2015 Proposed Budget

August 19, 2014
City-County Council Committee Presentation
Year End Fund Balances

General and Tax Supported Funds ($ in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>General Fund Balance</th>
<th>Tax Supported Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Actual</td>
<td>$59.0</td>
<td>$71.0</td>
</tr>
<tr>
<td>2010 Actual</td>
<td>$57.0</td>
<td>$72.0</td>
</tr>
<tr>
<td>2011 Actual</td>
<td>$57.0</td>
<td>$74.0</td>
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<tr>
<td>2012 Actual</td>
<td>$59.0</td>
<td>$73.0</td>
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<tr>
<td>2013 Actual</td>
<td>$44.4</td>
<td>$76.0</td>
</tr>
<tr>
<td>2014 Projected</td>
<td>$39.8</td>
<td>$107.0</td>
</tr>
<tr>
<td>2015 Estimated</td>
<td>$15.1</td>
<td>$83.5</td>
</tr>
</tbody>
</table>

Note: Figures do not include Fiscal Stability Fund or RebuildIndy Funds.
Year End Fund Balances

General and Tax Supported Funds ($ in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Recommended Fund Balance (10% of Expenditures)</th>
<th>Tax Supported Fund Balance</th>
<th>General Fund Balance</th>
<th>2015 Agency Budget Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Actual</td>
<td>$19.0</td>
<td>$59.0</td>
<td>$21.4</td>
<td>$5.2</td>
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<tr>
<td>2010 Actual</td>
<td>$20.0</td>
<td>$71.0</td>
<td>$53.4</td>
<td>$(12.5)</td>
</tr>
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<tr>
<td>2015 Estimated</td>
<td>$20.0</td>
<td>$83.5</td>
<td>$78.1</td>
<td>$55.4</td>
</tr>
</tbody>
</table>

Note: Figures do not include Fiscal Stability Fund or RebuildIndy Funds.
“Maintenance” Budget for 2015

Tax Supported Funds

• Change in revenue from adopted 2014 budget $19.8 million:
  – Property taxes: $11.7 million
  – Income taxes: $16.9 million
  – Miscellaneous revenue: ($5.6) million
  – Net Transfers: ($3.1) million (adjusted)

• Change in expenditures from adopted 2014 budget $11.3 million:
  – IMPD: $4.6 million for contractual pay increases from 2014 and 2015
  – IFD: $6.9 million for contractual pay increases from 2014 and 2015
  – Criminal Justice Agencies: $2.0 million for contractual and state mandated pay increases
  – Inmate Medical Care: $1.3 million for contractual costs
  – Solid Waste: $2.1 million for contractual costs
  – Transportation Funding: ($8.0) million due to use of fund balance and loan repayment
  – 911 Dispatch Services: $1.7 million for contractual costs

• Overall change in fund balances (revenues to expenses)
  – $24.7 million use of fund balance in the general funds
  – $28.1 million use of fund balance in tax supported funds
Overview of 2015 Budget

• Funds contractual pay increases:
  – IMPD, IFD, AFSCME and other mandated or contractually required adjustments
• Funds 50 new IMPD officers and 20 new IFD firefighters
• Funds inmate medical care and 911 services contract for the Sheriff
• Funds 4 additional Community Correction caseworkers
• Funds public purpose grants:
  – Crime Prevention Grant, Arts Grant, Noble of Indiana, etc.
• Uses remaining RebuildIndy funds - $7.3 million
  – Fully repays $8.0 million loan from the Fiscal Stability Fund
• Uses $6.0 million of parking meter fund for infrastructure improvements
• Continues investment in Storm Water capital projects
• Maintains TIF assessed value passed through to local units
• Creates a new health insurance plan to avoid rising costs in health insurance
• Funds a new illegal dumping program and unsafe building program with Code Enforcement
## 2015 Balanced Budget

### TOTAL CITY/COUNTY 2015 BUDGET

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>City and County Budgeted Revenues</td>
<td>$990,080,523</td>
</tr>
<tr>
<td>City and County Budgeted Expenditures</td>
<td>($1,033,476,146)</td>
</tr>
<tr>
<td>Adjustments to Change in Fund Balance*</td>
<td>$45,025,814</td>
</tr>
<tr>
<td><strong>Adjusted Change in Fund Balance</strong></td>
<td><strong>$1,630,191</strong></td>
</tr>
</tbody>
</table>

- Adjustments include:
  - $7.3 million of RebuildIndy fund balance for capital projects
  - $5.8 million for transfer from Storm Water to Flood Control Bonds
  - ($4.0) million for transfer from Ameriplex TIF to support bonds
  - $2.4 million of ISA fund balance for capital projects
  - $33.6 million of Management Reserves (3.25% of total budget)
2015 Projected Revenues

- **Property Tax**, $317.7, 32%
- **Income Tax**, $255.7, 26%
- **Inter-Governmental**, $239.7, 24%
- **Fines, Foritures, Miscellaneous Revenue**, $23.7, 3%
- **Licenses and Permits**, $11.9, 1%
- **Charges for Services**, $83.0, 8%
- **Other Taxes (State)**, $58.4, 6%

- **Total Budgeted Revenue**: $990 million
- Property and income taxes make up 58% of total budgeted revenues
- $44M circuit breaker impact on property taxes
- $’s in millions

Inter-Governmental revenues includes: Federal and state grant revenue, state revenues associated with motor vehicles, cigarette and alcohol, and ISA external charges
2014 budgeted property taxes was $306 million. Due to elimination of 35,000 fraudulent homestead deductions and final figures, projected property tax revenue is $30 million higher for 2014 (one time).
2015 Introduced Appropriations

- Total Proposed Budget: $1.0 billion
- Public Safety and Criminal Justice make up 59% of total proposed budget
- $7.3M from Rebuild Indy Fund
- 3.4% increase in total appropriations compared to 2014 adopted.
- $’s in millions
Mayor’s Early Education and Public Safety Initiative
High Level Overview

- Eliminates the Local Homestead Credit in 2015
  - Generates $7.5 million (net) for the city and county
- Increases the Public Safety Income tax rate to 0.50%
  - Generates $27 million for public safety functions for Indianapolis and Marion County
  - Generates $2.0 million for other local units
- Funds early education scholarships and programs: $5.0 million
- Funds 40 additional police officers starting in 2015: $4.0 million
- Funds criminal justice services: up to $10.0 million

- The proposals and initiative are not included in the Base Plus budget, but rather should be part of additional appropriations in 2015 to provide for further discussion and transparency after the budget is passed in 2014.
Local Homestead Credit Elimination

• **Proposes the full elimination of the Local Homestead Credit starting in 2015**
  – Of the $12.0 million set aside for the credit, **only $4.0 million** actually reduces property tax bills
  – $8.0 million goes to tax units as a reduction in the circuit breaker impact

• **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**
  – Those property owners at the 1% cap will have no impact on property tax bills in 2015
  – Average impact $1.84 per month on homes not at 1% cap

• **Provides $7.5M of gross funding to early education programs and IMPD**
  – $5.0 million will support the Mayor’s Early Education Initiative
  – $2.5 million will support IMPD operations, new recruits and the IMPD fund balance

• **Local units will see an impact on property tax revenues in 2015**
  – However, with 35,000 fraudulent homestead deductions eliminated in 2014 taxing units will still see growth in property taxes
All Marion County Units: Property Tax Levy ($'s in thousands)

Delta between eliminating and keeping the local homestead credit on 2015 projected property taxes is $8.0M for all Marion County taxing Units.

2013 Net Levy: $867,474.0
2014 Certified Net Levy: $851,216.0
2014 Updated Net Levy*: $940,981.1
2015 Projected Net Levy w/ HSC: $887,855.0
2015 Projected Net Levy w/o HSC**: $879,863.1

Note: Levy figures assume 100% collection and do not account for refunds. Maximum possible revenue only.
Indianapolis/Marion County Property Taxes ($'s in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Levy Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 Net Levy</td>
<td>$302,359.4</td>
</tr>
<tr>
<td>2014 Certified Net Levy</td>
<td>$312,255.0</td>
</tr>
<tr>
<td>2014 Updated Net Levy*</td>
<td>$345,274.5</td>
</tr>
<tr>
<td>2015 Projected Net Levy w/ HSC</td>
<td>$320,768.0</td>
</tr>
<tr>
<td>2015 Projected Net Levy w/o HSC**</td>
<td>$317,749.1</td>
</tr>
</tbody>
</table>

Note: Levy figures assume 100% collection and do not account for refunds. Maximum possible revenue only.
Increase in the Public Safety Tax

- **Proposes an increase in the Public Safety Income tax rate starting in 2015**
  - Rate is currently 0.35%, would be raised to 0.50%
  - Impact on Indianapolis residents with $50,000 in taxable income is $6.25 per month
  - Current overall income tax rate would increase from 1.62% to 1.77%

- **Increase in the Public Safety Income tax rate would support local units with additional funds**
  - Could generate an additional **$29.0 million** in additional revenue
  - $16.0 million for the City of Indianapolis (IMPD)
  - $11.0 million for Marion County public safety functions
  - $2.0 million for excluded cities and town and other included cities and towns for public safety functions

- **Additional revenues to the city and county of $27 million would be allocated for:**
  - **$4.0 million for 40 additional** officers in 2015, on top of the 50 already budgeted
    - Allows up to **90 new officers in 2015**, with a goal of **1,677** officers by 2018
  - Up to **$10.0 million** for criminal justice services
    - Sheriff, Courts, Prosecutor, Community Corrections, Crime Lab, Public Defender, etc.
  - **$13.0 million** will be used to support current operating deficit within IMPD and future recruit costs
Marion County Income Tax Rate History


1.65%
0.45%
0.20%
1.00%

1.62%
0.35%
0.30%
1.00%

1.77%
0.27%
0.27%
0.50%

COIT  Levy Freeze Tax  Public Safety Tax
Next Steps

• 8 week review process of 2015 proposed budget by City-County Council committees
  – Agency presentations
  – September 22, 2014 Public Comment on budget
  – Review and Analysis by each committee
  – October 13, 2014 expected vote on budget

• In order for the local homestead credit elimination and public safety tax rate changes to impact 2015, both must be passed on or before the September 22, 2014 City-County Council meeting

• Continue to manage spending during 2014 to maintain $23 million reserve in tax supported funds

• OFM will prepare for the implementation of 2015 spending plans based on final budget and anticipated revenues prior to 2015