



CITY ADMINISTRATIVE OFFICE

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February 14, 2013

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

Subject: 2014-2018 Multi-Year Budget Forecasting

Dear Mayor Devine and Common Council Members:

Attached to this letter is a Multi-Year Budget Forecast for the years 2014 through 2018. The table on the left-hand side of the chart shows the last four (4) years of actual adopted City budgets for the years 2010 through 2013. Then, the 2013 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 4.8% to 4.7%
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%.
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 4.30% to 4.24%
9. Assessed Valuation: Projection has no change.
 - Despite projection, the actual revaluation may show a decrease in assessed value.
 - Assessed value determined by City.
10. Assessed Value Tax Rate: Calculates to be an increase of 4.27% to 4.24%.
11. Equalized Valuation: Projection has no change.
 - Despite projection, the actual revaluation may show a decrease in equalized value.
 - Equalized value determined by State.
12. Equalized Value Tax Rate: Calculates to be an increase of 4.21% to 4.24%.

As you will note, the results of this 5 year projection places the Total Combined Levy in the range of 4.3% to 4.24%. However, that percentage increase far exceeds the current State levy limit of net, new construction (currently running in the range of .1% to .4%). 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). Consequently, something would 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 serious challenge presents 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\MORDRES\MCC.MultiYr Forecast

2013 BUDGET GENERAL FUND MULTI-YEAR FORECASTING (2014-2018)

I. GENERAL FUND REVENUE	ADOPTED					FORECAST FOR THE FUTURE USING PREVIOUS ADOPTED BUDGETS					CHANGE
	2010	2011	2012	2013	ADOPTED	2014	2015	2016	2017	2018	
Taxes	\$ 1,006,000	\$ 1,095,511	\$ 1,170,438	\$ 1,188,579	\$ 1,170,438	\$ 1,200,495	\$ 1,206,497	\$ 1,212,529	\$ 1,218,592	\$ 1,218,592	0.005
Interg., Grants & aid	\$ 13,287,017	\$ 13,371,809	\$ 12,059,773	\$ 12,022,165	\$ 12,059,773	\$ 12,022,165	\$ 12,022,165	\$ 12,022,165	\$ 12,022,165	\$ 12,022,165	0
License, Permits, Fees	\$ 1,314,780	\$ 1,321,940	\$ 1,329,390	\$ 1,437,580	\$ 1,329,390	\$ 1,466,476	\$ 1,481,141	\$ 1,495,952	\$ 1,510,912	\$ 1,510,912	0.01
Penalties & Forfeitures	\$ 2,025,000	\$ 1,975,000	\$ 2,025,000	\$ 1,850,000	\$ 2,025,000	\$ 1,887,185	\$ 1,908,057	\$ 1,925,118	\$ 1,944,369	\$ 1,944,369	0.01
Charge for Service	\$ 2,549,075	\$ 2,526,513	\$ 2,586,013	\$ 2,645,613	\$ 2,586,013	\$ 2,698,790	\$ 2,725,778	\$ 2,753,036	\$ 2,780,566	\$ 2,780,566	0.01
Miscellaneous Revenue	\$ 1,588,000	\$ 1,121,500	\$ 1,121,500	\$ 1,221,500	\$ 1,121,500	\$ 1,246,052	\$ 1,258,513	\$ 1,271,098	\$ 1,283,809	\$ 1,283,809	0.01
Reserve Fund Applied	\$ 3,110,276	\$ 2,685,836	\$ 2,877,280	\$ 2,608,181	\$ 2,685,836	\$ 2,608,181	\$ 2,608,181	\$ 2,608,181	\$ 2,608,181	\$ 2,608,181	0
Total General Fund Revenues	\$ 24,890,148	\$ 24,098,109	\$ 23,169,384	\$ 22,973,618	\$ 24,098,109	\$ 23,129,344	\$ 23,208,332	\$ 23,288,079	\$ 23,368,594	\$ 23,368,594	0.34%
% Change Over Previous Year	N/A	-3.18%	-3.85%	-0.84%		0.34%	0.34%	0.34%	0.34%	0.35%	
EXPENDITURES											
Policy Making	\$ 184,036	\$ 181,836	\$ 179,836	\$ 179,836	\$ 179,836	\$ 187,102	\$ 190,844	\$ 194,661	\$ 198,554	\$ 198,554	0.02
Legal/Judicial & Admin.(elect.)	\$ 1,070,853	\$ 1,123,191	\$ 1,127,126	\$ 1,110,926	\$ 1,127,126	\$ 1,155,808	\$ 1,178,924	\$ 1,202,502	\$ 1,226,552	\$ 1,226,552	0.02
Administration & Finance	\$ 2,642,235	\$ 2,514,472	\$ 2,510,040	\$ 2,547,002	\$ 2,510,040	\$ 2,649,901	\$ 2,702,899	\$ 2,756,957	\$ 2,812,096	\$ 2,812,096	0.02
Health, Safety & Culture	\$ 24,769,299	\$ 24,756,930	\$ 24,521,187	\$ 24,634,413	\$ 24,521,187	\$ 25,629,643	\$ 26,142,236	\$ 26,665,081	\$ 27,198,383	\$ 27,198,383	0.02
Public Works	\$ 8,832,590	\$ 8,419,408	\$ 8,555,049	\$ 8,766,761	\$ 8,555,049	\$ 9,120,938	\$ 9,303,357	\$ 9,489,424	\$ 9,679,212	\$ 9,679,212	0.02
General Expenses	\$ 18,007,205	\$ 19,023,855	\$ 18,711,559	\$ 18,859,009	\$ 18,711,559	\$ 20,792,057	\$ 21,831,660	\$ 22,923,243	\$ 24,069,405	\$ 24,069,405	0.05
Total General Fund Expenditures	\$ 55,506,218	\$ 56,019,692	\$ 55,604,797	\$ 56,097,947	\$ 55,604,797	\$ 59,535,449	\$ 61,349,920	\$ 63,231,868	\$ 65,184,202	\$ 65,184,202	3.01%
% Change Over Previous Year	N/A	0.93%	-0.74%	0.89%		3.03%	3.05%	3.07%	3.08%	3.09%	
General Fund Levy Requirement	\$ 30,616,070	\$ 31,921,583	\$ 32,435,403	\$ 33,124,329	\$ 32,435,403	\$ 36,406,105	\$ 38,141,588	\$ 39,943,789	\$ 41,815,608	\$ 41,815,608	4.86%
% Change Over Previous Year	N/A	4.26%	1.61%	2.12%		4.81%	4.77%	4.73%	4.69%	4.69%	
II. DEBT SERVICE											
Expenditures	\$ 4,002,156	\$ 3,683,389	\$ 3,639,460	\$ 3,962,073	\$ 3,639,460	\$ 3,962,073	\$ 3,962,073	\$ 3,962,073	\$ 3,962,073	\$ 3,962,073	0
Non - Tax Revenues	\$ 242,155	\$ 303,388	\$ 189,460	\$ 188,973	\$ 189,460	\$ 188,973	\$ 188,973	\$ 188,973	\$ 188,973	\$ 188,973	0
Debt Service Levy Requirement	\$ 3,760,001	\$ 3,380,001	\$ 3,450,000	\$ 3,773,100	\$ 3,450,000	\$ 3,773,100	\$ 3,773,100	\$ 3,773,100	\$ 3,773,100	\$ 3,773,100	0.00%
% Change Over Previous Year	N/A	-10.11%	2.07%	9.37%		0.00%	0.00%	0.00%	0.00%	0.00%	
III. PARKING UTILITY											
Expenditures	\$ 60,430	\$ 62,964	\$ 61,325	\$ 64,787	\$ 61,325	\$ 67,405	\$ 68,753	\$ 70,128	\$ 71,531	\$ 71,531	0.02
Non - Tax Revenue	\$ 20,430	\$ 19,964	\$ 18,325	\$ 21,787	\$ 18,325	\$ 22,667	\$ 23,120	\$ 23,582	\$ 24,054	\$ 24,054	0.02
Parking Utilities Levy Requirement	\$ 40,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 44,738	\$ 45,633	\$ 46,546	\$ 47,477	\$ 47,477	2.00%
% Change Over Previous Year	N/A	7.50%	0.00%	0.00%		2.00%	2.00%	2.00%	2.00%	2.00%	
IV. TIF											
TIF Levy Requirement	996,086	1,052,224	1,060,330	1,069,761	1,060,330	1,089,761	1,099,761	1,109,761	1,119,761	1,119,761	10,000
% Change Over Previous Year	N/A	5.64%	0.77%	0.89%		0.93%	0.92%	0.91%	0.90%	0.90%	
V. Health Insurance											
Expenditures	16,539,500	17,355,500	17,529,000	16,736,200	17,529,000	18,451,661	19,374,244	20,342,956	21,360,103	21,360,103	0.05
Non-Tax Revenue	\$ 13,739,500	\$ 14,555,500	\$ 14,729,000	\$ 14,736,200	\$ 14,729,000	\$ 16,246,661	\$ 17,058,994	\$ 17,911,943	\$ 18,807,540	\$ 18,807,540	0.05
Health Insurance Levy Requirement	\$ 2,800,000	\$ 2,800,000	\$ 2,800,000	\$ 2,000,000	\$ 2,800,000	\$ 2,205,000	\$ 2,315,250	\$ 2,431,013	\$ 2,552,563	\$ 2,552,563	5%
% Change Over Previous Year	N/A	0%	0%	-29%		5%	5%	5%	5%	5%	
Budget Deficit Funded By Local Property Taxes (Levy)											
Property Taxes (Levy)	\$ 38,212,157	\$ 39,196,808	\$ 39,788,733	\$ 40,010,190	\$ 39,788,733	\$ 43,518,704	\$ 45,375,382	\$ 47,304,209	\$ 49,308,509	\$ 49,308,509	4.30%
% Change Over Previous Year	N/A	2.58%	1.51%	0.56%		4.28%	4.27%	4.25%	4.24%	4.24%	
Assessed Valuation on @											
Assessed Valuation on @	\$ 4,275,500,000	\$ 4,080,024,300	\$ 4,079,339,700	\$ 4,083,973,400	\$ 4,079,339,700	\$ 4,083,973,400	\$ 4,083,973,400	\$ 4,083,973,400	\$ 4,083,973,400	\$ 4,083,973,400	0.00%
% Change Over Previous Year	N/A	-4.57%	-0.02%	0.11%		0.00%	0.00%	0.00%	0.00%	0.00%	
(AT ASSESSED VALUATION)											
Tax Rate Per \$1000 Of Value	\$ 8.94	\$ 9.61	\$ 9.75	\$ 9.80	\$ 9.75	\$ 10.66	\$ 11.11	\$ 11.58	\$ 12.07	\$ 12.07	4.27%
% Change Over Previous Year	N/A	7.49%	1.48%	0.51%		4.28%	4.27%	4.25%	4.24%	4.24%	
Equalized Valuation											
Equalized Valuation	\$ 4,361,120,200	\$ 4,112,421,800	\$ 3,906,288,200	\$ 3,738,930,800	\$ 3,906,288,200	\$ 3,738,930,800	\$ 3,738,930,800	\$ 3,738,930,800	\$ 3,738,930,800	\$ 3,738,930,800	0.00%
% Change Over Previous Year	N/A	-5.70%	-5.01%	-4.28%		0.00%	0.00%	0.00%	0.00%	0.00%	
(AT EQUALIZED VALUATION)											
Tax Rate Per \$1000 Of Value	\$ 8.76	\$ 9.53	\$ 10.18	\$ 10.71	\$ 10.18	\$ 11.64	\$ 12.14	\$ 12.65	\$ 13.19	\$ 13.19	4.21%
% Change Over Previous Year	N/A	8.79%	6.82%	5.21%		4.28%	4.27%	4.25%	4.24%	4.24%	

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

*****ESTIMATE OF 0% PER YEAR VALUE INCREASE.