

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

Agenda Date: 02/06/12

Reviewed by \_\_\_\_\_

**SUBJECT:** Six months financial statement for period ended December 31, 2011 and financial projection for full fiscal year ending June 30, 2012.

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

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**STAFF RECOMMENDATION**

Receive and file report.

**BACKGROUND**

Quarterly the City Council reviews the status of the City's General Fund's activity year-to-date, and compares the projected full fiscal year activity to the adopted budget for the fiscal year. This is the report for six months of fiscal year 2011-12 (July 1, 2011 – December 31, 2011). The Council is also provided any suggested revisions to the operating budget from management.

**DISCUSSION**

The accompanying six months financial statement (Exhibit A) was compiled from the financial records maintained by the City's Finance Department. Both the 2010-11 and 2011-12 statements reflect all cash transactions completed during the six months ended December 31, 2010 and 2011. Revenues earned but not received, and expenditures incurred but not paid, as of December 31, are not included in this statement, except for salaries and benefits earned between the last pay period in the month and the last working day in the month.

The financial statement for the for the full fiscal year (Exhibit B), includes a projected twelve months 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 includes 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 \$8,030. Our projection for the full fiscal year at the close of six months ended December 31, 2011 is for a net excess of revenues and transfers-in over expenditures and transfers-out of \$13,139. The favorable projection is largely attributable above budget projections in the major revenue sources of property taxes, sales taxes and franchise fees.

### **Revenue Variances**

Revenues are projected at \$13,990,300 which is \$607,602 above the budget. Although assessed values of property continue to be negatively impacted by the declining real estate market, the County Assessor has reported a .7% overall growth in the taxable base, and revenue to the City has exceeded that of the prior year. It is projected that property tax revenue for the fiscal year will exceed the budget estimate by \$124,900.

Sales tax revenue for the first six month was under budget \$116,718, but it was \$47,729 greater than revenue for the same period of the prior year and, based on historical patterns of annual revenue receipts, it is projected that sale tax revenue for the fiscal year will exceed the budget by \$59,316.

Franchise fees for the first six month were \$82,945 below the budget, but they were equal to those of the prior year for the same period, and the second half of the fiscal year will benefit from an \$11 per month waste collection fee increase instituted in November 2011. It is projected for the fiscal year that fees will exceed budget by \$98,379.

The major component of Other Taxes is Property Transfer Tax, and the decline in this revenue is the major factor in the projection of fiscal year revenue falling \$175,503 under budget.

Service Charges are under budget for the first half of the year and are projected to be \$350,483 under budget for the full fiscal year. The decline in revenue is reflective of the slow economy.

Other Revenue is \$755,125 over budget for the first half of the year, and is projected to be \$800,488 over budget for the full fiscal year. This favorable variance is largely attributable to reimbursements from Golden Gate Fields for services provided in connection with the proposal for location of the second campus of the Lawrence Berkeley National Laboratory at the Golden Gate Fields site. This revenue is largely offset by expenditures incurred, as seen by the unfavorable variance of \$363,679 for Reimbursable Professional Services.

## **Expenditure Variances**

Expenditures for the fiscal year are projected at \$17,488,706 which is \$602,493 above the budget.

There were budget savings for salaries of \$80,513 in the first half of the fiscal year and these saving are expected to be sustained through the end of the fiscal year.

Fringe Benefits and Overtime have run above budget for the first half of the year, without there being extraordinary events impacting these expenses, therefore; the projection is that they will continue to exceed budget for the full fiscal year.

There were major repairs to maintenance equipment in the first half of the year, which accounts for the projection of an unfavorable budget variance of \$56,781 for Equipment Rental and Maintenance.

Reimbursable Professional Services are projected to be over budget \$363,679 for the fiscal year. They are over budget \$425,404 at December 31, 2011. Of the \$619,904 expended in reimbursable professional services the first six months of the fiscal year, approximately 93% were for the GGF-LBNL project, and like all expenditures coded to this account, have been or will be reimbursed to the city by end of the fiscal year.

## **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**

No major budget adjustments are recommended at this time. Because the projected revenue margin of \$13,139 is so small, close adherence to and monitoring of the budget is required. Any expenditures not already programmed in the budget must be offset by additional revenue or by reduction of existing budgeted expenditures.

Attachment:

Exhibit A – Six Months Actual

Exhibit B – Fiscal Year Projection