



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 02/06/06
Agenda Item Type: Receive/File

Communication No.: 06-063
Roll Call No.:

Submitted by: Merrill Stanley, Assistant City Manager/Finance Director

SUBJECT—

Quarterly Financial Report for the six months ended December 31, 2005.

SYNOPSIS—

Receive and file the Quarterly Financial Report for all City funds for the six months ended December 31, 2005.

FISCAL IMPACT—

None

RECOMMENDATION—

Receive and File

BACKGROUND—

The second quarter report is fairly informative regarding financial trends or the condition of funds because 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 prepared in January. 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.

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, many programs in the Park and Recreation Department are seasonal, so doubling the revenues received by the end of December does not

necessarily indicate what the full year's revenues will or should be. For this reason staff have shown in the table on page 4 the amount of revenues received as of December 31, 2004, as a comparison, in addition to the percentage of the current year budget received.

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.

1. Hotel/Motel taxes are at 28.2% of the annual budget. We do not anticipate a significant variation from budget this fiscal year. As of December 31, only the first quarter of these taxes had been received.
2. Utility franchise fees received from Mid-American Energy for electricity and gas usage are dependent on pricing and consumption. Electric is at 34.8% of budget and gas is at 12.6% of budget, well ahead of last year, primarily due to the increase in franchise fees from 1% to 3% effective September 1, 2004. Only one quarterly payment was received at December 31. Both accounts will be well above the adopted budget amount. The amended estimate for electric will reflect an increase of \$600,000. The amended estimate for gas will reflect an increase of \$3,000,000. The revised revenue amounts will be included in the Amended Budget.
3. Cablevision franchise fees are at 14.7% of budget. This franchise fee is dependent on pricing and customer base. Only two months of revenue had been received by December 31, but Mediacom has subsequently become current with their payment of \$514,484 in January 2006. However, the amended budget will be lowered by \$100,000 reflecting the actual monthly revenue stream.
4. Traffic violation revenues are at 36.2% of budget and reflect only 5 months of receipts. This revenue source is dependent on the Police Department's ability to allocate resources to traffic enforcement. The amended budget estimate will be lowered by \$55,000.
5. False alarm fines for fire are on target to achieve budget. The police false alarm fines are not on target and the amended budget estimate will be lowered by \$50,000.
6. Ambulance charge collections have reached 44% of the FY06 budget. Based on receipts in FY2005 and receipts received, the amended budget estimate will be raised \$300,000 for FY2006.
7. Parking violations revenues are coming in at a pace that has exceeded a conservative estimate in the adopted budget, at 63.8% as of the end of the second quarter. The amended budget estimate will be increased by \$180,000. This revenue source has become quite reliable due to recent efforts to standardize and consistently follow more aggressive collection procedures. Receipts are above prior year numbers. Future revenues will continue to depend on the consistent issuance of parking tickets.
8. Animal license revenue is at 26.5% of annual budget. The majority of this revenue is normally collected during January through June. The amended budget estimate will be raised \$70,000 based on higher participation rates in the prior year.

9. Construction permits have been shown in greater detail in the report as Building, Electrical, Plumbing, and Mechanical Permits. In total, construction permits are at 60.5% of budget and \$106,000 higher than last year. Construction continues at a rate higher than originally projected. The building permits amended budget estimate will be raised \$250,000, electrical permits amended budget estimate will be raised \$20,000, and plumbing permits amended budget estimate will be raised \$45,000.
10. Multiple Dwelling Inspections are at 27.1% of the annual budget after the second quarter. License renewals are not level throughout the year, but trends indicate a need to lower the amended budget estimate by \$275,000.
11. Plan Check Fees have been generated equal to 59.8% of the annual budget in the first half of the fiscal year. These revenues are seasonal and cyclical. The amended estimated budget will be increased by \$90,000.
12. Library Fines are above budget at 59.4.4% and slightly ahead of last year. Collections are up so the amended budget estimate will be increased by \$30,000.
13. Special Utility/Excise Taxes are based on property valuations. Not all payments are made on a timely basis, so we do not see a reason to adjust the budget.
14. Road Use Taxes are used to fund a large portion of City expenses related to the street right-of-way. Road Use Tax revenues are difficult to predict. As of December 2005, receipts are at 32.4% of the adopted budget. Based on FY2005 receipts and the receipts received to date, the amended estimated budget will be lowered by \$500,000.

The revenue and expenditure accounts discussed above do not include all accounts, but do however, give some indication of trends in some of the city's key areas. Individual account performance can continue to change over the remainder of the fiscal year, but we will do our best to monitor trends and inform Council of significant variances from the norm.

Personnel costs make up approximately 70% of the expenditure budget. With changes that were made to Health Insurance arrangements in recent years, personnel costs have become fairly predictable. There are no deviations from expenditure budgets of note that would cause us to recommend major changes in budgeted amounts, although any changes noted during budget review have been incorporated into the amended budget.

Summary Report of Major General Fund Revenues

For the Six Months Ended December 31, 2005

	FY 2005-06			
	Adopted	12/31/2005	%	12/31/2004
Description	Budget	YTD Actual	Received	YTD Actual
Hotel/Motel Tax	3,511,584	989,598	28.2%	959,912
Franchise Fees:				
Mid-Am - Electric	6,776,664	2,360,933	34.8%	676,555
Mid-Am - Gas	4,628,166	582,591	12.6%	155,038
Mediacom cable	1,600,000	235,292	14.7%	502,487
subtotal Franchise Fees	13,004,830	3,178,816	24.4%	1,334,080
Traffic Violations	655,000	237,296	36.2%	243,139
False Alarm Fines - Fire	70,000	36,325	51.9%	41,300
False Alarm Fines - Police	250,000	104,025	41.6%	99,310
Ambulance Charges	2,600,000	1,144,110	44.0%	1,063,743
Parking Violations	820,000	522,886	63.8%	405,883
Animal Licenses	305,000	80,805	26.5%	153,735
Construction Permits:				
Building Permits	1,050,000	647,806	61.7%	592,529
Electrical Permits	215,000	132,440	61.6%	119,210
Plumbing Permits	305,000	171,729	56.3%	143,954
Mechanical Permits	125,000	72,847	58.3%	62,261
subtotal Const. Permits	1,695,000	1,024,822	60.5%	917,954
Multiple Dwelling Inspections	900,000	244,200	27.1%	210,427
Plan Check Fees	360,000	215,106	59.8%	300,950
Library Fines	155,000	92,136	59.4%	81,614
Special Utility/Excise Tax	1,841,621	894,752	48.6%	928,211
Road Use Tax	17,580,000	5,693,320	32.4%	5,328,290