

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

Agenda Date: 02/22/11

Reviewed by: BP

SUBJECT: Six Months Fiscal Year 2010-11 Financial Statements and Projection

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

STAFF RECOMMENDATION

Receive and file report.

BACKGROUND

Quarterly the City Council reviews the status of the City's General Fund revenues, expenditures, and transfers, compared to the adopted budget for the fiscal year. This is the report for six months of fiscal year 2010-11 (July 1, 2010 – December 31, 2010).

DISCUSSION

The accompanying financial statements are compiled from the financial records maintained by the City's Finance Department. The Actual 6 Months column of the statements reflect all cash transactions completed during the six months ended December 31, 2010. Revenues earned but not received, and expenditures incurred but not paid, as of December 31, are not included in this column.

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

ANALYSIS

The adopted budget for fiscal year 2010-11 projected a net excess of revenues and transfers-in over expenditures and transfers-out of \$12,063. Our projection for the full fiscal year at the close of six months ended December 31, 2010 is for a net excess of revenues and transfers-in over expenditures and transfers-out of \$14,781. The favorable projection is largely attributable to savings in personnel costs. Revenues are projected at \$13,075,720 which is \$487,450 below the budget. Expenditures are projected at

\$16,299,237 which is \$490,168 below the budget. Net transfers-in to the General Fund from other Fund are projected in the amount budgeted of \$3,238,298. The “Bottom Line” increase to the General Fund, fund balance is \$14,781.

Revenue Variances

Major projected revenue budget shortfalls are:

Other Taxes

Other taxes are projected to be \$238,000 below the budget as a result of declines in property transfer taxes (19.5%), utility users telecommunication taxes (14%), and race track tax (24%). Declines from prior year revenues for all of these sources were projected in the adopted budget, but the actual declines are exceeding the projections.

Fines and Forfeitures

Revenues for both parking fines and moving vehicle fines have declined from amounts of the prior year, and the current projection of \$200,000 is 30% below the adopted budget.

Earnings on Investments

The City deposits nearly all of its funds that are available for investment in the State Local Agency Investment Fund, LAIF. The LAIF investment returns have been below 2% for all of this fiscal year, and appear likely to remain at a low rate through the end of the fiscal year. As a result, we project the actual revenue for the year to be half of the adopted budget amount.

Revenue from Other Agencies

The primary reasons for the \$46,000 shortfall in this revenue category is the reduction of Traffic Congestion Relief grants and POST Training reimbursement for police officers.

Other Revenue

This revenue category includes miscellaneous revenues and reimbursements and fluctuates significantly from year to year. The projected shortfall from budget of \$49,600 is based on the current half year actual results, which are \$20,000 below the prior year for the same period.

Expenditure Variances

The total variance for expenditures is \$490,168 below the budget. Salaries and fringe benefits account for \$343,407, which is 70% of the total variance. These budget savings are produced by a number of factors including:

- the budgeting of an unfilled police officer position,
- full year budgeting of a parking enforcement officer position that was vacant for a portion of the year,
- savings in crossing guard salaries during the summer,
- the retirement of the Fire Chief yielded savings of a portion of his compensation,
- the retirement of a Fire Lieutenant yielded savings thru the filling of this position at a lower salary step, and

- savings in the Community Development Department from the vacancy of an Associate Planner position.

Inter Fund Transfers

It currently appears that revenues from Emergency Medical Services, sewer assessments and storm drain assessments will be sufficient to provide for the transfers-in to the General Fund at the amounts originally budgeted. Revenues from gasoline taxes are uncertain and could be below budget due to the depressed economy and uncertainty as to State allocation of these revenues; however, because there are carryover revenue from prior years available, there will sufficient funds to make the budgeted transfer.

SUSTAINABILITY

Not applicable.

FINANCIAL IMPACT

No actions are recommended based on the actual six months results and the projection for the full fiscal year.

CONCLUSION

All departments should continue to operate under the restraints of the adopted budget.

Attachment:

1. Financial Statements – December 2010