

**REVIEW OF REVENUES, EXPENDITURES  
AND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Overview**

The City of Albany's financial results for the fiscal year ended June 30, 2008 were favorable. The bottom line in measuring the financial results of the General Fund for a city is the net increase or decrease to the fund balance from revenues, expenditures and transfers. The City's adopted budget projected a net increase to the fund balance of \$27,137. The actual (unaudited) net increase for the year was \$176,212.

Revenues for the year were \$13,856,621, an increase of 5% over fiscal year 2006-07, and 6% over budgeted revenues. There were no specific events that gave rise to the increase in revenue. All categories of revenue exceeded the budget and five of the nine categories exceeded the revenue of the prior year.

Expenditures for the year were \$14,963,976, an increase of 8.5% over fiscal year 2006-07, but 2% under budgeted expenditures. Personnel expenses were \$249,235 under budget, and new equipment and Council discretionary expenses were \$97,441 under budget. Profession services expense increased 17% from the prior year, and was 7.6% above the budgeted amount.

**Revenues**

Significant events related to revenues are discussed below:

- Property taxes – Fiscal year 2007-08 revenue of \$4,794,633 exceeded the budget by \$200,828 and was \$337,598 greater than fiscal year 2006-07 revenue. Included in the property tax revenue is the in-lieu fees received from the State as compensation for Motor Vehicle License Fees preempted by the state. The in-lieu revenue for fiscal year 2007-08 was \$1,224,380, as compared to \$1,147,174 for fiscal year 2005-07. After adjusting for the in-lieu Motor Vehicle License Fees the property tax revenue received by the City increased 7.7%. Of the 7.7% increase, 2% may be attributed to the across the board increase in assessed values applied by the County Assessor, the remainder reflects the reassessment of property for which ownership changed.
- Sales taxes – The City receives tax revenue of 1% on taxable sales within the City and it also receives in-lieu sales taxes from the State as a result of the “Triple Flip” the State instituted in 2004. The direct sales tax revenue for the year was \$1,636,083, which was \$50,010 above budget. The in-lieu sales tax revenue was \$546,851, which was equal to the budget, but \$59,782 below the prior year.

- Franchise fees – This category is composed of the following:

	<u>Actual</u>	<u>Budget</u>
○ Utility fees – elect.	45,846	47,987
○ Utility fees – gas	47,476	56,253
○ Waste collection	237,653	234,117
○ Cable TV – admin.	76,346	50,366
○ Cable TV Operations	<u>114,519</u>	<u>75,550</u>
<b>Total</b>	<b><u>\$521,840</u></b>	<b><u>\$464,273</u></b>

- Other Taxes – The three major components of this category are property transfer taxes, utility user taxes and racetrack wager tax. Property transfer taxes were \$1,184,635, which was \$72,928 above budget, but \$272,037 below the prior year. The number of transfers in the year was down 20% from the prior year and down 27% from two years past. Utility users taxes for gas & electricity and telephone were \$1,481,821, which was \$26,685 above budget and \$40,260 greater than the prior year. The utility users tax rate remained at 7 %. Revenue from racetrack wagers was \$357,457, which was \$32,518 above budget, but \$30,076 below the prior year.
- Fines and Forfeitures – The revenue from fines and forfeitures was \$268,989, which was \$51,157 above budget, and \$80,028 (42%) above the prior year. Parking fines revenue was \$170,984, which was 25% above the prior year. Moving vehicle citation revenue was \$98,005, which was 88% above the prior year. Factors contributing to the increase revenue are fuller staffing of the Police Department, increases in the rate of fines and the issuance of parking tickets for street sweeping violations.
- Earnings on Investments – Earnings for the fiscal year were \$504,524, which was \$128,701 above the budget and \$14,252 greater than the prior year. The excess over budget was a reflection of the change method of allocation of interest among Fund instituted last year, but the budget was based on the old allocation formula.
- Service Charges – Revenue exceeded budget by \$44,826 (3%). Service charges are set at a level to recover costs and increases in revenues are generally matched by increases in cost incurred.
- Other Revenue – Revenue of \$355,907 exceeded budget by \$101,301 (40%). Major components of the budget excess were:

Reclassification of deposits to fees	\$16,325
Police School Resource Officer	17,234
Fire strike team reimbursement	39,281

**Expenditures**

Total expenditures were \$300,556 below budget. Significant events affecting expenditures are discussed below:

- Salaries and Fringe Benefits – These costs were \$209,143 under budget as a result of vacancies in budgeted positions in the Police and Community Development Departments.
- Overtime – Overtime costs for the Police Department were \$352,280, which was 6% under budget, and 6% above the prior year costs. Overtime costs for the Fire/EMS Department were \$494,281, which was 6% under budget, and 26% above the fiscal year 2006-07. The Fire overtime was significantly increased by assignment of personnel to fire strike teams.
- Professional Services – Costs exceeded budget by \$87,740. The majority of the excess occurred in the Community Development Department in maintenance of streets, parks, storm drains and sewers. The planning function also exceeded budget by \$22,000. Professional services costs were up \$222,000 over the prior year, but the budget excess of \$87,740 is significantly down from the prior year excess of \$213,000.

**Transfers**

Transfers of funds from/(to) the General Fund to capital and reserve funds, not included in the adopted budget were:

- |                                 |            |
|---------------------------------|------------|
| • Equipment Replacement Reserve | \$ 200,000 |
| • Compensated Absences Reserve  | 208,892    |
| • Capital Facilities Reserve    | 500,000    |
| • Waterfront Planning           | 259,713    |
| • Bond deposit conversion       | 20,991     |
| • Developer fee conversion      | 277        |

Transfer between funds, other than the General Fund, which were not included in the adopted budget were:

- |  |          |
|--|----------|
| • Correction of Measure R allocations of prior years       | \$65,336 |
| • Corrections of Recreation/Senior Center reserve Accounts | 62,550   |

Equipment Replacement Reserve – This Fund is used to pre-fund the replacement of operating equipment, computer replacements and software replacements and upgrades. A planned upgrade of financial software in fiscal 2008-09 will be funded from this Fund.

Compensated Absences Reserve – This transfer funds a liability that prior to fiscal year 2006-07 was reported but not funded. The funding of this type of liability is critical for a small organization because in a small organization the termination of one or two senior employees in the same year may have significant cash flow ramifications if cash is not set aside as the liability is accumulated.

Capital Facilities – This Fund was established several years ago to reserve bond proceeds designated for acquisition of a permanent maintenance facility. The partial replenishment of this Fund will facilitate the acquisition of a site and construction of a permanent maintained facility.

Waterfront Planning – The Council approved funding of waterfront planning activities in April 2008, and on June 16, 2008 the Council authorized expenditures of \$259,713 from the fiscal year 2007-08 budget, to complete this activity. This transfer reserves these funds for expenditure in fiscal year 2008-09 or future years.

Bond and Developer Fee Conversions – These transfers are clean-up transactions to recognize transfer of deposits received in prior years that were used to pay fees due the City.

Corrections of Fund Allocations – These transfers are clean-up transactions made to correct the allocation of expenditures between related funds, that were not allocated when expenditures were made in prior years.