

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

Agenda Date: 05/04/09

Reviewed by: BP

SUBJECT: Nine Months Fiscal Year 2008-09 Financial Statements and Projection

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

STAFF RECOMMENDATION

Report is for information only.

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 nine months of fiscal year 2008-09 (July 1, 2008 – March 31, 2009).

DISCUSSION

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 transactions completed during the nine months ended March 31, 2009 and salaries and benefits earned between March 24 and March 31, 2009. Revenues earned but not received, and expenditures incurred but not paid, as of March 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 nine months of the fiscal year, plus estimated revenues and expenditures for the remaining three 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. Variances are computed as the difference between the revised annual budget and the projected actual results for the year.

ANALYSIS

The projected fiscal year operating results at the close of the second quarter, December 31, 2008 were an excess of revenues and net transfers-in over expenditures of \$33,256.

The projected fiscal year operating results as of the close of the third quarter, March 31, 2009, have declined to \$19,491. The decline in the projection is attributable to a decrease in net transfers-in of \$289,643, offset by an increase in revenue of \$202,903 and a decrease in expenditures of \$72,975.

Transfers

The major change in transfers was a provision of \$200,000 to fund potential increases in the accrued liabilities for compensated absences such as vacation and sick leave. The level of funding of compensated absences is, to some extent, discretionary, as there is no certainty that the full amount of the liability will be recognized. However, given current economic conditions, it is prudent that these liabilities be funded at high level. A full analysis of the liabilities will be performed as part the closing procedures at the end of the fiscal year.

We have also provided \$56,000 to increase the reserve for self-insured general liability claims. This requirement may change at the end of the year when a full twelve months of activity is available for analysis, and the confidence level of funding is set.

Gasoline taxes are recorded in a special fund and transferred to the General Fund, where the expenditures on roads are recorded. The projected gasoline tax revenue has been reduced \$33,600, based on the actual collections through March 2009.

Revenue Variances

The projections of service charges and other revenue were increased \$227,000 largely as a result of the collection of fire strike team reimbursements, which had not been accrued in the previous projection because of the uncertainty of the timing of collection, given the State's moratorium on payments during the budget crisis.

Another major increase in projected revenue was \$101,000 for pass-through of tax – increment revenue from the Reinvestment Agency. A new state law necessitates the pass through to the City revenues that were previously retained in the Reinvestment Agency. The amount for fiscal year is total pass-through for five years. We estimate that the annual revenue in future years will be between \$20,000 to \$25,000.

Expenditure Variances

The decline in projected expenditures is largely the result of saving from unfilled positions in the Police and Recreation Departments. The projection of professional services declined \$50,000, largely due to under budget expenditures in the Community Development Department.

Additional savings that may occur, but are not reflected in the projection are the deferral of \$70,000 budgeted for work on the City's general plan, and \$33,000 unallocated Council discretionary funds.

SUSTAINABILITY

Not applicable.

FINANCIAL IMPACT

No actions are recommended to alter the revised budget.

CONCLUSION

All departments should continue to operate under the restraints of the budget as revised at September 30, 2008.

Attachments:

Financial Statements 3/31/09