



City Manager Report

The City of **OKLAHOMA CITY**

NO: 1226

DATE: AUGUST 28, 2018

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: FISCAL YEAR 2018 YEAR-END BUDGET REPORT

The attached report provides a snapshot of Fiscal Year 2018 (FY18) revenues and expenditures compared to budget for the City's significant operating funds. Key economic indicators were positive for the year. Earnings and employment were both up a little more than 2%; rig count was up almost 40% and enplanements at Will Rogers World Airport were up 10%, a record fiscal year high. The first two pages of the attached report look at the General Fund and economic indicators while the third and fourth pages look at the other operating funds, as well as, the collections to date of the Better Streets, Safer City Sales Tax. The report has not been audited.

GENERAL FUND SUMMARY

In the General Fund revenue exceeded expenses by \$19.3 million which added to fund balance. This increase brought beginning fund balance for FY19 to \$84.5 million or about 18% of the FY19 General Fund Budget. The beginning fund balance is within 14-20% range set in the City's financial policies for unbudgeted reserves.

General Fund revenue exceeded projections by \$15.4 million with growth of 8.7% or \$34.2 million. The ¼ cent increase in the sales and use tax rate generated \$11.2 million of the growth and the remaining \$23 million in growth was largely from sales tax (\$12.1 million), use tax (\$8.1 million), and electric franchise fees (\$2.4 million). When examined at a more detailed level, Sales Tax had strong growth in most of the top 20 sectors, including manufacturing of oil and gas field machinery, industrial machinery from wholesalers, full-service restaurants and hotels. Use Tax also experienced growth in industrial machinery from wholesalers, as well as electronic stores, hospitals, and online sales as FY18 included the first full year of remittances from Amazon. Franchise fees and sales tax both benefited from temporary rate increases on electric utilities due to higher fuel prices and grid congestion.

Although revenue growth was strong overall in the General Fund there were two categories that performed under budget. Service charges were \$2.4 million under budget due to three primary factors: 1) timing of payments that were budgeted in FY18 but were collected in FY19 2) overestimating administrative payments from the General Obligations Bonds; and 3) parking meter revenue that fell short of projections after a rate increase was implemented. Social and criminal justice reforms may explain the \$1.6 million decline in Fines and Forfeitures where cases filed with the court were down 22%.

General Fund expenses were \$6.4 million under budget. Salary savings from vacant positions enabled a one-time transfer of \$7.5 million to the City's Capital Improvement Fund where it will be held in reserve until used towards the City's \$9 million commitment to complete construction of the American Indian Cultural Center and Museum.

If you would like more detailed information staff is available to answer any questions.

A handwritten signature in black ink, appearing to read "James D. Couch". The signature is stylized with large, flowing loops and a cursive script.

James D. Couch
City Manager



General Fund

As of June 30, 2018

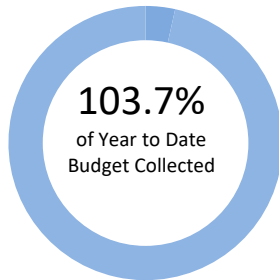
This report was prepared by the Office of Management and Budget. The purpose of the report is to provide a preliminary look at the City's significant operating funds, which includes the General Fund. The year-to-date (YTD) collected revenue and YTD expenses were compared to YTD budget. The report has not been audited.

Percent of YTD Expenses covered by YTD Revenue

General Fund YTD Revenue	\$428,633,983
General Fund YTD Expenses	\$409,358,194
Difference	\$19,275,789

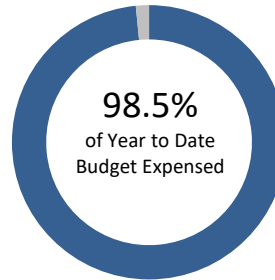
Revenue/Expense Ratio 104.7%

GENERAL FUND REVENUE



YTD Revenue Budget	\$413,257,374
YTD Revenue Collections	\$428,633,983
\$ Above / (Below) YTD Budget	\$15,376,609

GENERAL FUND EXPENSES



YTD Expense Budget	\$415,800,707
YTD Expenses	\$409,358,194
\$ Above / (Below) YTD Budget	(\$6,442,513)

Revenue Collections by Category

Category	Annual Budget*	YTD Budget	YTD Actual	\$ Above/(Below) YTD Budget	% of YTD Budget Collected	Indicator
Sales Tax	\$222,162,633	\$222,162,633	\$230,067,741	\$7,905,108	103.6%	●
Use Tax	\$38,484,526	\$38,484,526	\$44,679,919	\$6,195,393	116.1%	●
Franchise Fees	\$41,046,177	\$41,046,177	\$43,530,642	\$2,484,465	106.1%	●
Service Charges	\$36,607,309	\$36,607,309	\$34,211,871	(\$2,395,438)	93.5%	◆
Administrative Charges	\$23,182,866	\$23,182,866	\$23,292,317	\$109,451	100.5%	●
Fines & Forfeitures	\$21,916,669	\$21,916,669	\$20,321,074	(\$1,595,595)	92.7%	◆
Licenses & Permits	\$12,970,738	\$12,970,738	\$12,917,056	(\$53,682)	99.6%	◆
Other Taxes	\$11,199,190	\$11,199,190	\$12,454,420	\$1,255,230	111.2%	●
Other Revenue	\$4,395,860	\$4,395,860	\$5,707,002	\$1,311,142	129.8%	●
Operating Transfers In	\$1,291,406	\$1,291,406	\$1,451,942	\$160,536	112.4%	●
GENERAL FUND TOTAL	\$413,257,374	\$413,257,374	\$428,633,983	\$15,376,609	103.7%	●

*Excludes Budgeted Fund Balance of \$2,000,000 and PO Rollover of \$543,333

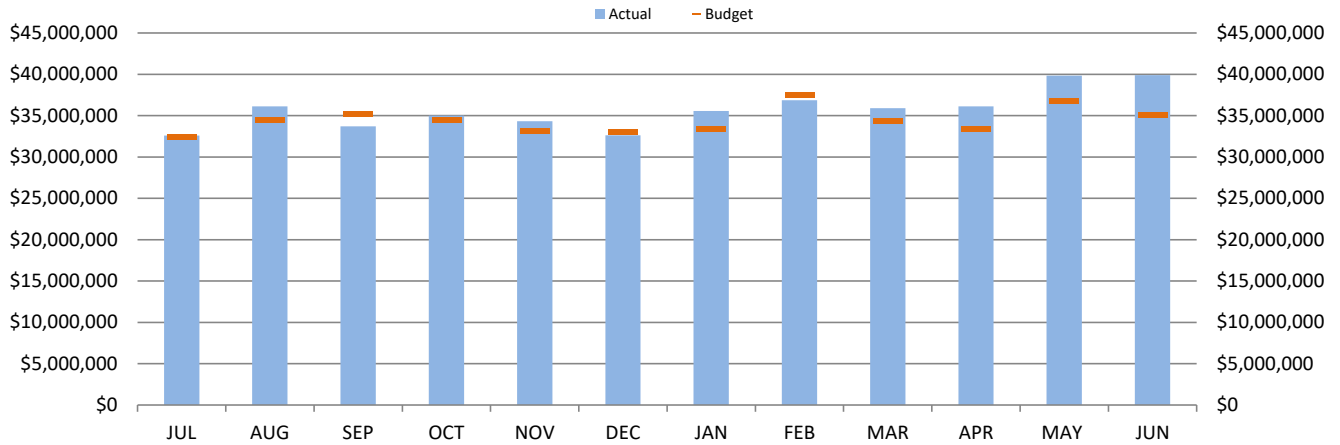
Expenses by Category

Category	Annual Budget**	YTD Budget	YTD Actual	\$ Above/(Below) YTD Budget	% of YTD Budget Expensed	Indicator
Personal Services	\$301,953,948	\$301,953,948	\$300,326,276	(\$1,627,672)	99.5%	●
Services & Charges	\$77,820,895	\$77,820,895	\$74,790,497	(\$3,030,398)	96.1%	●
Supplies	\$8,317,295	\$8,317,295	\$6,919,525	(\$1,397,770)	83.2%	●
Capital Outlay	\$244,025	\$244,025	\$171,754	(\$72,271)	70.4%	●
Debt Service	\$10,000	\$10,000	\$4,885	(\$5,115)	48.9%	●
Transfers	\$27,454,543	\$27,454,543	\$27,145,257	(\$309,287)	98.9%	●
GENERAL FUND TOTAL	\$415,800,707	\$415,800,707	\$409,358,194	(\$6,442,513)	98.5%	●

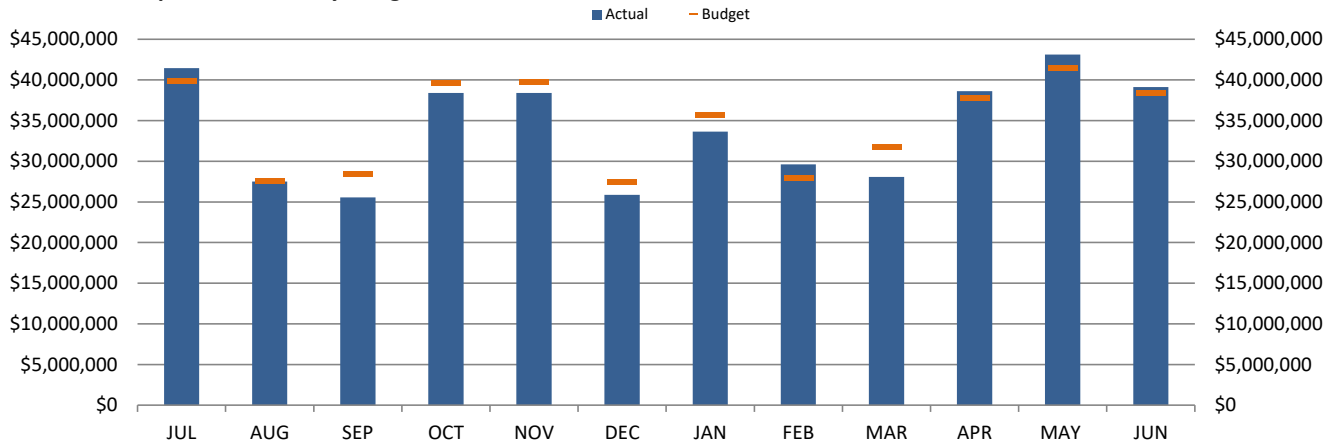
**Includes Budgeted Fund Balance of \$2,000,000 and PO Rollover of \$543,333



General Fund Revenue - Monthly Budget to Actuals

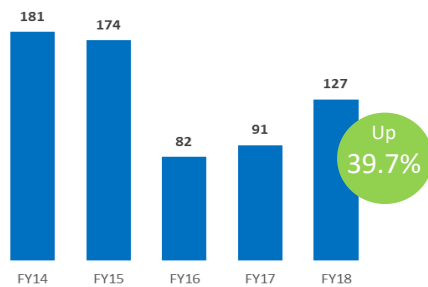


General Fund Expenses - Monthly Budget to Actuals

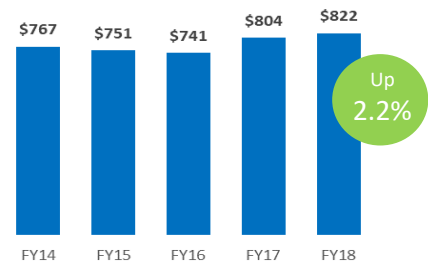


Economic Indicators

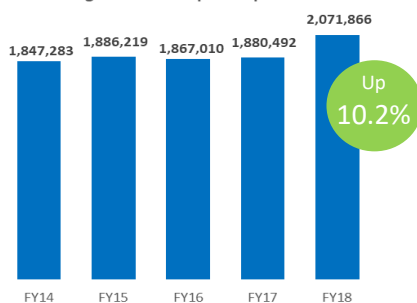
Oklahoma Rig Count



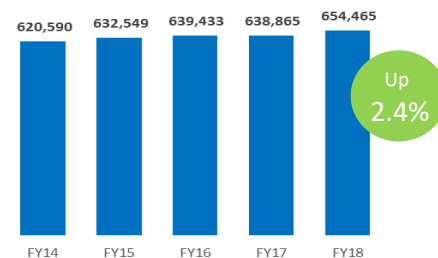
Average Weekly Earnings



Will Rogers World Airport Enplanements



OKC-MSA Employment





Other Significant Operating Funds

As of June 30, 2018

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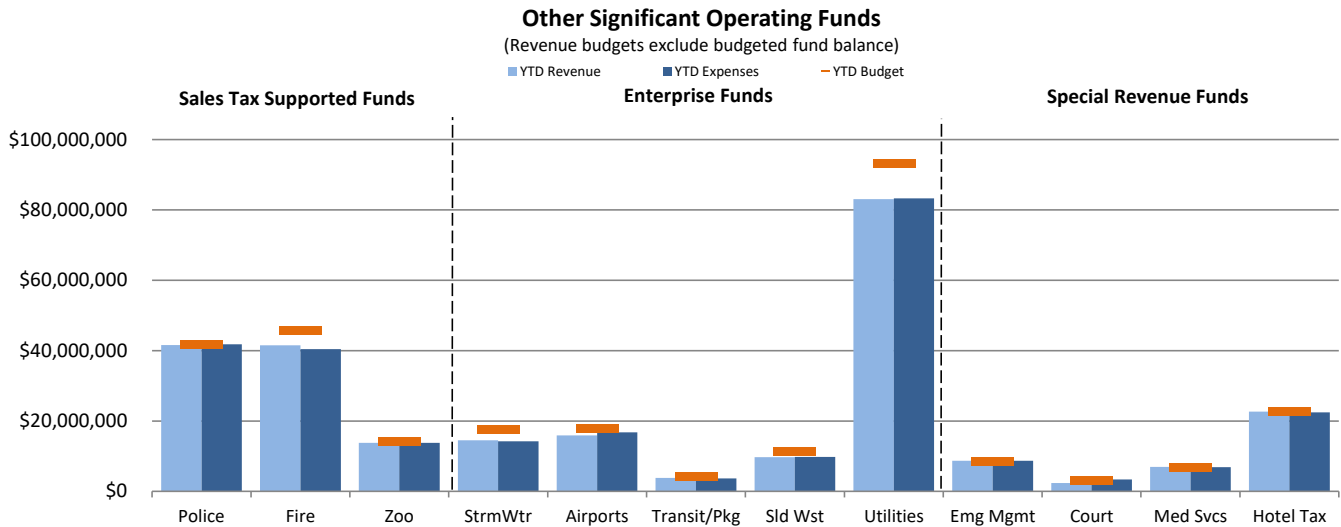
Other Significant Operating Funds - Revenue

Fund	Annual Budget	YTD Budget*	YTD Actual*	\$	%	Indicator
				Above/(Below) YTD Budget	of YTD Budget Collected	
Sales Tax Supported Funds						
Police Sales Tax	\$40,087,607	\$40,087,607	\$41,559,711	\$1,472,104	103.7%	●
Fire Sales Tax	\$39,958,111	\$39,958,111	\$41,538,841	\$1,580,730	104.0%	●
Zoo Sales Tax	\$13,746,085	\$13,746,085	\$13,768,006	\$21,921	100.2%	●
Enterprise Funds						
Stormwater Drng Util	\$14,033,452	\$14,033,452	\$14,545,828	\$512,376	103.7%	●
Airports	\$17,813,606	\$17,813,606	\$15,878,029	(\$1,935,577)	89.1%	◆
Parking/Transit	\$4,102,825	\$4,102,825	\$3,803,344	(\$299,481)	92.7%	◆
Solid Waste	\$10,313,723	\$10,313,723	\$9,725,696	(\$588,027)	94.3%	◆
Water/Wastewater	\$92,192,246	\$92,192,246	\$83,092,965	(\$9,099,281)	90.1%	◆
Special Revenue Funds						
Emergency Mgmt (911)	\$8,342,773	\$8,342,773	\$8,679,908	\$337,135	104.0%	●
Court Administration	\$2,553,495	\$2,553,495	\$2,331,749	(\$221,746)	91.3%	◆
Medical Svcs Prg (EMSA)	\$6,759,248	\$6,759,248	\$6,958,373	\$199,125	102.9%	●
Hotel Fund	\$22,551,703	\$22,551,703	\$22,650,773	\$99,070	100.4%	●

*Excludes budgeted fund balance

Other Significant Operating Funds - Expenses

Fund	Annual Budget	YTD Budget*	YTD Actual	\$	%	Indicator
				Above / (Below) YTD Budget	of YTD Budget Expensed	
Sales Tax Supported Funds						
Police Sales Tax	\$41,714,923	\$41,714,923	\$40,425,094	(\$1,289,829)	96.9%	●
Fire Sales Tax	\$45,614,724	\$45,614,724	\$40,450,337	(\$5,164,387)	88.7%	●
Zoo Sales Tax	\$14,011,319	\$14,011,319	\$13,768,006	(\$243,313)	98.3%	●
Enterprise Funds						
Stormwater Drng Util	\$17,629,925	\$17,629,925	\$14,233,725	(\$3,396,200)	80.7%	●
Airports	\$17,813,646	\$17,813,646	\$16,740,200	(\$1,073,446)	94.0%	●
Parking/Transit	\$4,102,825	\$4,102,825	\$3,660,063	(\$442,762)	89.2%	●
Solid Waste	\$11,313,723	\$11,313,723	\$9,770,237	(\$1,543,486)	86.4%	●
Water/Wastewater	\$93,280,800	\$93,280,800	\$83,260,218	(\$10,020,582)	89.3%	●
Special Revenue Funds						
Emergency Mgmt (911)	\$8,700,134	\$8,700,134	\$8,672,557	(\$27,577)	99.7%	●
Court Administration	\$3,779,454	\$3,779,454	\$3,407,254	(\$372,200)	90.2%	●
Medical Svcs Prg (EMSA)	\$7,052,267	\$7,052,267	\$6,840,863	(\$211,404)	97.0%	●
Hotel Fund	\$22,943,126	\$22,943,126	\$22,460,314	(\$482,812)	97.9%	●



Temporary Sales Tax Collections**

	Original Projection	Original YTD Projection	YTD Actual	\$ Above / (Below) YTD Projection	% Above / (Below) YTD Projection	Indicator
Better Streets, Safer City ST	\$240,542,692	\$37,576,298	\$39,176,116	\$1,599,818	4.3%	●

Better Streets, Safer City Sales Tax began 1/1/2018. The first collection was February 2018.

**Sales Tax Collections only; does not reflect other revenue earnings such as interest.