



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 5/3/04
202

Communication No.: 04-

Agenda Item Type: Receive/File

Roll Call No.:

Submitted by: Merrill Stanley, Finance Director

SUBJECT—

Quarterly Financial Report for the nine months ended March 31, 2004

SYNOPSIS—

Receive and file the Quarterly Financial Report for all city funds for the six months ended March 31, 2004.

FISCAL IMPACT—

None

RECOMMENDATION—

Receive and File

BACKGROUND—

The third quarter report is typically quite informative regarding financial trends or the condition of funds, because over half of the fiscal year has gone by and trends are more fully developed. In fact, the financial trends as of November and December are incorporated into the Amended Budget that is approved in March. Changes to revenue and expenditure levels that were included in the Adopted Budget have been accounted for in the preparation and balancing of the Amended Budget.

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 have reviewed the quarterly results at a more detailed level and offer the following observations.

With the recent approval of the Amended Budget approved in March, many of the changes in collection amounts predicted in previous reports have been provided for. Comments below are intended to highlight the current status of revenues and explain any variances from the budgeted amounts.

1. Hotel/Motel Tax receipts may be off \$225,000 by year-end, however, 30% of any revenue differential will be absorbed by the payment to the Convention and Visitor's Bureau. Some portion of this drop can likely be attributed to the unusually large number of local teams in the High School Girls' Basketball Tournament. There are still two more quarterly receipts that could change our position, but this revenue stream is one of those that are very difficult to predict.
2. Utility Franchise Fees received from Mid-American Energy for electricity and gas usage are dependent on pricing and consumption. Electric is on pace with budget, even though receipts are only at 63% of budget. The year-end accruals are expected to make up any difference. Receipts for gas are also on pace with the Amended Budget, but still dependent on larger revenue amounts from the winter months.
3. Traffic Violation receipts appear to be declining each month. If the current trend continues, the year's revenues could be short of budget by \$75,000 to \$100,000.
4. False Alarm Fines – Police are lower than would be expected due to an interruption in billing of fines during the third quarter. Billing has resumed and fourth quarter revenues are expected to make up for the lower collection amounts from the third quarter.
5. Ambulance charges are continuing to be received in excess of budgeted amounts, due largely to the improved efforts of the city's billing contractor. There is a possibility that Ambulance revenues will exceed budget by \$100,000.
6. Parking Violation receipts have been greatly improved by the intensified collection efforts. Budget estimates have already been surpassed and may exceed budget by as much as \$400,000 to \$500,000 by year-end.
7. Animal License revenues are keeping pace with budget, with FY 03-04 revenues expected to be very close to, or slightly more than the budgeted amount.
8. Construction Permits, in total, are on course to exceed budget slightly. Building permits are slightly below budget at the end of the third quarter, but the shortfall is more than made up by Electrical, Plumbing, and Mechanical Permits.
9. Multiple Dwelling Inspection and Plan Check Fee revenues are running below budget, but not so much that year-end accruals can't make up the shortfall. Higher than normal receipts during the first two quarters may have led to overly optimistic revenue projections.

10. Interest earnings remain on course to approximate the \$1,200,000 budgeted amount.
11. Library Fines are right on track with budget.
12. Liquor License Inspection fees appear to be coming in below budget (58.9%), but collections just began for the first time ever, in November. If collections continue at a normal rate, year-end revenues will be very close to the budgeted amount.
13. Road Use Taxes are used to fund a large portion of General Fund expenses related to the street right-of-way. Receipts are lagging estimates through March. The budget projected a 2% growth in revenue as compared to the year-to-date increase of 0.6%. If fourth quarter receipts reflect only 1% growth, then budget estimates will not be met by \$215,000. High gasoline prices are believed to be the cause of disappointing revenues in this area.

With the change to an accrual based budget this year, many key revenue accounts will continue to record actual revenues through August, so in some cases, revenues are being projected for another five months. The budget shown is based on the accrual amount, but the actual figures shown are on a cash basis, or actual amounts received as of March 31, 2004. Accruals are only made at year-end and will be significant in some accounts, such as Road Use Tax, Hotel/Motel Tax, and Franchise Fees.

Summary Report of Major General Fund Revenues For the Nine Months Ended March 31, 2004

Description	FY 2003-04			
	Amended Budget	3/31/2004 YTD Actual	% Received	3/31/2003 YTD Actual
Hotel/Motel Tax	4,157,337	2,442,991	58.8%	2,413,576
Franchise Fees:				
Mid-Am - Electric	1,712,979	1,077,183	62.9%	1,111,061
Mid-Am - Gas	1,204,367	535,828	44.5%	430,688
Mediacom cable	1,546,307	965,171	62.4%	1,181,846
subtotal Franchise Fees	4,463,653	2,578,182	57.8%	2,723,595
Traffic Violations	785,141	503,257	64.1%	175,306
False Alarm Fines - Fire	50,000	44,450	88.9%	31,375
False Alarm Fines - Police	303,825	180,200	59.3%	41,900
Ambulance Charges	2,769,000	2,129,839	76.9%	1,598,282
Parking Violations	727,490	938,096	128.9%	274,914
Animal Licenses	325,530	271,583	83.4%	241,816

Construction Permits:

Building Permits	927,796	669,417	72.2%	462,775
Electrical Permits	175,871	148,886	84.7%	116,251
Plumbing Permits	250,415	197,250	78.8%	122,373
Mechanical Permits	85,000	92,676	109.0%	56,762
subtotal Const. Permits	1,439,082	1,108,229	77.0%	758,161
Multiple Dwelling Inspections	993,326	666,183	67.1%	290,751
Plan Check Fees	325,000	221,034	68.0%	148,879
Library Fines	162,917	126,213	77.5%	119,218
Liquor License Inspection	107,000	62,990	58.9%	0
Road Use Tax	19,305,008	12,596,077	65.2%	12,470,560