

Memorandum

To: Members of the Boards of Finance and Representatives

From: Jim Hricay, OPM Director

Jim Hricay

Date: June 23, 2014

Re: FY 2013-14 Fourth Quarter Projection

The Office of Policy and Management (OPM) has completed a financial review of all operating departments along with an analysis of general fund revenue sources. This analysis includes actual revenues and expenditures posted thru June 20th, as well as revenue and expenditure projections. The year-end fourth quarter projection is a City-wide operating surplus of \$2.9M (Attachment).

Fourth Quarter Summary:

Revenues through YTD totaled \$505.86M, \$5.8M more than the original budget, leaving a balance of \$0.1M of the projected \$505.9M to be collected by the end of the fiscal year. Included in this amount is \$6.95M in contingency funds. According to the Tax Collector, tax receipts (as a percentage of budgets) are up from the same time period last year. Overall, revenue for FEMA reimbursement, state aid, claims and settlements, and conveyance tax are all projected to exceed budget whereas shortfalls are projected in single stream recycling, transfers-in from other funds, and Smith House.

Expenditures on the municipal side, excluding Board of Education to present are \$243.6M or 96.3% of the total City budget. YTD expenditures include full year expenditures for annual payments for transfer to the debt service fund, pension, and Other Post-Employment Benefits (OPEB) paid in July/August in accordance with our operating plan as well as Medical and Life payments to insurance fund charges.

Unchanged from prior reports, Police and Fire continue to place pressure on the City budget. In addition, the Smith House is projecting a \$578.5K revenue shortfall and \$559K over expenditure. Lastly, excess revenue transfers-in from the Parking and Police Extra Duty funds are projecting a \$1.2M shortfall which will be detailed later in this report.

Tipping Fees have increased throughout the year and currently are projected to exceed the budget by \$328.7K. Logically, the additional tipping fee tonnage has increased haulaway costs which are projected \$378K over budget. Recycling single stream is projected to fall short by \$204.5K, or 91% lower than the budgeted amount. This reduction is due to the constraints of the current single stream vendor. A bid was recently awarded to a new vendor who starts July 1st with more favorable returns expected next year.

REVENUES:

Property Taxes: No Change Tax billings have yielded a positive rate of return. I have deducted \$0.5M from the Current Levy as a hedge to account for end of year adjustments. Collections in other tax related areas such as collections and penalties and interest on delinquent taxes are on target with adopted levels. Uncollected prior year is projected to be slightly above budget. In particular, with the rollout of on-line tax payments, the Tax Collector reports an increase in the collection rate for motor vehicles. The year to date collections for motor vehicles as a percentage of budget is exceeding prior year. The Tax Collector Supplemental Auto Tax billing has also generated \$3.08M with end of year totals anticipated to be \$100K above budget.

Revenues from Use of Money: Decrease of \$27,455: The interest rate environment remains stagnant. Investment options are limited therefore the current projection is based upon the State's Short Term Investment Fund (STIF). The current STIF rate is currently 16 basis points.

Intergovernmental Revenues: Increase of \$4,084,237: To recap, when the Board of Finance set the annual mill rates, the state had not yet finalized their budget. With the state aid now complete we realized a positive net variance in state aid revenue of \$700K. In addition to the state aid, we received FEMA reimbursements of \$2.1M. We also received additional revenue of \$254.4K and \$361.9K for two state grants (Tax Abatement and PILOT-135), that were previously eliminated.

In addition, we experienced favorable albeit smaller increases in the Municipal Video Competition Trust Account (gross earnings tax imposed on certified competitive video service providers) of \$45,515, Motor Vehicle Fines of \$49,656 and Vocational Agricultural of \$39,823, in reimbursements from the state.

Departmental Revenue: Increase of \$2,265,222: The primary driver of this increase is Conveyance Tax due to the sale of properties in the City. As of today, Conveyance taxes collected were \$5.7M or 93.8% above budget. Also projected above budget is Building Permits revenue by \$128K. Through June 20th, \$6.13M of the \$6M budget has been collected. We have also projected an increase in tipping fees of municipal solid waste (MSW) and bulky waste of \$328.7K due to an increase in the customer base. This additional revenue will help mitigate the increased haulaway expense resulting from the increased tonnage being brought in. At this time, the Smith House is projecting a revenue shortfall of approximately \$578.5K. According to the Finance Manager, the improved patient census and payer mix seen earlier in the fiscal year tapered. They are working to improve this situation.

Other Revenue: Increase of \$731,348: The primary reason for this increase is an additional \$500K reimbursement from our insurance company for Storm Sandy. Additionally, Other-Miscellaneous Revenue and Tuition from the Board of Education are projected to exceed budget by \$375K and \$51.8K respectively.

Inter-Fund Transfers: Decrease of \$1,225,850: This projection is based on an estimated shortfall from the Parking (\$792K) and Police Extra Duty (\$433K) Funds. Over the past three years we have seen a decrease in the amount of excess revenue that the Parking Fund has been able to transfer to the general fund. This year, revenue was dampened by an unusually harsh winter in which snow on streets reduced parking and ticket revenue. Last year, the budget for Police Extra duty included an operating transfer as well as a drawdown of fund balance. This year's budget was unchanged. However, at FY 12/13 year-end, the fund was not replenished – resulting in the projected shortfall for the current year.

EXPENDITURES:

Office of Administration: Shortfall of \$203,585: This shortfall in the Office of Administration is due to budget reductions made to several salary lines through the department as well as smaller projected shortfalls on seasonal, overtime, and part-time accounts.

Office of Operations: Shortfall of \$734,231: Of this amount, Haulaway/Garbage makes up the largest amount at \$378K. As indicated earlier this is due to the addition of more private haulers bringing their refuse to the Transfer Station. Most of that overage will be absorbed through additional revenue from tipping fees of \$328.7K. Additionally, there is a projected shortfall in Vehicle Maintenance, overtime, and seasonal costs throughout the entire Office of Operations, a portion of which is planned to be absorbed through savings in other areas.

Public Safety: Shortfall of \$837,963: This is an improvement of \$1.72M from earlier estimates. As before, the primary driver for the projected shortfall is Smith House, Police and Fire overtime and related salary accounts. Throughout the fiscal year, as positions were vacated, a portion of the projected shortfalls were offset with salary savings. As we close the year however further attribution savings will not be achieved. All other departments in the Health Department are projecting minor variances.

Police: A budgetary shortfall of \$452.7K is projected in this area. The primary driver of this projected shortfall is \$173K in Overtime (Attachment), \$200K in Mandated Training Overtime and other associated pays such as holidays, accumulated leave, and court time. According to the Police Department,

overtime continues to be driven by minimum manpower and lack of available manpower. This fiscal year thirteen (13) Police Officers completed their field training and now count towards minimum manpower. Year to date overtime is \$293.8K less or 6.6% lower compared to the prior two-year average.

Fire: A budgetary shortfall of \$59,716 is projected for the Stamford Fire Department. The primary driver of this projected shortfall is overtime (Attachment). Through the end of May, overtime averaged slightly more than \$65K per week. The driver of overtime as with the Police is minimum staffing. Staffing levels are lower than expected due to fourteen (14) retirements this year as well as twelve (12) employees out on long term sick or injured leave. The department has initiated hiring associated with a SAFER grant awarded to the City as well as the settlement with the Turn of River Volunteer Fire Department, both of which should have an impact on reducing overtime next fiscal year.

Smith House: A budgetary shortfall of \$559K is projected for Smith House (Attachment). The largest part can be attributed to nursing part time, permanent part-time, and overtime accounts. On a profit/loss basis, the FY 13/14 budget for Smith House was approved with an operating loss of \$1,109,920. At this time the end-of-year operating loss is projected to be \$2.66M, as compared to last year's loss of \$2.95M. This projection is based on monthly forecasts provided from the Smith House. According to their Finance Director, earlier in the fiscal year, the facility experienced an improved occupancy and patient mix. Unfortunately, as we exited winter, that mix deteriorated. They continue to work on improving the patient census as well as contain costs where possible. However, as a regulated facility they are faced with maintaining specific staffing ratios.

Office of Legal Affairs: Shortfall of \$458,608: \$240K of this shortfall is due to the expected overage in Professional Consultants in the Legal Affairs Department. An additional appropriation for this amount was approved at the last Board of Finance meeting and awaits consideration by the Board of Representatives. An additional \$55K is attributed to the Assistant Corporation Counsel's contract settlement this fall as well as the payout of unused vacation for the previous Corporation Counsel. Unemployment expense, which is based on actual experience, is projected to exceed budget by \$60K. Human Resources Seasonal is projected to exceed budget by \$45K, due to departmental demands related to testing, pension statement requirements, and an employee out on extended sick leave. A shortfall is also expected in Human Resources Salary of \$62.7K; greater savings were not realized due to the former Director's severance pay.

Government Services: Surplus of \$65,818: This savings is primarily attributed to the salary savings associated with the vacant Economic Development Director Position.

Community and Cultural Activities: No Change No change from the Adopted Budget is projected.

Debt Service/Transfers Out: No Change: No change from the Adopted Budget is projected.

Contingency: The Contingency reserve was approved at \$6.95M. Year to date, \$3.8M has been appropriated. For planning purposes, we have assumed full utilization of the contingency reserve this fiscal year.

Board of Education: No Change: Based on discussions with the Finance Director of the Board of Education a small surplus is expected. However, for the purposes of this forecast I am projecting that there will be no surplus.

Cc: Mayor David Martin

Michael Handler, Director of Administration

City of Stamford

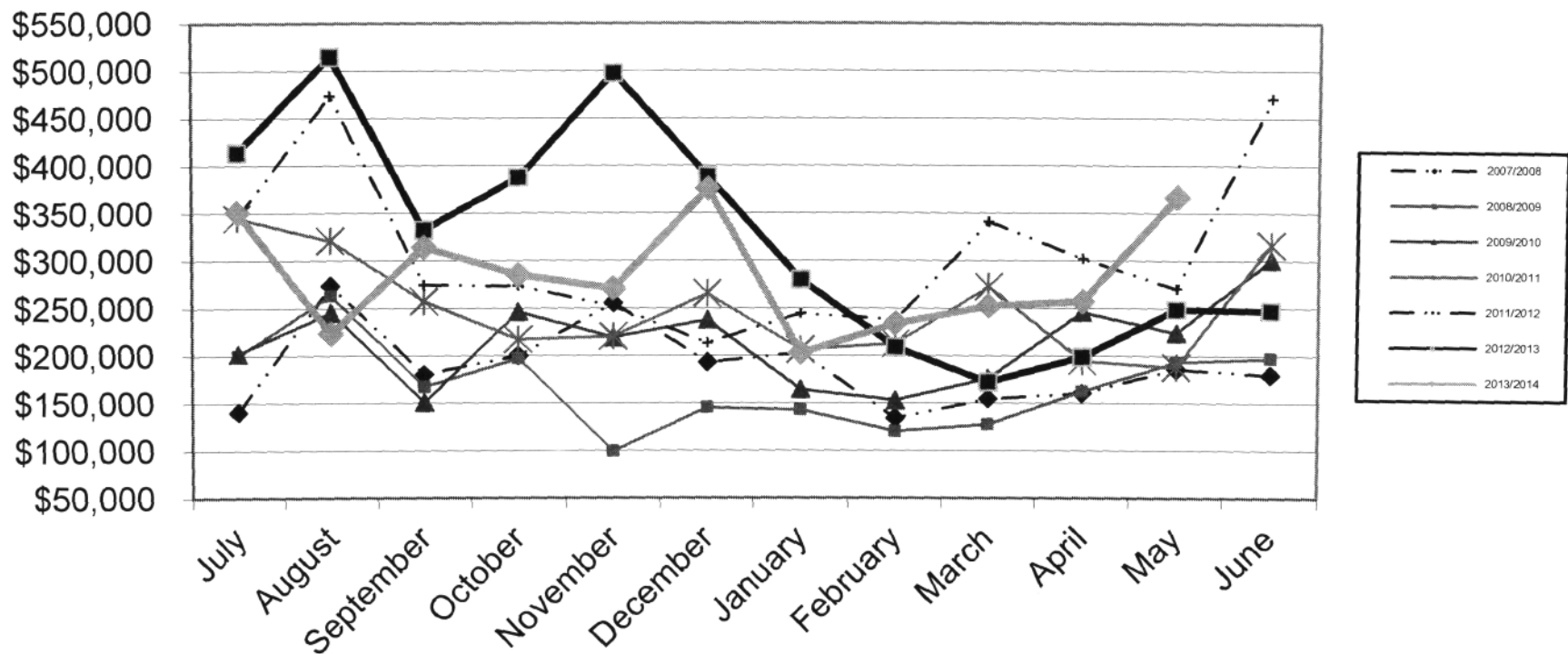
Fourth Quarter Financial Projection

FY 2013-14

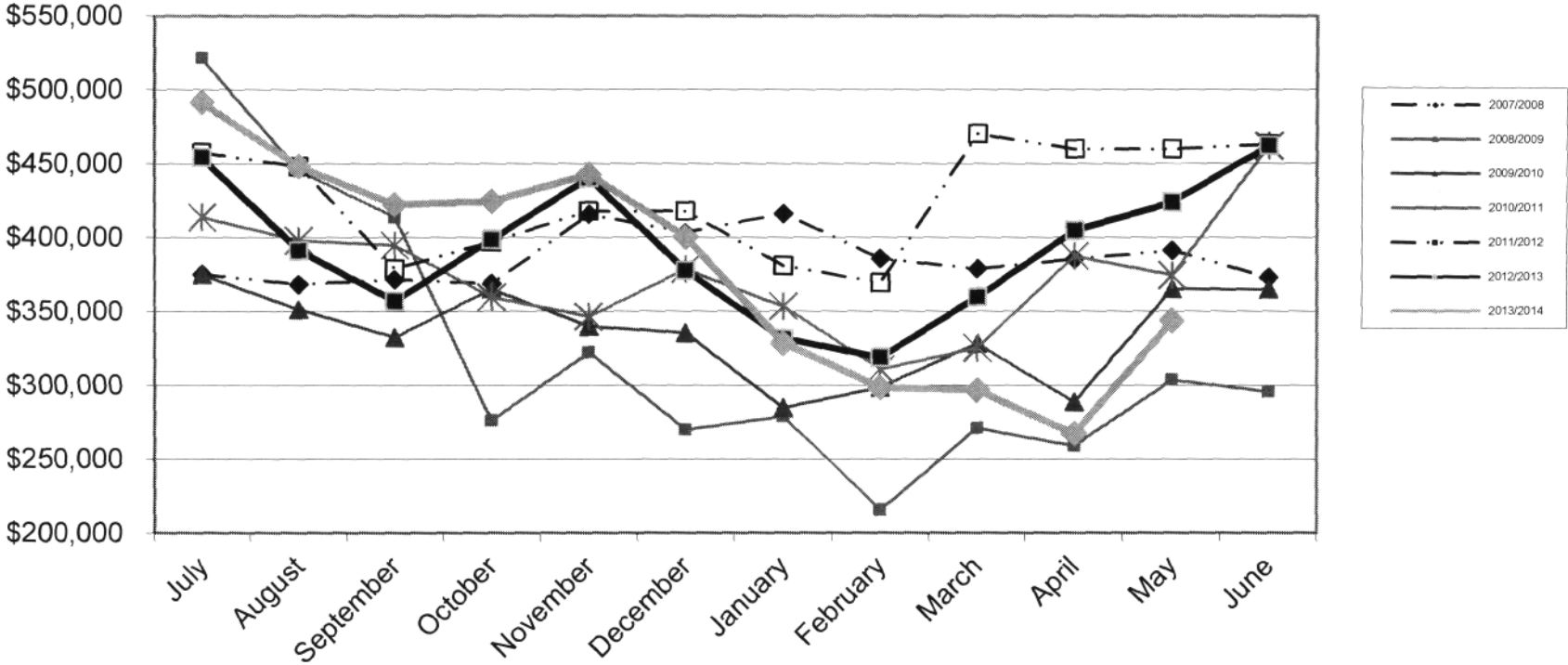
Summary

Description	Approved Budget	Add'l Appropriations	Account Adjustments	Revised Budget	Revised Budget Check	Variance Approved	Q4 Projection	Q4 vs Revised	YTD
REVENUES									
Current Levy	429,581,490		0	429,581,490	429,581,490	0	429,081,490	500,000	437,517,588
Property Taxes	11,500,100		0	11,500,100	11,500,100	0	12,000,000	(499,900)	11,255,502
Contingency	0		0	6,950,000	6,950,000	6,950,000	6,950,000	0	0
Revenues from the Use of Money	125,000		0	125,000	125,000	0	97,545	27,455	87,844
Intergovernmental	14,627,718		0	14,627,718	14,627,718	0	18,711,955	(4,084,237)	17,889,251
Departmental Revenue	29,604,257		0	29,604,257	29,604,257	0	31,869,479	(2,265,222)	30,734,742
Other Revenue	2,721,520		0	2,721,520	2,721,520	0	3,452,868	(731,348)	3,418,576
Interfund Transfers	4,965,438		0	4,965,438	4,965,438	0	3,739,588	1,225,850	4,965,438
Total Revenues	\$493,125,523	\$0	\$0	\$500,075,523	\$500,075,523	\$6,950,000	\$505,902,925	(\$5,827,402)	\$505,868,942
									33,983
EXPENDITURES									
Office of Administration	7,922,876	0	0	7,922,876	7,922,876	0	8,126,461	(203,585)	7,607,869
Office of Operations	37,309,023	1,394,844	0	38,703,867	38,703,867	1,394,844	39,438,098	(734,231)	37,247,206
Office of PS, Health, & Welfare	124,485,956	2,756,958	(0)	127,242,914	127,242,914	2,756,958	128,080,877	(837,963)	123,892,552
Office of Legal Affairs	16,778,127	241,463	0	17,019,590	17,019,590	241,463	17,478,198	(458,608)	4,683,719
Government Services	4,222,730	191,348	0	4,414,078	4,414,078	191,348	4,348,260	65,818	3,910,553
Community Grants	9,509,145	256,000	0	9,765,145	9,765,145	256,000	9,765,145	(0)	9,587,484
Contingency	0	0	0	0	0	0	2,840,631	(2,840,631)	0
Sub-Total Expenses City	\$ 200,227,857	\$ 4,840,613	\$ (0)	\$ 205,068,470	\$ 205,068,470	\$ 4,840,613	\$ 210,077,670	\$ (5,009,200)	\$ 186,929,383
Debt Service	47,824,707		0	47,824,707	47,824,707	0	47,824,707	0	56,737,643
Total Expenses City	\$ 248,052,564	\$ 4,840,613	\$ (0)	\$ 252,893,177	\$ 252,893,177	\$ 4,840,613	\$ 257,902,377	\$ (5,009,200)	\$ 243,667,027
BOE Debt Service	0	0	0	0	0	0	0	0	0
BOE City Support Services	0	0	0	0	0	0	0	0	0
BOE	245,072,959	0	0	245,072,959	245,072,959	0	245,072,959	0	240,936,485
Sub-Total BOE	\$ 245,072,959	\$ -	\$ -	\$ 245,072,959	\$ 245,072,959	\$ -	\$ 245,072,959	\$ -	\$ 240,936,485
Total Expenditures	\$ 493,125,523	\$ 4,840,613	\$ (0)	\$ 497,966,136	\$ 497,966,136	\$ 4,840,613	\$ 502,975,336	\$ (5,009,200)	\$ 484,603,512
Net Surplus/(Shortfall)	\$ -	\$ (4,840,613)	\$ 0	\$ 2,109,387	\$ 2,109,387	\$ 2,109,387	\$ 2,927,589	\$ (818,202)	\$ 21,265,430

Stamford Fire & Rescue Overtime FY08 - FY14



Police Overtime FY08 - FY14



**Smith House
Fourth Quarter Financial Projection
FY 2013-14
Summary**

Account Number	FY 12/13 (Unaudited)					FY 13/14							
	Revised Budget	Actuals	Enc	Actuals & Enc	Variance to Budget	Approved Budget	Acct Adjustments	Revised Budget	Q4 Projection	Q4 vs Revised	YTD	%	Q4 vs YTD
Medicaid	8,352,536	7,087,015	0	7,087,015	1,265,521	8,352,536	0	8,352,536	8,007,391	345,145	7,337,213	87.84%	670,178
Medicare A	2,920,680	1,439,253	0	1,439,253	1,481,427	2,920,680	0	2,920,680	1,567,539	1,353,141	1,518,732	52.00%	48,807
Medicare B	150,000	95,502	0	95,502	54,498	150,000	0	150,000	67,206	82,794	61,192	40.79%	6,014
Private Pay	1,895,840	3,192,968	0	3,192,968	(1,297,128)	2,000,840	0	2,000,840	2,709,655	(708,815)	2,539,522	126.92%	170,133
Commercial Insurance	365,000	558,863	0	558,863	(193,863)	365,000	0	365,000	858,754	(493,754)	842,933	230.94%	15,821
Miscellaneous	0	11,617	0	11,617	(11,617)	0	0	0	0	0	3,098		(3,098)
Total Revenue	\$13,684,056	\$12,385,217	\$0	\$12,385,217	\$1,298,839	\$13,789,056	\$0	\$13,789,056	\$13,210,545	\$578,511	\$12,302,689	89.22%	\$907,856
Description													
Administration	5,136,060	5,254,057	9,502	5,136,060	0	5,271,658	203,489	5,475,147	5,519,440	(44,293)	5,171,990	94.46%	347,450
Social Services	59,876	58,300	0	59,876	0	79,811	0	79,811	99,114	(19,303)	95,159	119.23%	3,955
Recreation	203,356	203,075	0	203,356	0	197,168	(1,582)	195,586	197,698	(2,112)	185,635	94.91%	12,063
Housekeeping	359,701	359,152	2,816	359,701	0	364,002	(18,532)	345,470	334,560	10,910	310,270	89.81%	24,290
Maintenance	892,342	872,017	22,025	892,342	0	779,430	174,177	953,607	902,783	50,824	798,027	83.69%	104,755
Laundry	198,099	196,934	2,015	198,099	0	225,103	848	225,951	223,035	2,916	207,871	92.00%	15,164
Food Services	1,198,755	1,194,960	7,763	1,198,755	0	1,199,146	(4,197)	1,194,949	1,214,862	(19,913)	1,134,119	94.91%	80,743
Nursing Services	6,740,706	6,815,601	10,364	6,740,706	0	6,268,878	18,680	6,287,558	6,825,594	(538,036)	6,286,944	99.99%	538,650
Physician Services	49,726	42,654	7,072	49,726	0	46,280	(3,855)	42,425	42,425	0	30,820	72.65%	11,605
Physical Therapy	493,829	491,579	2,250	493,829	0	467,500	41,904	509,404	509,404	0	418,935	82.24%	90,469
Total Expense	\$15,332,451	\$15,488,328	\$63,807	\$15,332,451	\$0	\$14,898,976	\$410,931	\$15,309,907	\$15,868,914	(\$559,007)	\$14,639,768	95.62%	\$1,229,146
Net Surplus/(Shortfall)	(\$1,648,395)	(\$3,103,111)	(\$63,807)	(\$2,947,234)	\$1,298,839	(\$1,109,920)	(\$410,931)	(\$1,520,851)	(\$2,658,369)	\$1,137,518	(\$2,337,079)	153.67%	(\$321,290)