://www.cincinnati-oh.gov/cmgr/pages/-12848/>



Overview

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

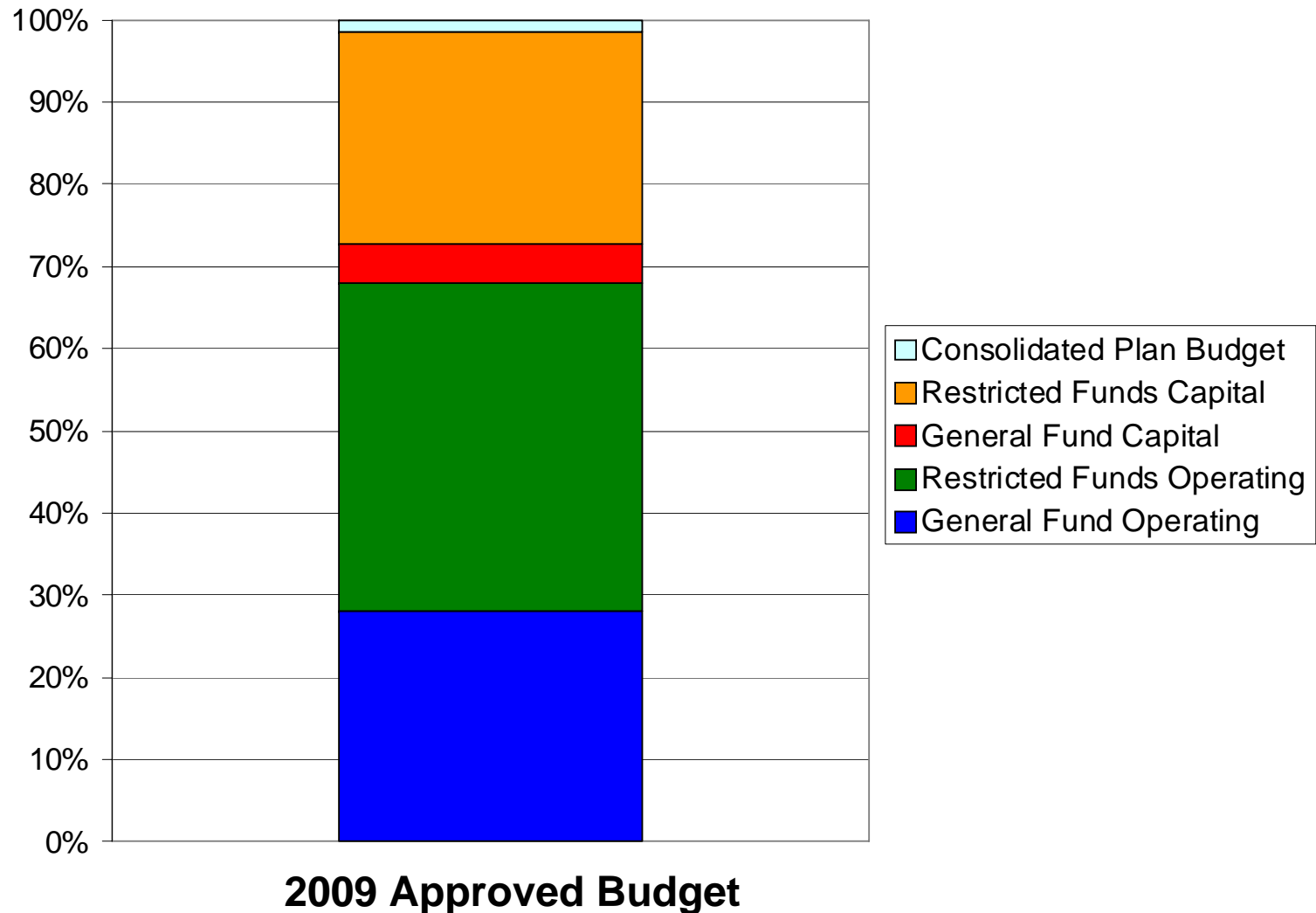
City Government Structure



City All Funds Budget

	2008 Approved Budget	2009 Approved Budget	\$ Change	% Change	2010 Approved Budget	\$ Change	% Change
<i>(\$ in Millions)</i>							
Operating Budget							
General Fund	\$363.5	\$370.4	\$7.0	1.9%	\$375.6	\$5.2	1.4%
Restricted Funds	<u>\$486.0</u>	<u>\$523.5</u>	<u>\$37.4</u>	<u>7.7%</u>	<u>\$529.3</u>	<u>\$5.8</u>	<u>1.1%</u>
Subtotal Operating Budget	\$849.5	\$893.9	\$44.4	5.2%	\$904.9	\$11.0	1.2%
Capital Budget							
General Capital Budget	\$65.2	\$63.4	(\$1.8)	-2.8%	\$63.5	\$0.1	0.1%
Restricted Funds Capital	\$206.9	\$292.9	\$86.0	41.6%	\$203.2	(\$89.7)	-30.6%
Special Revenue/Matching Capital	<u>\$6.4</u>	<u>\$45.8</u>	<u>\$39.4</u>	<u>615.6%</u>	<u>\$2.2</u>	<u>(\$43.6)</u>	<u>-95.2%</u>
Subtotal Capital Budget	\$278.6	\$402.1	\$123.6	44.4%	\$268.9	(\$133.2)	-33.1%
Consolidated Plan Budget	\$20.6	\$20.4	(\$0.2)	-1.0%	\$20.4	(\$0.0)	-0.1%
Total Budget	<u>\$1,148.7</u>	<u>\$1,316.4</u>	<u>\$167.8</u>	<u>14.6%</u>	<u>\$1,194.2</u>	<u>(\$122.3)</u>	<u>-9.3%</u>

Budget Breakout





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

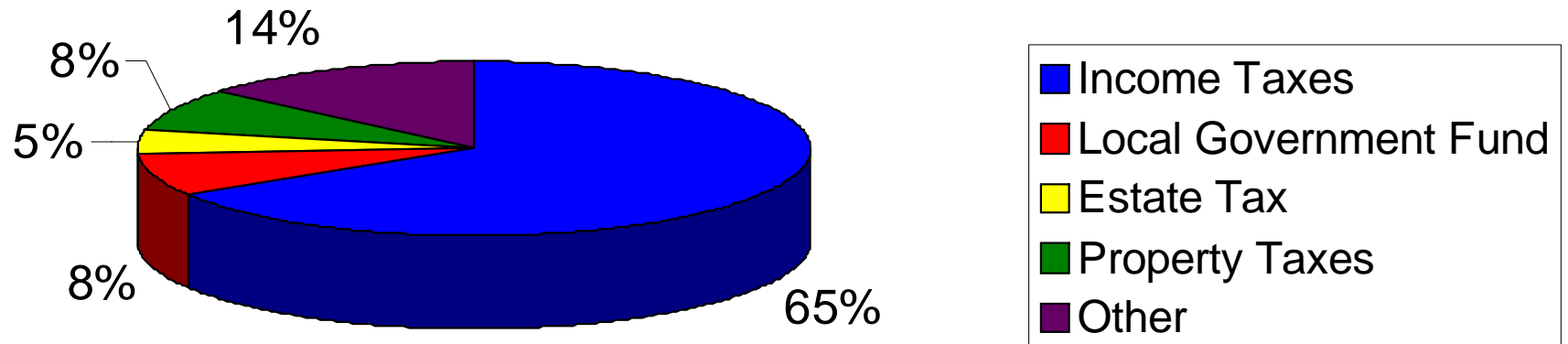
- Law

- Citizen Complaint Authority

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

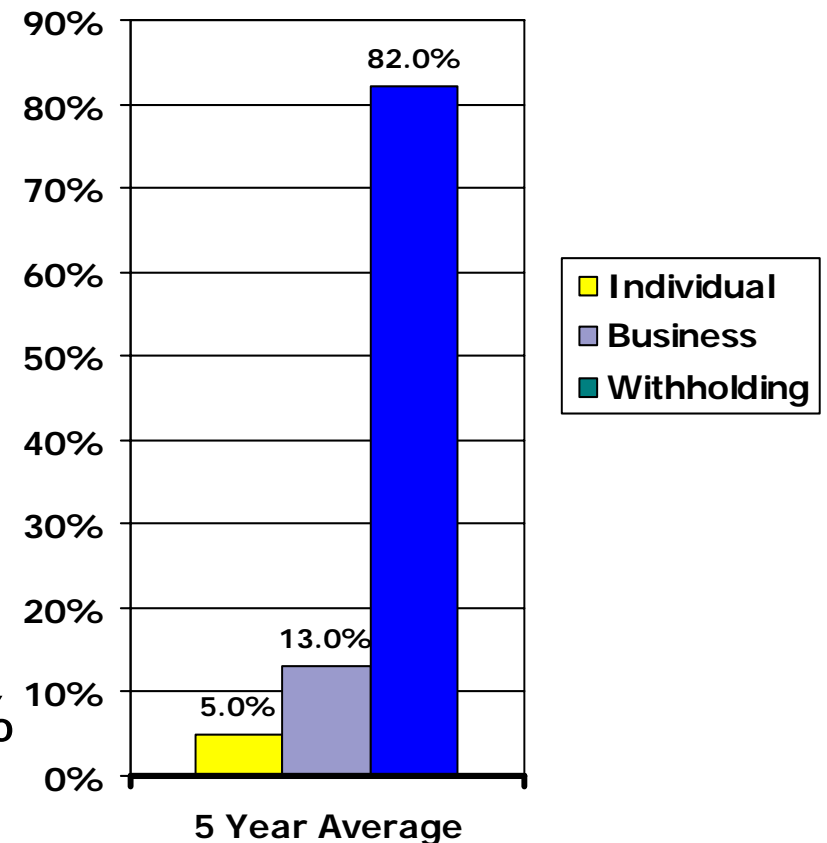
General Fund Operating Budget

■ Revenues



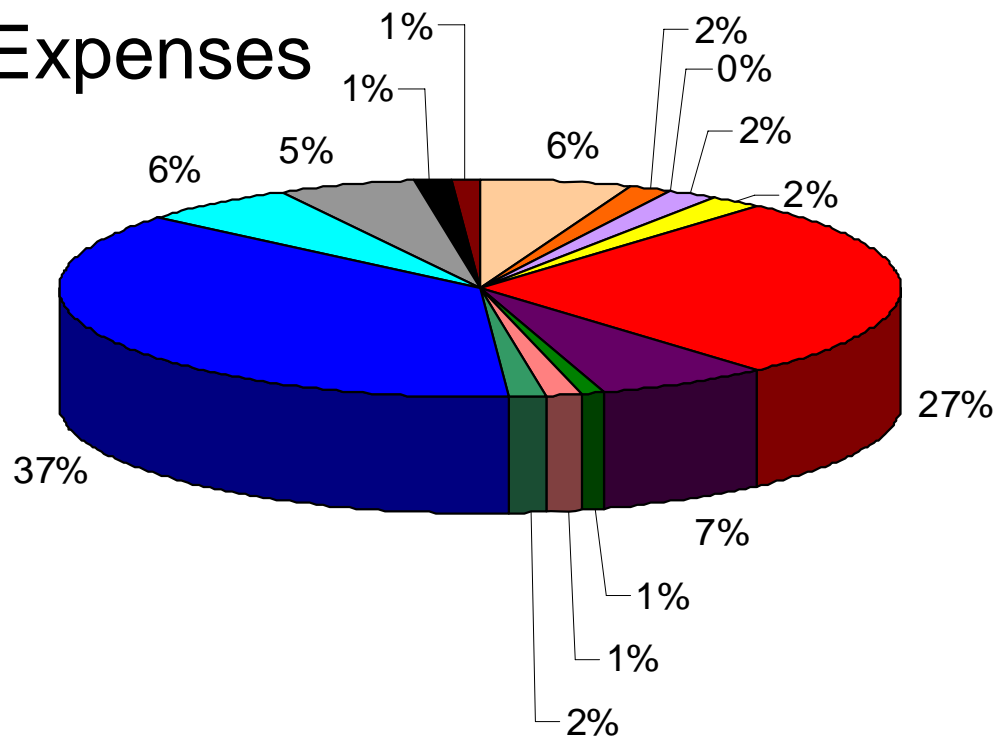
General Fund Revenues

- Income Taxes – 65%
 - 2.1% of gross salaries, wages, other personal services compensation and business net profits
 - By Charter, split as follows:
 - 1.55% General Operating
 - 0.30% Transit
 - 0.15% Capital
 - 0.10% Infrastructure
- Property Taxes – 8%
- Local Government Fund – 8%
- Estate Tax – 5%
- Other – 14%



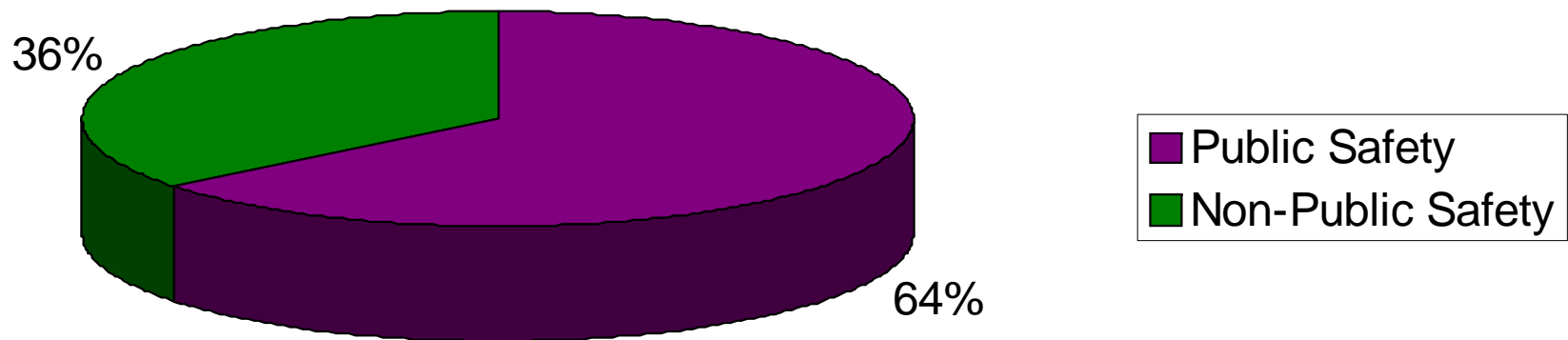
General Fund Operating Budget

■ Expenses



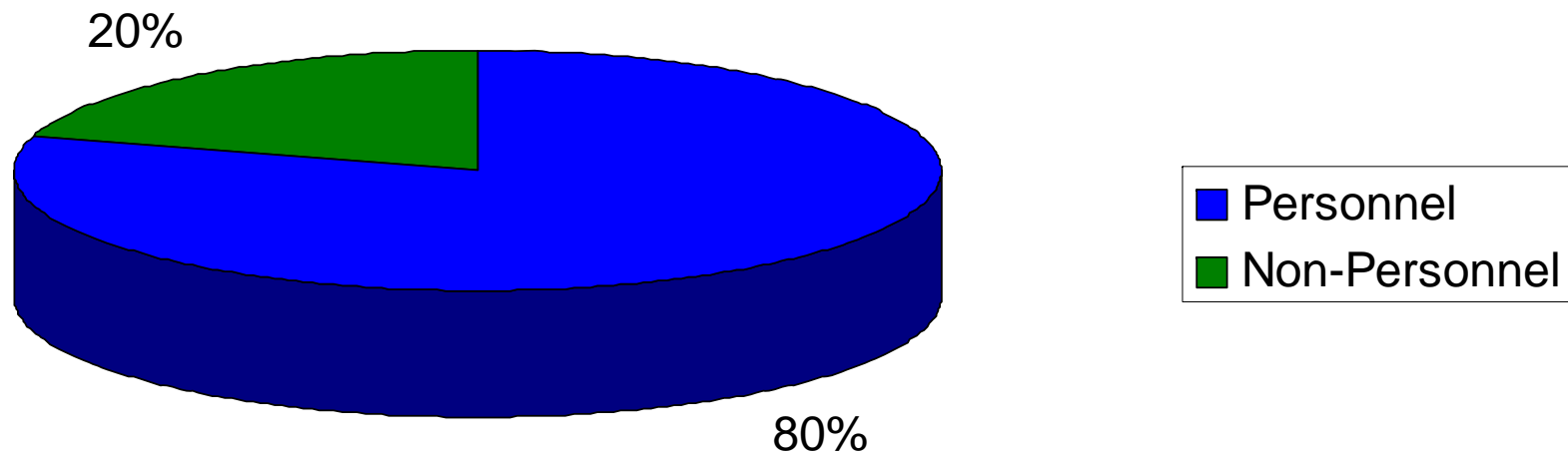
General Fund Operating Budget

■ Public Safety vs. Non Public Safety

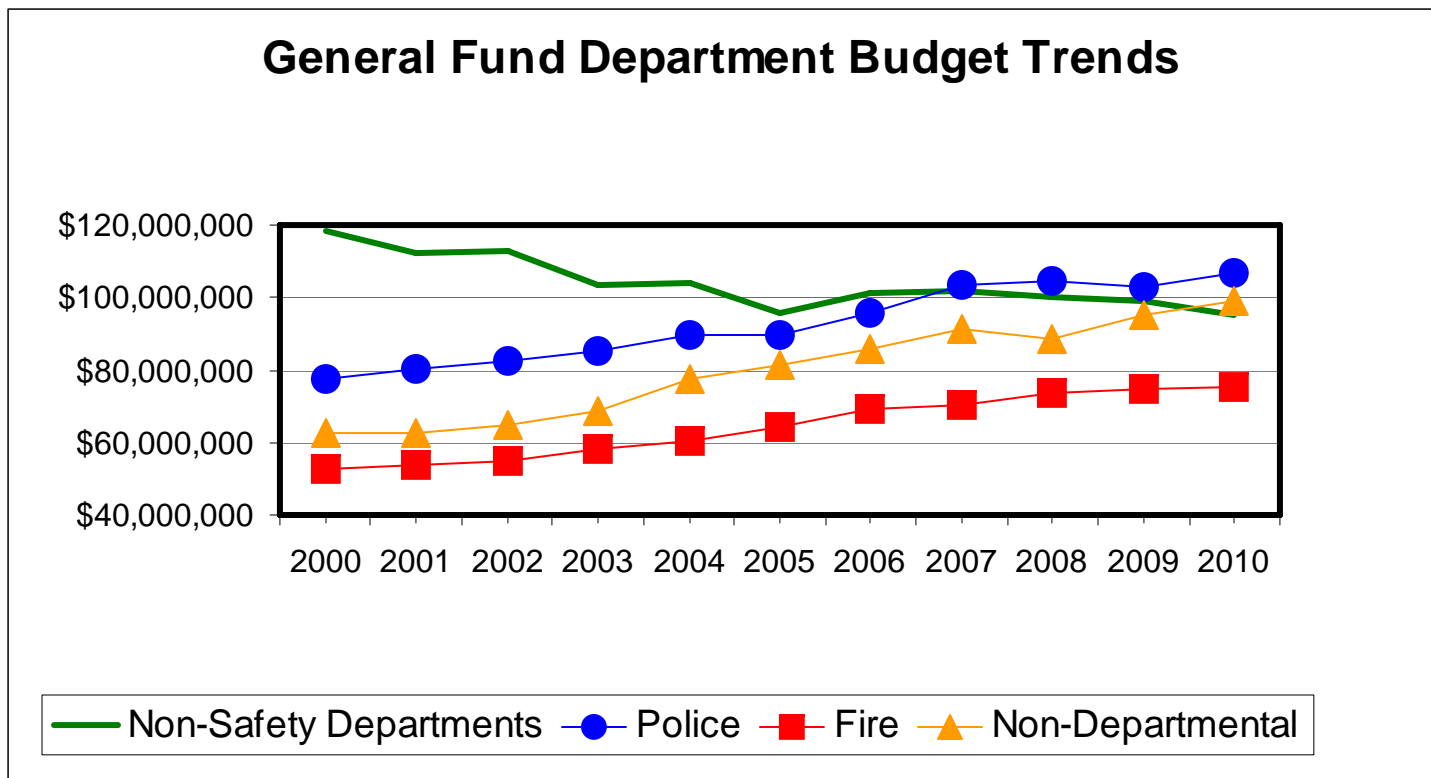


Operating Budget

■ Personnel vs. Non-personnel



General Fund Budget Trends





General Fund FTE Change 2000-2009

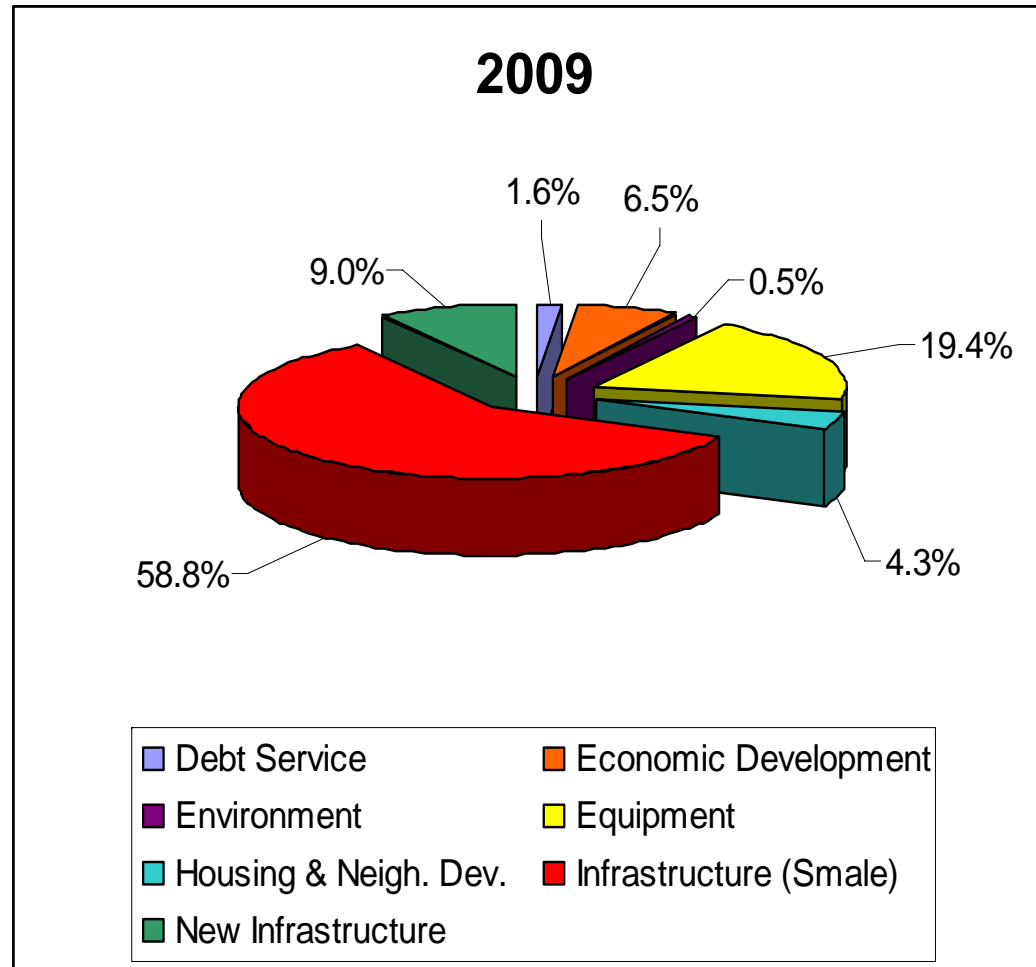
<i>(in Full-Time Equivalents, FTE)</i>	2000 Approved Budget	2009 Approved Budget	FTE Change From 2000 Budget	Percentage Change
Public Safety FTE	1,787.0	1,976.0	189.0	10.6%
Non-Public Safety FTE	<u>2,381.1</u>	<u>1,736.8</u>	<u>-644.3</u>	<u>-27.1%</u>
Total General Fund FTE	4,168.1	3,712.8	-455.3	-10.9%



Budget Structure, Cont'd

- **Capital Budget** – Useful Life 5 years, \$10,000 min. cost
 - General Capital (e.g. streets, facilities, equipment, economic development, etc.)
 - Sources
 - Income Taxes (.15%)
 - Bond Sales
 - Southern Ohio Railroad
 - Restricted Capital (e.g. water mains, sewer mains, Parking Garages, etc.)
 - Sources: User rates
 - Capital Grants (County, State & Federal)

General Capital Expenditure Categories





Capital Budget Criteria

- Hazard Elimination: to eliminate or reduce definite and immediate health and safety hazards;
- Legal Mandates: to comply with a court order or other specific legal directive (consent decree, etc.);
- Regulatory Compliance: self-initiated improvement in compliance with a federal, state, or local rule or regulation affecting capital assets;
- Project Completion: to finish phased projects with related and already omitted or expended funding;
- Prevent Failure: to systematically, and according to schedule, improve assets which, if not periodically improved, would fail;
- Extend Useful Life: to improve an asset by making a capital investment to increase the asset's service life;
- Cost-Benefit Justified: to make a capital investment which is supported by benefits equal to or greater than the cost of investment (e.g., benefits may be in jobs, revenue, cost savings, matching funds, etc.); and,
- Service Betterment: to accommodate growth in service demand, or to otherwise increase the quality of service provided by the capital asset.



Budget Structure, Cont'd

- Consolidated Plan Budget
 - Community Development Block Grant (CDBG)
 - Home Investment Partnerships (HOME)
 - Emergency Shelter Grant (ESG)
 - Housing Opportunities for Persons with Aids (HOPWA)



Budget Development Process

- Biennial Budget cycle: FY 2009/2010
 - Policy and Education Stage (Winter/Spring)
 - Neighborhood Support & Education
 - Neighborhood Summit
 - Community Priority Requests (CPR+)
 - 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, Cont'd

- Biennial Budget Cycle: FY 2009/2010, 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



Current Budget Status

- 2009 Continued Budget Monitoring
 - \$19.9 million revenue shortfall
 - Mid-Year Budget reductions necessary
- 2010 Budget Development
 - \$40 million potential gap if trends continue
 - City Council holding Public Budget Hearings
 - Administration developing strategies for 2010 budget to include lay-off plan



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



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