



CITY ADMINISTRATIVE OFFICE

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May 28, 2014

The Honorable Mayor Dan Devine
and Members of the Common Council
7525 West Greenfield Avenue
West Allis WI 53214

Subject: 2015-2019 Multi-Year Budget Forecasting

Dear Mayor Devine and Common Council Members:

Attached to this letter is a Multi-Year Budget Forecast for the years 2015 through 2019. The table on the left-hand side of the chart shows the last four (4) years of actual adopted City budgets for the years 2011 through 2014. Then, the 2014 adopted budget is used as the starting point for the five (5) year projections. The five (5) year projections are on the right-hand side of the chart. The last column on the extreme right-hand side indicates the percent of change used for the projections. This projection is based on multiple assumptions and is only as good as the assumptions that it is based on.

In regard to those estimated parameters, the following is noted:

1. Revenues: Total revenues up approximately one-third (1/3) of 1%.
 - Property taxes are increased by .5% based on current State levy limits of net, new construction.
 - No increase in intergovernmental (State) aid.
 - No increase in reserve funds applied.
 - A 1% increase in other revenue.
2. Expenditures: Total expenditures up approximately 3%.
 - General Expense (mainly health insurance) up 5%.
 - All other expenditures increased by 2%.
3. General Fund Levy: Projected to increase 4.7% to 4.6%.
4. Debt Service Levy: Estimated to remain the same.
5. Parking Utility Levy: Projected to increase by 2%.
 - Revenue and expenditures estimated to both increase by 2%.NOTE: May be included in PW General Fund Budget in 2015.
6. TIF Levy: Expected to increase by approximately \$10,000 each year.

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7. Health Insurance Levy: Projected to increase by 5%.
 - Revenue and expenditures estimated to both increase by 5%.
8. Total Combined Levy: Projected to increase 4.2% or slightly less.
9. Assessed Valuation: Projection has no change.
 - Despite projection, the actual revaluation may show a slight increase in assessed value.
 - Assessed value determined by City.
10. Assessed Value Tax Rate: Calculates to be an increase of 4.1% to 4.2%.
11. Equalized Valuation: Projection has no change.
 - Despite projection, the actual revaluation may show a slight decrease in equalized value.
 - Equalized value determined by State.
12. Equalized Value Tax Rate: Calculates to be an increase of approximately 4.2%.

As you will note, the result of this five (5) year projection indicates a Total Combined Levy of approximately 4.2%. However, that percentage increase exceeds the current State levy limit of net, new construction [currently running in the range of zero (+ or -)]. Thus, a levy increase of over 4% would not be permitted (without a loss of State aid or without an approval of a higher amount through a voter referendum). So, like last year (2014 budget), something will need to be modified. Among the options would be new, other revenues, reduced services and related expenditure cuts, new ways of operating, or a combination of all of the above. Therefore, a challenge continues to present itself to the City staff, Mayor, and Common Council to plan for solutions in this regard.

I would welcome your thoughts and discussion on this subject. Thank you for your attention to this document. If you have any questions, or need further information or clarification, please feel free to contact me.

Sincerely,



Paul M. Ziehler,
City Administrative Officer, Clerk/Treasurer

PMZ:jfw
Attachment
cc: Dept/Div Heads

ADM\ORDRES\MCC.MultiYr Forecast

2014 Budget General Fund Multi-Year Forecasting (2015-2019)

General Fund Revenue	Adopted 2011	Adopted 2012	Adopted 2013	Adopted 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Change
Taxes	\$ 1,095,511	\$ 1,170,438	\$ 1,188,579	\$ 1,269,500	\$ 1,275,848	\$ 1,282,227	\$ 1,288,638	\$ 1,295,081	\$ 1,301,556	0.005
Intergovernmental Grants and Aids	\$ 13,371,809	\$ 12,059,773	\$ 12,022,165	\$ 11,975,682	\$ 11,975,682	\$ 11,975,682	\$ 11,975,682	\$ 11,975,682	\$ 11,975,682	0
License, Permits, and Fees	\$ 1,321,940	\$ 1,329,390	\$ 1,437,580	\$ 1,534,800	\$ 1,550,148	\$ 1,565,649	\$ 1,581,306	\$ 1,597,119	\$ 1,613,090	0.01
Penalties and Forfeitures	\$ 1,975,000	\$ 2,025,000	\$ 1,850,000	\$ 2,068,299	\$ 2,088,982	\$ 2,109,872	\$ 2,130,970	\$ 2,152,280	\$ 2,173,800	0.01
Charges for Services	\$ 2,526,513	\$ 2,586,013	\$ 2,645,613	\$ 2,848,260	\$ 2,876,743	\$ 2,905,510	\$ 2,934,565	\$ 2,963,911	\$ 2,993,550	0.01
Misc. Revenue	\$ 1,121,500	\$ 1,121,500	\$ 1,221,500	\$ 1,347,100	\$ 1,360,571	\$ 1,374,177	\$ 1,387,918	\$ 1,401,798	\$ 1,415,815	0.01
Reserve Fund Applied	\$ 2,685,836	\$ 2,877,280	\$ 2,608,181	\$ 2,388,000	\$ 2,388,000	\$ 2,388,000	\$ 2,388,000	\$ 2,388,000	\$ 2,388,000	0
Total General Fund Revenues	\$ 24,098,109	\$ 23,169,394	\$ 22,973,618	\$ 23,431,641	\$ 23,515,973	\$ 23,601,117	\$ 23,687,080	\$ 23,773,870	\$ 23,861,496	0.37%
Percent Change Over Previous Year	N/A	-3.90%	-0.80%	1.99%	0.36%	0.36%	0.36%	0.37%	0.37%	0.37%
Expenditures										
Policy Making	\$ 181,836	\$ 179,836	\$ 179,836	\$ 184,488	\$ 188,178	\$ 191,941	\$ 195,780	\$ 199,695	\$ 203,690	0.02
Legal, Judicial, & Elected Administration	\$ 1,123,191	\$ 1,127,126	\$ 1,110,926	\$ 1,177,902	\$ 1,201,460	\$ 1,225,489	\$ 1,249,999	\$ 1,274,999	\$ 1,300,499	0.02
Administration & Finance	\$ 2,514,472	\$ 2,510,040	\$ 2,547,002	\$ 2,810,621	\$ 2,866,833	\$ 2,924,170	\$ 2,982,653	\$ 3,042,306	\$ 3,103,153	0.02
Health, Safety, & Culture	\$ 24,756,930	\$ 24,521,187	\$ 24,634,413	\$ 25,600,134	\$ 26,112,136	\$ 26,634,378	\$ 27,167,065	\$ 27,710,406	\$ 28,264,614	0.02
Public Works	\$ 8,419,408	\$ 8,555,049	\$ 8,766,761	\$ 9,318,894	\$ 9,505,272	\$ 9,695,377	\$ 9,889,285	\$ 10,087,070	\$ 10,288,811	0.02
General Expenses	\$ 19,023,855	\$ 18,711,559	\$ 18,859,009	\$ 17,682,415	\$ 18,566,535	\$ 19,494,861	\$ 20,469,604	\$ 21,493,084	\$ 22,567,738	0.05
Total General Fund Expenditures	\$ 56,019,692	\$ 55,604,797	\$ 56,097,947	\$ 56,774,454	\$ 58,440,414	\$ 60,166,217	\$ 61,954,386	\$ 63,807,561	\$ 65,728,504	3.01%
Percent Change Over Previous Year	N/A	-0.74%	0.89%	1.20%	2.93%	2.93%	2.97%	2.99%	3.01%	3.01%
General Fund Levy Requirement	\$ 31,921,583	\$ 32,435,403	\$ 33,124,329	\$ 33,342,813	\$ 34,924,441	\$ 36,565,100	\$ 38,267,306	\$ 40,033,691	\$ 41,867,008	4.58%
Percent Change Over Previous Year	N/A	1.61%	2.12%	0.66%	4.74%	4.70%	4.66%	4.62%	4.58%	4.58%
Debt Service										
Expenditures	\$ 3,683,389	\$ 3,639,460	\$ 3,962,073	\$ 3,901,186	\$ 3,901,186	\$ 3,901,186	\$ 3,901,186	\$ 3,901,186	\$ 3,901,186	0
Non-Tax Revenues	\$ 303,388	\$ 189,460	\$ 188,973	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	0
Debt Service Levy Requirement	\$ 3,380,001	\$ 3,450,000	\$ 3,773,100	\$ 3,751,186	\$ 3,751,186	\$ 3,751,186	\$ 3,751,186	\$ 3,751,186	\$ 3,751,186	0.00%
Percent Change Over Previous Year	N/A	2.07%	9.37%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Parking Utility										
Expenditures	\$ 62,964	\$ 61,325	\$ 64,787	\$ 64,787	\$ 66,083	\$ 67,404	\$ 68,752	\$ 70,128	\$ 71,590	0.02
Non-Tax Revenues	\$ 19,964	\$ 18,325	\$ 21,787	\$ 21,787	\$ 22,223	\$ 22,667	\$ 23,121	\$ 23,583	\$ 24,055	0.02
Parking Utility Levy Requirement	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,860	\$ 44,737	\$ 45,632	\$ 46,545	\$ 47,535	2.00%
Percent Change Over Previous Year	N/A	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
TIF										
TIF Levy Requirement	\$ 1,052,224	\$ 1,060,330	\$ 1,069,761	\$ 970,951	\$ 980,951	\$ 990,951	\$ 1,000,951	\$ 1,010,951	\$ 1,020,951	1.00%
Percent Change Over Previous Year	N/A	0.77%	0.89%	-9.20%	1.03%	1.02%	1.01%	1.00%	0.99%	0.99%
Health Insurance										
Expenditures	\$ 17,355,500	\$ 17,529,000	\$ 16,736,200	\$ 16,620,000	\$ 17,451,000	\$ 18,323,550	\$ 19,239,727	\$ 20,201,713	\$ 21,211,798	0.05
Non-Tax Revenue	\$ 14,555,500	\$ 14,729,000	\$ 14,736,200	\$ 14,620,000	\$ 15,351,000	\$ 16,118,550	\$ 16,924,477	\$ 17,770,700	\$ 18,659,235	0.05
Health Insurance Levy Requirement	\$ 2,800,000	\$ 2,800,000	\$ 2,000,000	\$ 2,000,000	\$ 2,100,000	\$ 2,205,000	\$ 2,315,250	\$ 2,431,013	\$ 2,552,563	5.00%
Percent Change Over Previous Year	N/A	0.00%	-29.00%	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Budget Deficit Funded By Local Property Taxes (Levy)	\$ 39,196,808	\$ 39,788,733	\$ 40,010,190	\$ 40,137,948	\$ 41,800,438	\$ 43,556,974	\$ 45,380,325	\$ 47,273,386	\$ 49,239,183	4.14%
Percent Change Over Previous Year	N/A	1.51%	0.56%	0.32%	4.14%	4.20%	4.19%	4.17%	4.16%	4.16%
Assessed Valuation	\$ 4,080,024,300	\$ 4,079,339,700	\$ 4,083,973,400	\$ 3,732,163,900	\$ 3,732,163,900	\$ 3,732,163,900	\$ 3,732,163,900	\$ 3,732,163,900	\$ 3,732,163,900	0.00%
Percent Change Over Previous Year	N/A	-0.02%	0.11%	-8.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate Per \$1,000 Of Value Assessed	\$ 9.61	\$ 9.75	\$ 9.81	\$ 10.75	\$ 11.20	\$ 11.67	\$ 12.16	\$ 12.67	\$ 13.19	4.19%
Percent Change Over Previous Year	N/A	1.46%	0.62%	9.58%	4.19%	4.20%	4.20%	4.19%	4.10%	4.10%
Equalized Valuation	\$ 4,112,421,800	\$ 3,906,288,200	\$ 3,738,930,800	\$ 3,738,930,800	\$ 3,738,930,800	\$ 3,738,930,800	\$ 3,738,930,800	\$ 3,738,930,800	\$ 3,738,930,800	0.00%
Percent Change Over Previous Year	N/A	-5.01%	-4.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate Per \$1,000 Of Value Equalized	\$ 9.53	\$ 10.18	\$ 10.71	\$ 10.73	\$ 11.18	\$ 11.65	\$ 12.14	\$ 12.64	\$ 13.17	4.19%
Percent Change Over Previous Year	N/A	6.82%	5.21%	1.21%	4.19%	4.20%	4.21%	4.12%	4.19%	4.19%

***REVALUATION IN ODD YEARS AFFECTS BUDGET EVERY EVEN YEAR

***ESTIMATE OF 0.6% PER YEAR VALUE INCREASE