2014 Introduced Budget

Presentation to the Administration and Finance Committee
August 20, 2013
Year End Fund Balance
Tax Supported Funds ($ in millions)

$67
$72 $74 $76 $77
$30 $1
$59 $71 $57
$117 $76 $77
$97 $81

$ Millions


Recommended Fund Balance (10% expenditures) Fund Balance - Agency Request
No Revenue Enhancements

Notes: Agency Request fund balance represents an additional $67M of total appropriations requested among all agencies/departments during the budgetary process. 2014 revenue enhancements include additional certified income tax distributions, elimination of the Homestead Credit and expansion of the IMPD property tax district.

$96M drop in fund balance if agency budget requests were enacted and no additional revenue

$1
## 2014 Balanced Budget

<table>
<thead>
<tr>
<th>TOTAL CITY/COUNTY 2014 BUDGET</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City and County Budgeted Revenues</td>
<td>$957,037,772</td>
</tr>
<tr>
<td>City and County Budgeted Expenditures</td>
<td>($1,002,968,638)</td>
</tr>
<tr>
<td>Adjustments to Annual Surplus/Deficit*</td>
<td>$49,442,080</td>
</tr>
<tr>
<td>Adjusted Annual Surplus</td>
<td>$3,511,225</td>
</tr>
</tbody>
</table>

- Adjustments include:
  - $37 million of ReBuild Indy capital projects
  - $2.4 million of dedicated City Rainy Day fund balance
  - $10 million of Management Reserves (1.0% of total budget)
2014 Projected Revenues

- **Property Tax, $302.7, 32%**
- **Income Tax, $250.4, 26%**
- **Inter-Governmental, $221.7, 23%**
- **Charges for Services, $94.4, 10%**
- **Other Taxes (State), $58.5, 6%**
- **Fines, Forfeitures, Miscellaneous Revenue, $17.2, 2%**
- **Licenses and Permits, $12.2, 1%**

- **Total Budgeted Revenue: $957 million**
- Property and Income taxes make up **58%** of total budgeted revenues
- **$55M** circuit breaker impact on property taxes
- Income taxes include additional distribution from the state and the elimination of the Local Homestead Credit
- $’s in millions
Tax Revenue

Indianapolis/Marion County Only

<table>
<thead>
<tr>
<th>Year</th>
<th>Property Tax</th>
<th>Income Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Act.</td>
<td>$450</td>
<td>$250</td>
</tr>
<tr>
<td>2008 Act.</td>
<td>$400</td>
<td>$200</td>
</tr>
<tr>
<td>2009 Act.</td>
<td>$350</td>
<td>$150</td>
</tr>
<tr>
<td>2010 Act.</td>
<td>$300</td>
<td>$100</td>
</tr>
<tr>
<td>2011 Act.</td>
<td>$250</td>
<td>$50</td>
</tr>
<tr>
<td>2012 Act.</td>
<td>$200</td>
<td>$0</td>
</tr>
<tr>
<td>2013 Certified</td>
<td>$350</td>
<td>$150</td>
</tr>
<tr>
<td>2014 Budgeted</td>
<td>$400</td>
<td>$200</td>
</tr>
</tbody>
</table>

In millions
2014 Introduced Appropriations

- Total Proposed Budget: $1.0 billion
- Public Safety and Criminal Justice make up 59% of total proposed budget
- $37M from Rebuild Indy Fund
- 2.5% decrease in total appropriations compared to 2013.
- $’s in millions
Closing the General Fund Deficit

• May 2013 projected deficit was **$55.5 million**
• Updated information shows improved fund balances for year ending 2013, helps deficit by **$17 million**
• Assumptions made in May 2013 have been updated with introduced 2014 budget:
  – No impact of health insurance costs
  – Elimination of Local Homestead Credit
  – Updated income tax distributions for 2014
  – Updated miscellaneous revenues: IMPD/IFD Vehicle
  – 2014 proposed budget figures
• Updated deficit for 2014 reduced by **$29 million**
  – **$7 million** projected 2014 year end General Fund balance
• Holding the line on spending and projected growth in income tax revenues for 2015 will improve the General Fund Balance
2014 Introduced Budget

- Creates sustainable funding for public safety:
  - Better utilization of current IMPD staff
  - Provides for up to **50** additional IMPD officers in 2014
- On-going investment in infrastructure of up to **$110 million** on roads, streets, curbs, sidewalks, bridges, etc.
- Maintains public purposes grants at 2013 funding level:
  - Arts, Crime Prevention, Noble, etc.
- Implements a vehicle surcharge program for IMPD and IFD
- Health insurance costs will remain flat for 2014
- Does not use one-time TIF balances or Fiscal Stability Fund dollars to balance budget
- Ends 2014 with approximately **$81M** in tax supported fund balances
- Protects AAA credit rating (1 of 5 major cities)
- Reduces spending by **2.5%** from 2013 adopted budget
  - 3.7% reduction compared to 2013 revised budget
Local Homestead Credit Elimination

• **Does NOT impact State provided homestead deduction**
  – Only impacts the local homestead credit applied to property tax bill
  – Only 10 counties provide this credit, none in central Indiana except for Marion County

• **Eliminates subsidy that does not equally benefit all homestead property owners**
  – Low to middle income residents supplementing higher income property owners

• **No impact on homestead properties already at 1% cap**
  – Website will allow homestead property owners to estimate impact of local homestead credit

• **Average impact less then $2 per month on homes not at 1% cap**
  – 81% of all homestead property owners would realize between $0 and $2.50 per month impact on property tax bills

• **Provides $11.5M to fund IMPD operations**
IMPD Taxing District Expansion

- **District encompasses old City Limits**
  - Not expanded when IPD and MCSO merged

- **Homeowners inside old City limits pay IMPD property tax levy for police.**
  - Homeowners outside old City limits do not pay IMPD property tax

- **Budget proposal expands district to County Line**
  - Excluding Beech Grove, Lawrence, Southport and Speedway

- **IMPD property tax rate is lowered by 70%**
  - $100,000 home in old City limits currently pays $365 a year
  - $100,000 home in new district would pay $114 a year

- **No impact on properties at 1%, 2% or 3% caps**

- **Due to the impact of property tax caps, expansion generates $1.3M for IMPD and $3.0 million for overall city operations**
Current and Proposed IMPD Taxing District

Current IMPD Property Tax District (Old City Limits)

Proposed IMPD Property Tax District
Represents the current IMPD Taxing District (Old City Limits) against current Council Districts.
Next Steps

• 8 week review process of 2014 proposed budget by City-County Council committees
  – Agency presentations
  – Review and Analysis by each committee
  – October 14, 2014 expected vote on budget

• Continue to manage spending during 2013 to reach $30M goal set by Council and Mayor

• OFM will prepare for the implementation of 2014 spending plans based on final budget and anticipated revenues (SEA 621-2013)