

CITY COUNCIL
COMMUNICATION:

03-190

AGENDA:

APRIL 21, 2003

SUBJECT:

QUARTERLY
FINANCIAL REPORT
FOR THE NINE
MONTHS ENDED
MARCH 31, 2003

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM 43

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Receive and file the Quarterly Financial Report for all City funds for the nine months ended March 31, 2003. Because the third quarter report includes the amended budget, a number of the budget vs. actual issues that were noted in prior reports have been resolved.

Some transactions occur on an irregular basis throughout the year, and activity to date may not be a reliable indicator of year-end results. For example, the General Fund's largest and most reliable revenue source, property taxes, is received in October and April.

FISCAL IMPACT —

None.

RECOMMENDATION —

Receive and file.

BACKGROUND —

The Quarterly Reports, as presented, are at a highly summarized level. Looking into the details provides greater insight into actual revenues and expenses in relation to budget. Finance staff has reviewed the quarterly results at a more detailed level and offer the following observations.

- Road use tax, originally budgeted at \$16,800,000 and amended to \$16,480,000, is expected to fall short by \$80,000.
- Hotel/Motel Tax originally budgeted at \$3,487,000 and amended to \$3,066,000 is expected to exceed budget by \$34,000.
- Franchise fee revenues received from MidAmerican Energy and Mediacom, originally budgeted at \$3,886,000 and amended to \$3,675,000, are expected to end the year near the amended budget amount.
- The move to a fully insured health plan has removed much of the uncertainty from the benefits area, with the exception of the amount of run-out claims from the self-insured plan administered by Principal. Actual claim payments have been \$1,300,000 below estimate for February and March 2003. The prospect of incurring

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additional claims remains, but we will continue to monitor this closely.

- Many other revenue items, especially in the Parks and Recreation Department, will be affected by rate increases that just recently went into effect, are yet to go into effect, or relate to programs that have not begun as yet. We will not see the outcome of these revenue enhancements until the end of the fiscal year.

