



City of Omaha
Jean Stothert, Mayor

August 9, 2019

Mayor Jean Stothert, Honorable President
and Members of the City Council:

Finance Department

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Stephen B. Curtiss
Finance Director
Acting City Comptroller

Allen Herink
Finance Administrator

CITY OF OMAHA SECOND QUARTER FINANCIAL REPORT FOR THE PERIOD ENDING JUNE 30, 2019

The Second Quarter Report projects a General Fund surplus of \$1,604,730 for the year ending December 31, 2019. This projection consists of revenues under budget, expenditures under budget, potential health-care savings and lapsed encumbrances as detailed below.

Revenues Under Budget	\$ (4,047,633)
Expenditures Under Budget	705,494
Potential Health Care Savings	4,855,362
Lapsed Encumbrances	91,507
Projected Year-End General Fund Surplus	<u>\$ 1,604,730</u>

This projection reflects actual results for the first six months of the year, along with revenue projections and estimates of departmental expenditures for the remainder of the year.

Significant budget variations for revenues include the following:

- Motor Vehicle Taxes - \$1.0 million surplus
- City Sales & Use Tax - \$6.9 million shortfall
- Utility Occupation Taxes - \$0.8 million shortfall
- Restaurant and Tobacco Taxes - \$0.2 million shortfall
- Building Development Licenses and Permits - \$0.8 million shortfall
- Vehicle Impound Fees - \$0.3 million shortfall
- Other Revenue and Fees - \$4.0 million surplus

Significant budget variations for expenditures by department include the following:

- Planning Department - \$0.4 million under budget
- Police Department - \$0.7 million over budget
- Public Works - \$0.3 under budget
- Other Budgetary Accounts-Benefits - \$4.4 million under budget
- Other Budgetary Accounts-Debt - \$4.4 million over budget
- Collectively the Mayor's Office, City Council, City Clerk, Law, Human Resources, Human Rights and Relations, Finance, Parks, Fire, Convention and Tourism, Library and Other Budgetary Accounts-Other Service are projected to be \$0.7 million under budget.

Total revenues are projected to come in under the budgeted amount. A major reason being Sales Tax Refunds are \$4.5 greater than budgeted and Sales Tax receipts are \$2.4 million under budget resulting in a negative variance of \$6.9 million. However, the revenue generated from the hotel sale is now reflected in the General Fund. This makes the total variance from budgeted revenues \$4.0 million under budget. Since General Fund Revenue now includes Hotel Revenue, it also includes the expense of the bond payments.

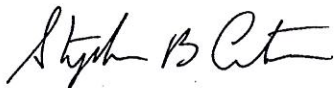
Based on six months of actual data and reviews of possible revenue and expense fluctuations, these amounts represent our most accurate estimate of the expected general fund year-end surplus for 2019. The City will closely monitor spending and vacant positions for the remainder of the year and then make decisions on how any surplus may be used for cash reserves or as a carryforward into 2021.

Health care expense is a variable that remains difficult to accurately budget and predict. It continues to be a source of savings as the City's actual expenditures are projected to be below budget. The Finance Department uses three different methods to project total annual expenditures based on year-to-date and historical data. Through June, those models project a potential surplus ranging from \$4.3 million to \$5.4 million for all active employees. We used an estimate of \$4.9 million for General Funded active employees. Claims experience from July through December could impact that amount in either a negative or positive direction. Claims typically increase at year end, but those trends are built into the model calculations.

Attached are second-quarter details by revenue type and projected results for all City departments.

Please direct any need for clarifications or questions to me.

Sincerely,



Stephen B. Curtiss
Finance Director
Acting City Comptroller

cc: Martin Bilek, Chief of Staff
Carrie Murphy, Communications Director
Allen Herink, Finance Administrator
James Dowding, City Council Chief of Staff
Paul Kratz, City Attorney
Tim Young, Director, Human Resources
Franklin Thompson, Director, Human Rights and Relations
David Fanslau, Director, Planning
Brook Bench, Director, Parks, Recreation and Public Property
Dan Olsen, Fire Chief
Todd Schmaderer, Police Chief
Bob Stubbe, Director, Public Works
Keith Backsen, Director, Convention & Visitors Bureau
Laura Marlane, Director, Library
Andrew Brott, Budget Manager
Don Drazdys, Accounting Manager
Donna Waller, City Treasurer

**Summary of 2019 General Fund Revenue
By Source
2019 SECOND QUARTER REPORT**

	BUDGET 2019	ACTUAL 6/30/2019	PROJECTED 12/31/2019	Variance
Current Year Tangible Property Tax (1)	91,473,829	53,342,991	91,473,829	-
Prior Year Tangible Property Tax (1)	750,902	797,157	750,902	-
Motor Vehicle Taxes	13,584,438	5,705,472	14,556,551	972,113
				-
City Sales and Use Tax (2)	168,615,330	75,068,077	161,746,251	(6,869,079)
				-
Utility Occupation Taxes				-
Telephone Companies	10,117,199	2,922,493	9,359,144	(758,055)
O.P.P.D. (3)	6,357,123	6,302,274	6,302,274	(54,849)
Total Utility Occupation	<u>16,474,322</u>	<u>9,224,766</u>	<u>15,661,418</u>	(812,904)
				-
Vehicle Rental Occupation Tax (4)	2,434,758	585,497	2,434,758	-
Cable Television Franchise Fee (5)	6,426,246	1,526,979	6,426,246	-
Hotel/Motel Occupation Tax (6)	5,978,430	3,464,752	5,978,430	-
Keno Administrative Fee	722,497	188,173	722,497	-
Restaurant Tax (7)	34,007,711	12,319,315	33,911,833	(95,878)
Tobacco Tax (8)	3,900,000	1,353,333	3,750,000	(150,000)
				-
Business Licenses and Permits				-
Intrusion Alarm Permits & Penalties	1,326,237	417,498	1,326,237	-
Other - Beer & Liquor/Other Fees	1,490,075	635,681	1,490,075	-
Total Business	<u>2,816,312</u>	<u>1,053,179</u>	<u>2,816,312</u>	-
				-
Building Development Licenses and Permits				-
Building Permits	4,095,464	1,918,600	3,888,419	(207,045)
Other licenses and permits	4,091,000	1,648,563	3,495,745	(595,255)
Total Building Development	<u>8,186,464</u>	<u>3,567,163</u>	<u>7,384,165</u>	(802,299)
				-
In Lieu of Taxes				-
M.U.D. (9)	4,400,000	1,910,664	4,400,000	-
O.P.P.D. (10)	305,348	70,230	305,348	-
Sewer	3,411,980	-	3,411,980	-
Total In Lieu	<u>8,117,328</u>	<u>1,980,893</u>	<u>8,117,328</u>	-
				-
Charges for Services				-
Rural Fire District Reimbursement	6,352,588	4,678,572	6,352,588	-
Rescue Squad Fees	8,910,000	3,414,622	8,910,000	-
Vehicle Impound Lot	3,514,510	1,584,795	3,183,114	(331,396)
Other	5,491,751	2,606,677	5,491,751	-
Total Charges for Services	<u>24,268,849</u>	<u>12,284,666</u>	<u>23,937,453</u>	(331,396)
				-
Interest Earnings (11)	1,200,000	796,850	1,200,000	-
				-
All Other Revenue	958,200	4,134,163	5,000,011	4,041,811
				-
Total	<u>389,915,616</u>	<u>187,393,427</u>	<u>385,867,983</u>	(4,047,633)
				-
Initial Credit, Prior Year	11,347,628	5,673,814	11,347,628	-
				-
Total General Fund	<u>401,263,244</u>	<u>193,067,241</u>	<u>397,215,611</u>	(4,047,633)

**2019 Expenditure Analysis
Department Summary
June 30, 2019
2019 SECOND QUARTER REPORT**

Page #	Department	2019 Budget	ACTUAL 06/30/19	PROJECTED 12/31/19	Under(Over) Budget	General Fund Under(Over)
1	Mayor's Office	\$ 1,369,316	\$ 695,986	\$ 1,369,316	\$ 0	\$ 0
1	City Council	\$ 1,240,857	\$ 624,391	\$ 1,174,917	\$ 65,940	\$ 65,940
1	City Clerk	\$ 812,243	\$ 394,621	\$ 747,663	\$ 64,580	\$ 64,580
2	Law	\$ 4,924,245	\$ 2,581,281	\$ 4,786,826	\$ 137,419	\$ 137,419
2	Human Resources	\$ 2,805,069	\$ 1,372,026	\$ 2,435,259	\$ 369,810	\$ 369,810
2	Human Rights & Relations	\$ 1,186,180	\$ 644,962	\$ 1,160,226	\$ 25,954	\$ 25,954
3	Finance	\$ 4,880,940	\$ 2,461,312	\$ 4,583,909	\$ 297,031	\$ 297,031
4	Planning	\$ 11,276,680	\$ 5,221,085	\$ 10,885,675	\$ 391,005	\$ 391,005
5-6	Parks, Rec & Public Property	\$ 30,555,488	\$ 16,999,841	\$ 30,426,864	\$ 128,624	\$ 0
7	Fire	\$ 107,375,196	\$ 54,652,970	\$ 107,375,196	\$ -	\$ -
8	Police	\$ 154,726,869	\$ 81,083,823	\$ 155,407,252	\$ (680,383)	\$ (680,383)
9-11	Public Works	\$ 177,614,110	\$ 139,795,299	\$ 225,206,243	\$ (47,592,133)	\$ 354,160
12	Convention & Tourism	\$ 6,387,181	\$ 3,966,753	\$ 6,387,181	\$ -	\$ -
12	Public Library	\$ 16,040,183	\$ 9,244,802	\$ 15,992,388	\$ 47,795	\$ 47,795
13	Other Budgetary Accts-Benefits	\$ 26,645,978	\$ 9,343,447	\$ 21,155,509	\$ 5,490,469	\$ 4,395,837
14-15	Other Budgetary Accts-Other	\$ 34,864,102	\$ 21,626,151	\$ 35,878,784	\$ (1,014,682)	\$ (400,772)
16	Other Budgetary Accts-Debt Serv	\$ 12,277,323	\$ 7,157,515	\$ 16,640,205	\$ (4,362,882)	\$ (4,362,882)
		\$ 594,981,960	\$ 357,866,264	\$ 641,613,413	\$ (46,631,453)	\$ 705,494

SOURCE OF FUNDS:

General	\$ 401,263,244	\$ 400,557,750	\$ 705,494	\$ 705,494
Stadium Revenue	\$ 3,481,159	\$ 3,481,159	\$ -	\$ -
Special Revenue	\$ 89,196,454	\$ 95,734,824	\$ (6,538,370)	\$ -
Keno Lottery Proceeds	\$ 7,097,976	\$ 7,097,976	\$ -	\$ -
Special Assessment	\$ 221,000	\$ 2,161,915	\$ (1,940,915)	\$ -
Debt Service	\$ 757,373	\$ 757,373	\$ -	\$ -
City Wide Sports Revenue	\$ 654,921	\$ 704,940	\$ (50,019)	\$ -
Omaha Convention & Visitors Bureau	\$ 5,212,787	\$ 5,164,564	\$ 48,223	\$ -
Marinas	\$ 491,231	\$ 326,422	\$ 164,809	\$ -
Tennis Operations	\$ 287,803	\$ 297,616	\$ (9,813)	\$ -
Golf Operations	\$ 4,441,122	\$ 4,380,155	\$ 60,967	\$ -
Parking Revenue	\$ 24,794,181	\$ 24,765,433	\$ 28,748	\$ -
Sewer Revenue	\$ 55,849,323	\$ 94,946,890	\$ (39,097,567)	\$ -
Air Quality	\$ 727,748	\$ 713,563	\$ 14,185	\$ -
Printing Services & Graphics	\$ 442,896	\$ 467,925	\$ (25,029)	\$ -
Lewis & Clark Landing	\$ 62,742	\$ 54,909	\$ 7,833	\$ -
	\$ 594,981,960	\$ 641,613,413	\$ (46,631,453)	\$ 705,494