

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

Agenda Date: May 2, 2005
Date Prepared: April 25, 2005
Reviewed by _____

SUBJECT: Third Quarter Fiscal Year 2004-05 Financial Statements and Projection

REPORT BY: Charlie Adams, Finance and Administrative Services Director

STAFF RECOMMENDATION

Report is for information only.

DISCUSSION/ANALYSIS

Format and Assumptions

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 transaction completed during the nine months ended March 31, 2005. 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 first statement, Expenditures by Type, includes a Projected Fiscal Year column that is a combination of the actual transactions for the first three quarters plus estimated revenues and expenditures for the fourth quarter 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 parentheses. Projected expenditures in excess of budgeted expenditures are unfavorable variances and are shown in parentheses.

The second statement, Expenditures by Department, presents, by department, actual expenditures for the first 9 months of the fiscal year and budgeted expenditures, by department, for the full fiscal year.

Projected Surplus

The projected fiscal year revenues of \$11,360,855 plus transfers-in of \$2,243,436 total \$13,604,291, and projected expenditures of \$13,418,222 plus transfers-out of \$125,037 total \$13,543,259, yielding a General Fund operating surplus of \$61,032.

State Budget Deficit Issues

There have been no new developments at the State level that would impact the City's financial status for the year. We have received property tax revenue, in lieu of vehicle license fees backfill, of \$898,304. The budgeted revenue was \$900,000. A final "true-up" adjustment is scheduled for January 2006. The "true-up" adjustment may be positive or negative, but we believe the amount will not be significant to the Fiscal Year 2004-05 operation results, and we shall not account for this true-up adjustment until the amount is known.

Under the State's "Triple Flip" swap of property tax revenue for 25% of the sales tax revenue due the City, we have received payments totaling \$294,689. There will be at least one "true-up" adjustment, which is scheduled for January 2006, but because of various complexities in the administration of the "Triple Flip" the amount of the final true-up adjustment may be material to the Fiscal Year 2004-05 operating results. While it is unlikely that the City would have a negative true-up adjustment, if at the time we report Fiscal Year 2004-05 results, it appears that there may be a negative true-up adjustment, we will include an estimate of this adjustment in the financial report.

Revenue Variance

The overall projection of revenue for the fiscal year is \$151,339 above the revised budget. The principal factor causing the projected revenue to exceed budget is the \$258,458 received from the sale of the Fiscal Year 2003-04 VLF receivable from the State.

Property tax revenue is projected to below budget because the final payment from the County will likely not be received until after we have closed the books for the year.

Other taxes are projected below budget because of the decline in property transfer tax revenue and racetrack pari-mutuel wagering commissions. While there is no certainty that the trend to-date will continue into the fourth quarter, we believe this is the most prudent assumption to make at this time.

Expenditure Variance

The overall projection for expenditures for the fiscal year is \$32,639 above the revised budget. The insurance and claims expenditure line has the largest unfavorable variance at \$82,913; however, fourth quarter charges will be limited to claims payments and deposits to the self-insurance reserves for workers compensation. These payments may vary significantly from the projection.

The second largest unfavorable variance is \$72,301 in professional services. This variance is largely attributable to work performed for the Target store and other

developmental projects, for which the City is reimbursed. Therefore, the overage in professional services line is offset by the \$83,970 favorable variance for other revenue.

The most significant favorable budget variance is salaries at \$95,910. This salary savings is due to vacant positions in the police department. The projected savings amount has been reduced from earlier projections by the filling of some open positions, anticipated additional hiring prior to the fiscal year end.

Fund Transfers

The unfavorable transfers-in variance of \$66,613 represents the estimated shortfall of revenue from Emergency Medical Services.

FINANCIAL IMPACT

If actual revenues and expenditures for the year are as projected, the City will achieve a favorable increment in its General Fund balance, while appropriately providing for all known and measurable contingencies.

CITY OF ALBANY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAFR BASIS GENERAL FUND
EXPENDITURES BY TYPE
MARCH 2005 - UNAUDITED

	<u>Actual</u> <u>9 Months</u> <u>7/04-3/05</u>	<u>Projected</u> <u>Fiscal Year</u> <u>2004-05</u>	<u>Budget</u> <u>Fiscal Year</u> <u>2004-05</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>%</u>
REVENUES					
Property taxes	\$ 2,177,332	\$ 3,299,030	\$ 3,430,634	\$ (131,604)	-3.8%
Sales taxes	1,106,398	1,741,000	1,700,448	40,552	2.4%
Franchise fees	356,007	422,619	408,080	14,539	3.6%
Other taxes	2,623,065	3,875,369	3,983,025	(107,656)	-2.7%
Licenses and permits	139,810	178,075	178,018	57	0.0%
Fines and forfeitures	154,907	204,000	204,000	-	0.0%
Earnings on investments	29,108	30,000	25,000	5,000	20.0%
Revenue from other agencies	358,517	377,381	130,900	246,481	188.3%
Services charges	796,276	970,958	970,958	-	0.0%
Other revenue	218,449	262,423	178,453	83,970	47.1%
Total Revenue	<u>7,959,869</u>	<u>11,360,855</u>	<u>11,209,516</u>	<u>151,339</u>	<u>1.4%</u>
EXPENDITURES					
Salaries	4,668,919	6,385,047	6,480,957	95,910	1.5%
Fringe Benefits	1,789,660	2,554,019	2,556,935	2,916	0.1%
Overtime	562,130	773,132	773,132	(1)	0.0%
Material & Supplies	193,752	282,401	265,947	(16,454)	-6.2%
Communications	82,176	127,339	135,488	8,149	6.0%
Utilities	146,247	231,338	255,273	23,935	9.4%
Publishing & Advertising	43,941	89,050	89,050	-	0.0%
Professional Services	689,810	985,022	912,721	(72,301)	-7.9%
Copies & Office Expenses	19,361	33,116	33,116	-	0.0%
Equipment Rental & Maintenance	66,797	107,386	121,767	14,381	11.8%
Land Rental & Bldg Maintenance	79,485	139,650	139,650	-	0.0%
Insurance and Claims	752,275	1,128,413	1,045,500	(82,913)	-7.9%
Other Supplies/Services	121,641	182,462	149,318	(33,144)	-22.2%
Education & Training	62,934	97,111	97,111	-	0.0%
Uniform & Safety Equipment	37,090	67,850	67,850	-	0.0%
Other Charges	95,683	131,538	143,419	11,881	8.3%
New Equipment/Land Acquisition	6,526	78,350	93,350	15,000	16.1%
Discretionary	4,926	25,000	25,000	-	0.0%
Total General Expenditures	<u>9,423,353</u>	<u>13,418,222</u>	<u>13,385,583</u>	<u>(32,639)</u>	<u>-0.2%</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES	<u>(1,463,484)</u>	<u>(2,057,367)</u>	<u>(2,176,067)</u>	<u>118,700</u>	<u>5.5%</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,122,760	2,243,436	2,310,049	(66,613)	
Operating transfers (out)	<u>(125,037)</u>	<u>(125,037)</u>	<u>(125,037)</u>	<u>-</u>	
Total Other Financing Sources	<u>997,723</u>	<u>2,118,399</u>	<u>2,185,012</u>	<u>(66,613)</u>	
EXCESS (DEFICIENCY) OF REVENUES					
AND OTHER SOURCES OVER					
EXPENDITURES AND OTHER USES	(465,761)	61,032	<u>\$ 8,945</u>	<u>\$ 52,087</u>	
Fund Balance, Beginning of Year	<u>3,861,845</u>	<u>3,861,845</u>			
Fund Balance, End of Year	<u>\$ 3,396,084</u>	<u>\$ 3,922,877</u>			

This interim financial statement and projection present only the General Fund of the City of Albany, and does not represent the financial results of the operations of the City in conformance with Generally Accepted Accounting Principles. The projection is an estimate, and the actual results may differ significantly from the projection.

CITY OF ALBANY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAFR BASIS GENERAL FUND
EXPENDITURES BY DEPARTMENT
MARCH 2005 - UNAUDITED

	Actual 9 Months 7/04-3/05	Budget Fiscal Year 2004-05
REVENUES		
Property taxes	\$ 2,177,332	\$ 3,430,634
Sales taxes	1,106,398	1,700,448
Franchise fees	356,007	408,080
Other taxes	2,623,065	3,983,025
Licenses and permits	139,810	178,018
Fines and forfeitures	154,907	204,000
Earnings on investments	29,108	25,000
Revenue from other agencies	358,517	130,900
Services charges	796,276	970,958
Other revenue	218,449	178,453
Total Revenue	7,959,869	11,209,516
EXPENDITURES		
Council	30,663	43,350
City Administrator	326,705	459,299
City Clerk	107,066	144,476
Finance & Administrative Services	447,177	611,008
City Treasurer	38,040	50,656
City Attorney	139,635	130,880
Insurance	714,876	998,000
Non-Departmental	139,919	258,456
Police	2,789,977	3,975,267
Fire & Emergency Medical Services	2,343,685	3,329,294
Community Development & Env Res.	1,458,076	2,008,682
Recreation & Community Services	834,532	1,265,226
Information Technology	53,002	110,989
Total General Expenditures	9,423,353	13,385,583
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,463,484)	\$ (2,176,067)

This interim financial statement presents only the General Fund of the City of Albany, and does not represent the financial results of the operations of the City in conformance with Generally Accepted Accounting Principles.