

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: June 2, 2008

Reviewed by: *BP*

SUBJECT: Third Quarter Fiscal Year 2007-08 Financial Statements

REPORT BY: Beth Pollard, City Administrator
Charlie Adams, Finance and Administrative Services Director

STAFF RECOMMENDATION

- 1) Receive the 3rd quarter financial report.
- 2) Authorize the transfer from the General Fund to the Waterfront Planning Fund of \$259,713 to complete the funding of the waterfront planning project authorized by the City Council on April 21, 2008.

BACKGROUND

Quarterly the City Council reviews the status of City revenues and expenditures compared to the adopted budget for the fiscal year. The current report is for the third quarter of fiscal year 2007-08.

The City Council adopted the budget for fiscal year 2007-08 in June 2007. The adopted budget may be amended during the year to provide for significant changes in revenues or expenditures made necessary by economic conditions or by modification of programs or activities funded through the General Fund.

DISCUSSION

Financial Statement Analysis

The accompanying financial statements are compiled from the financial records maintained by the City's Finance Department. The Actual 9 Months column of the statements reflect all cash transactions completed during the three quarters ended March 31, 2008. Revenues earned but not received, and expenditures incurred but not paid, as of March 31, are not included in this column, except for the inclusion of salaries and benefits earned between the last payday in March and the end of the month.

The financial statement includes a Projected Fiscal Year column that is a combination of the actual transactions for the first three quarters of the year plus estimated revenues and expenditures for the remaining quarter of the fiscal year. The Projected Fiscal Year column is designed to include all revenues earned and all expenditures incurred during the fiscal year, whether or not cash has been received or disbursed. Variances are

computed as the difference between the Revised Budget and the Projected Fiscal Year amounts for the year.

The revised budget for fiscal year 2007-08 provides for a net increase to the General Fund, fund balance of \$27,137. The projection for fiscal year 2007-08 is a net increase to the General Fund, fund balance of \$247,640.

Revenue Variances

Projected revenues for the fiscal year exceed budgeted revenues by \$241,237. Property taxes will exceed the budget as a result of the increase in assessed value of property in the City increasing more than projected at the time the budget was prepared.

Revenues from sales taxes, franchise fees and other taxes are projected to fall below budget, as a result of slowing economic activity in the City and the State. The slowdown in the housing market nationwide, and in the sale of existing homes in the City has resulted in property transfer tax revenue falling below the prior year level, but current year revenue remains above budget.

The projected earnings on investments of \$495,485 exceed the revised budget by \$119,662. These favorable results are largely attributable to larger cash balances and higher interest rates occurring than those used in the budget.

Expenditure Variances

Projected expenditures for the fiscal year are \$90,051 less than the revised budgeted amount. The major components of this budget variance are salaries and benefits, which are \$195,402 below budget, and professional services, which are \$124,634 above budget. The salaries and benefits variances are largely due to vacancies in the Police Department, and lower than estimated overtime in the Fire Department. The professional services variance is a result of increased activity in maintenance and repairs of Ohlone Greenway and Buchanan Street median irrigation systems, and emergency sewer repair.

Fund Transfers

Net transfers-in to the General Fund have decreased \$110,785.

- Transfers-in have increased \$148,928 as a result of increases in projected revenue from Gas Taxes and Emergency Medical Services.
- Transfers-out have increased \$259,713 by a transfer from the General Fund to the Waterfront Planning Fund, to complete the funding of the project as authorized by the Council.

FINANCIAL IMPACT

At this time, staff anticipates that there will be a year-end excess of revenues over expenditures, net of transfers, of \$247,640 in the City's General Fund to apply to the fund balance.

Attachment:

- Statement of Revenues, Expenditures and Changes in Fund Balances – Expenditure by Type
- Statement of Revenues, Expenditures–Expenditures by Department