

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

Agenda Date: November 21, 2005  
Date Prepared: November 15, 2005  
Reviewed by\_\_\_\_\_

**SUBJECT:** First Quarter Fiscal Year 2005-06 Financial Statements and Projection

**REPORT BY:** Charlie Adams, Finance and Administrative Services Director

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**STAFF RECOMMENDATION**

Report is for information only.

**BACKGROUND**

Quarterly the City Council reviews the status of City revenues and expenditures compared to the adopted budget for the fiscal year July 1 through June 30. This is the first quarterly report for the 2005-06 fiscal year.

**DISCUSSION/ANALYSIS**

**Format and Assumptions**

The accompanying financial statements are compiled from the financial records maintained by the City's Finance Department. The Actual 3 Months column of the statements reflect all cash transaction completed during the quarter ended September 30, 2005. Revenues earned but not received, and expenditures incurred but not paid, as of September 30, are not included in this column, except for the inclusion of salaries and benefits earned between the last payday in September and the end of the month.

The first statement, Expenditures by Type, includes a Projected Fiscal Year column that is a combination of the actual transactions for the first quarter plus estimated revenues and expenditures for the remaining three quarters of the fiscal year. The Projected Fiscal Year column is designed to include all revenues earned and all expenditures incurred but not paid during the fiscal year. Variances are computed as the difference between the annual budget and the projected actual for the year. Projected actual revenues in excess of budgeted revenues are favorable variances, and are shown without brackets. Projected expenditures in excess of budgeted expenditures are unfavorable variances and are shown in brackets.

The second statement, Expenditures by Department, compares actual and budgeted expenditures by department for the first quarter of the fiscal year. Thus, the variances are actual budget variances on year-to-date activity and are not a projection or an estimate of the variances for the fiscal year.

### **Projected Surplus**

The projected fiscal year revenues of \$11,808,041 plus transfers-in of \$2,724,629 total \$14,532,670, and projected expenditures and transfers-out total \$14,514,295, yielding a General Fund operating surplus of \$18,375.

### **Revenue Variances**

The overall projection for revenue variances for the fiscal year is \$44,012 above budget, but first quarter data is too volatile to indicate a clear trend or certainty that budgeted revenues in total will be achieved.

*Other taxes - \$200,000:* This reduction in the projected revenue represents a revision in property transfer tax, based on first quarter actual revenue which is \$212,000 below the first quarter of fiscal year 2004-05.

*Earnings on investment - \$156,000:* This increase in the projected revenue reflects the earnings rate achieved in fiscal year 2004-05, which was significantly improved over that of two years ago, on which the budget was based.

*Service charges - \$88,012:* The projected revenue has been increased based on the actual results for the first quarter of the year; however, the actual result for the full year may be either above or below the original budgeted amount.

### **Expenditure Variances**

The projection of expenditures is \$48,656 over budget, but it is probable that the final results for the year will show significant variances that cannot be projected from the first quarter results.

*Salaries:* No variance is projected for salaries, although the first quarter salaries of \$1,679,114 are \$103,000 below one fourth of the annual budget. It is anticipated that increases in police salaries expenses over the final three quarters of the fiscal year will bring the actual expenditures for the full year up to the budgeted amount.

*Professional Services - \$31,000:* Expenditures are projected to exceed budget, but the excess will be offset by service charges which are also projected to exceed budget.

Other expense variances at this point in the fiscal year are not significant and are likely to change by substantial amounts during the year.

### **Fund Transfers**

At the present time, it appears that all budgeted transfers will be made.

### **FINANCIAL IMPACT**

If actual revenues and expenditures for the year are as projected, the City will achieve all of its operating goals, while maintaining a strong overall financial position.