

# CITY COUNCIL AGENDA ITEM COVER SHEET

**Meeting Date:** November 13, 2017

**To:** Honorable Mayor and Members of the City Council

**From:** Will Norris, Finance Dir. / Asst. City Manager

**Subject:** First Quarter Financial Update

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## **Background:**

The structure and form of the attached quarterly financial report has been updated for FY2017-18 in an effort to provide additional useful financial information to the City Council and public. Below is a brief overview of several new components of the report:

### *1. Yearend Estimates*

The revised report includes anticipated full-year final expenditures and revenues, known as “estimates-to-close”. Full yearend estimates are based on the actual amounts to-date, historical seasonal spending/revenue patterns, and staff knowledge of current year conditions. While actual amounts will vary from estimates, the projections provide staff’s best point-in-time forecast given available information.

### *2. Comparison to Previous Year*

The two right most columns in the attached report provide a comparison to the previous fiscal year, both the same period and the final yearend amounts. This allows the reader to have an “apples-to-apples” comparison to the same time period last year and how the last year ended.

### *3. Estimated General Fund Surplus / Deficit*

The surplus or deficit is the product of subtracting the full-year estimated spending from full-year estimated revenues. The calculated surplus or deficit is the amount that the General Fund balance will change if the projected revenues and expenditures come to fruition.

### *4. Projected General Fund Ending Balance*

Applying the calculated surplus or deficit to the beginning fund balance calculates the projected ending fund balance. The actual ending fund balance will vary depending on actual expenditures, revenues, and the amount of contingency used. The current estimate assumes that 20% of contingency will be spent. This is generally consistent with past experience but slightly on the conservative side. If contingency is not spent, that unspent amount will contribute to a higher ending fund balance at yearend.

### *5. Pooled Cash & Investments*

These dollars constitute the entirety of cash & investments under the control of the City and Urban Renewal Agency. It is presented as a consolidated sum because allocating cash on a quarterly basis is not administratively practical. The majority of

funds are restricted for specific uses, either by law or city policy, and therefore the pooled cash balance is not an amount available for general expenditure. However, it does provide a simple entity-wide look at liquid capital. All else held equal, increasing balances are a positive indicator and declining balances are a prompt for further review and analysis.

### **Discussion:**

As of September 30, 2017, no significant financial concerns are identified with any City fund. Below are several items that staff are aware of and tracking, but do not require City Council action at this time.

#### *Fire Department*

The Fire Department is trending over budget due to the Eagle Creek Fire. The City is in the process of preparing reimbursement requests to federal agencies. Staff expects to bring a supplemental budget to City Council later in the year that recognizes the reimbursement revenue and makes additional appropriation in the Fire Department to accommodate the Eagle Creek Fire expenses.

#### *Parking Meter Receipts*

Through the first three months of the fiscal year, parking meter receipts are down approximately 10% versus the same time period last year. The revenue reduction is likely due in part to the Eagle Creek Fire, although receipts were down beginning in July. Staff does not believe that the Parking Fund's budgeted FY2017-18 transfer to the General Fund is at risk at this time. Receipts will be monitored closely to confirm that the revenue loss to-date was due to one-time events and not an ongoing concern.

#### *Transient Room Tax*

This tax category continued to exceed expectations through July and August. For these first months reported on returns filed through September 30<sup>th</sup>, Transient Room Tax revenue was up 10% over the same time period last year. Transient room tax returns for the period during the Eagle Creek Fire are received in October. Initial numbers indicate receipt are down 25% for the month of the fire, or approximately \$63 thousand, from what otherwise would have been anticipated. This calculates approximately \$785 thousand in lost gross receipts to area hotels, bed & breakfasts, and other transient rentals.

### **Staff Recommendation:**

Receive and file quarterly financial report for the period ending September 30, 2017.

#### **Attachments**

Quarterly Financial Report for the period ending September 30, 2017

**Quarterly Financial Report**  
For the period ending September 30, 2017

**GENERAL FUND REVENUE SUMMARY**  
Through September 2017 (25% of Fiscal Year)

Resources	Budget	Actual Through Sept. 2017	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Sept. 2017	Fiscal Year 2016-17	
						Revenue thru Sept. 2016	Year-End Actual
Taxes							
Current Property Tax	2,196,437	-	2,196,437	-	0%	-	2,099,677
Previously Levied Tax	40,378	23,336	40,378	-	58%	11,081	34,130
Transient Room Tax	1,903,115	553,679	1,964,947	61,832	29%	501,196	1,845,815
Local Marijuana Tax	57,600	-	42,942	(14,658)	0%	-	8,902
Licenses & Permits	1,336,955	279,975	1,393,805	56,850	21%	224,819	1,310,672
Fines & Forfeitures	4,000	1,444	4,000	-	36%	1,125	6,605
Intergovernmental Revenues	298,049	35,301	296,761	(1,288)	12%	46,219	369,883
Charges for Services	75,981	28,845	77,364	1,383	38%	11,243	159,256
Interest Earnings	74,871	59,350	74,871	-	79%	24,161	45,770
Misc. Revenues	53,854	8,365	54,712	858	16%	8,943	157,580
Interfund Transfers In	550,000	137,500	550,000	-	25%	100,000	400,000
<b>TOTAL</b>	<b>6,591,240</b>	<b>1,127,795</b>	<b>6,696,217</b>	<b>104,977</b>	<b>17%</b>	<b>928,787</b>	<b>6,438,291</b>

**GENERAL FUND EXPENDITURE SUMMARY**  
Through September 2017 (25% of Fiscal Year)

Department	Budget	Actual Through Sept. 2017	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Expended thru Sept. 2017	Fiscal Year 2016-17	
						Expenses thru Sept. 2016	Year-End Actual
Public Safety - Fire	2,320,075	589,078	2,368,652	48,577	25%	490,952	2,204,789
Public Safety - Police	2,192,077	476,342	2,123,760	(68,317)	22%	550,749	2,027,977
Parks	699,542	124,940	683,584	(15,958)	18%	114,185	409,491
Planning	521,627	130,311	513,256	(8,371)	25%	85,124	449,261
City Council	46,856	1,847	30,556	(16,300)	4%	1,221	12,084
Non-Departmental							
Materials & Services	572,562	1,591	573,770	1,208	0%	3,910	1,572,403
Interfund Transfers Out	140,696	35,174	140,696	-	25%	-	1,146,225
Contingency	516,898	-	103,380	(413,518)	0%	-	-
<b>TOTAL</b>	<b>7,010,333</b>	<b>1,359,283</b>	<b>6,537,653</b>	<b>(472,680)</b>	<b>19%</b>	<b>1,246,140</b>	<b>7,870,323</b>

Preliminary Surplus / (Deficit) Est.	<b>158,564</b>
Unaudited FY2017/18 Beginning Bal.	<b>2,619,490</b>
Projected FY2017/18 Ending Bal.	<b>2,778,054</b>

Pooled Cash & Investments (Including URA)	
Sept. 30, 2017	19,186,606
Sept. 30, 2016	15,496,185

**OTHER MAJOR REVENUE SOURCES SUMMARY**  
Through September 2017 (25% of Fiscal Year)

Revenue	Budget	Actual Through Sept. 2017	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Sept. 2017	Fiscal Year 2016-17	
						Revenues thru Sept. 2016	Year-End Actual
Ambulance Fee Receipts	856,750	185,488	879,677	22,927	22%	156,831	792,332
Municipal Court	233,791	90,419	243,082	9,291	39%	60,853	231,872
Parking Meter Receipts	714,629	216,012	660,092	(54,537)	30%	239,322	669,165
Parking Fines	175,000	62,913	181,762	6,762	36%	57,216	165,304
Gas Tax - Local	325,000	70,166	339,507	14,507	22%	65,669	331,326
Gas Tax - State	473,000	79,638	484,115	11,115	17%	73,430	462,288
Charges for Services							
Water	2,552,472	841,975	2,622,068	69,596	33%	761,208	2,438,214
Sewer	3,528,934	935,424	3,531,041	2,107	27%	866,105	3,314,659
Storm	498,159	123,007	487,942	(10,217)	25%	121,904	489,846