

Worksession

Agenda Item #	7
Meeting Date	May 12, 2008
Prepared By	Barbara B. Matthews City Manager
Approved By	

Discussion Item	City Manager's Quarterly Financial Report
Background	The City Manager has historically provided the City Council with periodic financial reports during the fiscal year.
Policy	The City Manager provides the City Council with updates on the City's financial condition and staff activities to assist the City Council in the performance of its duties.
Fiscal Impact	None
Attachments	General Fund Financial Report for the Third Quarter of FY08
Recommendation	For Discussion Only
Special Consideration	

**CITY OF TAKOMA PARK
GENERAL FUND
FINANCIAL REPORT
FOR THE NINE MONTHS
ENDED MARCH 31, 2008**

EXECUTIVE SUMMARY

The General Fund supports the day-to-day activities of the City, such as police protection, street and park maintenance, and general administrative functions. The General Fund's activities are supported primarily from two sources: taxes and utility fees and intergovernmental revenues.

Certain General Fund revenues are cyclical in nature. For example, property tax receipts and tax duplication payments are received during a certain period of time during the year. Other revenue sources are received on a monthly basis and, as a result, are more evenly distributed throughout the fiscal year.

In January 2008, the City Council adopted the second amendment to the Fiscal Year ("FY") 2008 budget. General Fund revenues decreased by \$109,950. Miscellaneous revenues increased by \$10,000 to reflect a contribution from Washington Adventist Hospital for the conduct of focus groups as requested by the Health Services Impact Committee. Receipts from the sale of City property were adjusted to reflect the agreed upon sale price for 8425 Piney Branch Road.

The largest single source of revenue for the City's general operations is real property taxes. Total collections as of March 31, 2008 totaled \$8,734,908, an increase of \$798,161 from the prior year. In spite of the rate reduction of \$0.02 per \$100 of assessed valuation, the escalation in property values resulted in increased revenues.

Receipts for personal property taxes were \$40,185 less compared to the prior year. The variance appears to be attributable to a timing difference in the receipt of monies. In FY 2007, the City received a large payment (\$134,000) for corporate personal property taxes in the second quarter of the fiscal year. Revenues are expected to come in at or near the budgeted amount for FY 2008.

In the second quarter financial report, staff noted that the Highway User Revenues were down compared to the prior year. Based on the information available at that time, the variance appeared to be attributable to a timing difference in the receipt of monies; however, staff planned to continue to carefully monitor this revenue source. As of March 31, 2008, Highway User Revenues continued to lag the prior year, with receipts down by \$57,989 compared to the same period in FY 2007. Staff projects that revenues from this source will be under budget.

Receipts from income taxes as of March 31, 2008 totaled \$1,280,911. This represents an increase of \$161,948 compared to the prior year.

Revenues from licenses and permits decreased from \$67,874 in the prior year to \$31,295 in the current fiscal year. One factor contributing to the decrease was the receipt of two \$18,000 annual payments related to the Takoma Junction parking lot lease in FY 2007. Additionally, approximately \$19,000 in telecommunication license fees—which historically are received early in the first quarter of the fiscal year—were received at the end of FY 2007.

Prudent cash management and higher interest rates resulted in an increase of \$46,953 from investment income, or use of money and property, compared to the same period in Fiscal Year 2007. The Director of Finance works closely with the City's representative at Multi-Bank Securities to coordinate the investments with the City's cash flow needs to maximize returns. This revenue source significantly exceeded the budgeted amount as of March 31, 2008.

Like General Fund revenues, not all fund expenditures occur evenly throughout the fiscal year. For example, contributions to the City's two pension plans are made in December. This can result in "peaks" in expenditures at certain times during the fiscal year.

As a result of Budget Amendment No. 2, General Fund expenditures for FY 2008 increased by \$10,000. The change, which is reflected in the General Government Department, stemmed from the conduct of focus groups as recommended by the Health Services Impact Committee.

General Fund expenditures as of the close of the third quarter totaled \$12,608,389 compared to \$11,347,063 in Fiscal Year 2007. The majority of the variance is attributable to increased expenditures for salary and fringe benefits costs. Further information on the most significant variances is provided below.

In addition to increased personnel costs, General Government expenditures were higher in Fiscal Year 2008 in several areas. A general election was held in the fall of 2007, resulting in increased expenses in the Legislative Division. The General Management Division reflects costs for the resident survey while new costs in the Finance Division include preparation of the Comprehensive Annual Financial Report and an independent valuation of the value of City-owned infrastructure. Legal costs were up by \$38,471, primarily due to work associated with the Takoma Metro development.

Police Department expenditures were up by \$322,056 compared to expenditures as of March 31, 2007. The majority of the variance was attributable to increased expenditures for salaries, fringe benefits, and overtime. Certain positions, including Chief of Police and Accreditation Officer, were vacant in the first six months of Fiscal Year 2007.

Public Works expenditures as of March 31, 2008 were \$2,552,953 compared to \$2,419,154 for the same period in the prior fiscal year. The increase of \$133,799 is partially due to salary and fringe benefit costs. The department also experienced higher costs for gasoline and diesel in Fiscal Year 2008, accounting for \$40,174 of the increase. Electrical costs were up by \$12,179 compared to the same period in the prior fiscal year. Costs for refuse disposal services were \$20,815 higher in the current fiscal year.

In Fiscal Year 2008, the City conducted a design charrette, at a cost of \$88,400. The City also undertook several neighborhood traffic calming studies during the current fiscal year. These projects accounted for \$106,911 of variance in departmental expenditures compared to Fiscal Year 2007.

Debt service costs as of March 31, 2008 were up by \$147,151 compared to the prior year. In Fiscal Year 2008, the City Council authorized the payoff of a Note Evidencing Bond Acquisition for City-owned property in Takoma Junction. Additionally, the lease payment for police vehicles was charged to capital outlay in Fiscal Year 2007 and to debt service in Fiscal Year 2008.

Non-departmental expenditures as of March 31, 2008 totaled \$695,400 compared to \$347,114 in the prior year. The variance of \$348,286 is primarily attributable to the reclassification of workers' compensation in the FY 2008 budget from the departmental fringe benefit accounts to non-departmental. Workers' compensation in the amount of \$231,430 was paid during the first quarter of FY 2008. The balance of the variance in non-departmental was due to higher insurance costs in the current year.

**GENERAL FUND REVENUES
FOR THE NINE MONTHS ENDED
MARCH 31, 2008**

REVENUES BY SOURCE:	Budgeted FY 2008	Actual To Date	Uncollected Revenue	% Collected	Prior Year Actual To Date	Change from Prior Year
Taxes and Utility Fees						
Real Property	8,864,019	8,734,908	129,111	98.54%	7,936,747	798,161
Personal Property	341,600	257,135	84,465	75.27%	297,320	(40,185)
RR and Public Utilities	169,444	48,809	120,635	28.81%	112,830	(64,021)
Penalties and Interest	25,000	27,769	(2,769)	111.08%	17,646	10,123
Admission and Amusement	300	35	265	11.67%	143	(108)
Additions and Abatements	0	(2,221)	2,221	n/a	(8,217)	5,996
Highway	616,382	300,241	316,141	48.71%	358,230	(57,989)
Income Tax	2,080,000	1,280,911	799,089	61.58%	1,118,963	161,948
Total--Taxes and Utility Fees	12,096,745	10,647,587	1,449,158	88.02%	9,833,662	813,925
Licenses and Permits	57,654	31,295	26,359	54.28%	67,874	(36,579)
Fines and Forfeitures	176,000	162,327	13,673	92.23%	139,366	22,961
Use of Money and Property	200,000	313,737	(113,737)	156.87%	266,784	46,953
Charges for Services						
Inspection Fees	288,000	217,783	70,217	75.62%	207,635	10,148
Public Parking Facilities	30,000	16,238	13,762	54.13%	15,595	643
Waste Collection & Disposal Charges	65,000	50,512	14,488	77.71%	55,955	(5,443)
Recreation Programs and Services	245,500	178,864	66,636	72.86%	197,464	(18,600)
Library Fines and Fees	14,000	13,900	100	99.29%	10,791	3,109
Passport Services	30,000	20,773	9,227	69.24%	23,052	(2,279)
WSSC	130,000	42,828	87,172	32.94%	0	42,828
Copying	1,400	2,778	(1,378)	198.43%	1,115	1,663
Advertising--Bus Shelters	10,000	8,017	1,983	80.17%	12,092	(4,075)
Farmer's Market	4,680	4,952	(272)	105.81%	4,680	272
Telephone Commissions	300	0	300	0.00%	0	0
Recyclable Sales	2,000	8,763	(6,763)	438.15%	9,914	(1,151)
Mulch Sales	8,000	9,360	(1,360)	117.00%	4,710	4,650
Special Trash Pickup	8,000	5,977	2,023	74.71%	6,200	(223)
Parking Lot Lease County - County	12,000	6,000	6,000	50.00%	0	6,000
Total--Charges for Services	848,880	586,745	262,135	69.12%	549,203	37,542
Intergovernmental Revenues						
Police Protection (State)	400,000	300,787	99,213	75.20%	309,470	(8,683)
Bank Share Tax	5,643	0	5,643	0.00%	0	0
Library Aid	119,160	59,580	59,580	50.00%	51,810	7,770
Police Rebate	630,310	315,155	315,155	50.00%	282,335	32,820
In Lieu of Police	2,322,023	2,322,023	0	100.00%	2,322,023	0
In Lieu of Roads Maintenance	442,624	442,624	0	100.00%	442,624	0
In Lieu of Parks Maintenance	72,229	72,229	0	100.00%	72,229	0
In Lieu of Crossing Guard	163,193	163,193	0	100.00%	163,193	0
Takoma/Langley Rec. Agreement	125,000	62,500	62,500	50.00%	50,000	12,500
Hotel Motel Tax	85,000	48,316	36,684	56.84%	50,686	(2,370)
Cable Franchise Fees	157,000	83,811	73,189	53.38%	85,803	(1,992)
Cable--Operating	64,583	32,300	32,283	50.01%	31,226	1,074
Total--Intergovernmental Revenues	4,586,765	3,902,518	684,247	85.08%	3,861,399	41,119
Miscellaneous						
Lease-Purchase	219,679	0	219,679	0.00%	0	0
Tree Fund	10,000	10,000	0	n/a	0	10,000
Other	33,370	25,326	8,044	75.89%	14,271	11,055
Insurance Claims	2,000	1,308	692	65.40%	12,033	(10,725)
Day Laborer Site	70,000	35,000	35,000	50.00%	39,000	(4,000)
Takoma Foundation Grant	0	0	0	n/a	0	0
Administrative Fees--Parking	7,000	3,075	3,925	43.93%	9,465	(6,390)
Donations	11,000	75	10,925	0.68%	420	(345)
Total--Miscellaneous	353,049	74,784	278,265	21.18%	75,189	(405)
Total Operating Revenues	18,319,093	15,718,993	2,600,100	85.81%	14,793,477	925,516
Sale of City Property	109,550	107,250	2,300	97.90%	12,183	95,067
Total Revenues	18,428,643	15,826,243	2,602,400	85.88%	14,805,660	1,020,583

**GENERAL FUND EXPENDITURES
FOR THE NINE MONTHS ENDED
MARCH 31, 2008**

DEPARTMENT:	Budgeted FY 2008	Expenditures To Date	Available Balance	% Unexpended	Prior Year Actual To Date	Change from Prior Year
<u>General Government</u>						
Legislative	121,270	68,915	52,355	43.17%	54,141	14,774
General Management	845,087	626,904	218,183	25.82%	594,030	32,874
Finance	472,285	303,111	169,174	35.82%	288,818	14,293
Legal	232,150	126,749	105,401	45.40%	88,278	38,471
Information Systems	311,951	230,925	81,026	25.97%	196,128	34,797
Human Resources	186,306	108,910	77,396	41.54%	72,842	36,068
City Clerk	194,513	126,138	68,375	35.15%	119,105	7,033
Total--General Government	2,363,562	1,591,652	771,910	32.66%	1,413,342	178,310
<u>Public Safety</u>						
Office of the Chief	505,346	387,319	118,027	23.36%	293,228	94,091
Communications	407,785	283,600	124,185	30.45%	204,964	78,636
Operations	3,027,720	2,298,803	728,917	24.07%	2,302,046	(3,243)
Criminal Investigations	821,092	554,996	266,096	32.41%	390,080	164,916
Administrative Services	652,461	426,266	226,195	34.67%	438,610	(12,344)
Total--Public Safety	5,414,404	3,950,984	1,463,420	27.03%	3,628,928	322,056
<u>Public Works</u>						
Administration	269,580	200,679	68,901	25.56%	203,934	(3,255)
Building Maintenance	719,948	485,121	234,827	32.62%	453,396	31,725
Equipment Maintenance	548,821	454,905	93,916	17.11%	384,927	69,978
Right-of-Way	867,462	599,839	267,623	30.85%	578,475	21,364
Solid Waste Management	746,776	505,546	241,230	32.30%	494,815	10,731
Gardens	171,005	118,271	52,734	30.84%	84,557	33,714
Urban Forest	253,260	95,808	157,452	62.17%	138,448	(42,640)
City Engineer	161,368	92,784	68,584	42.50%	80,602	12,182
Total--Public Works	3,738,220	2,552,953	1,185,267	31.71%	2,419,154	133,799
<u>Recreation</u>						
Administration	242,840	153,641	89,199	36.73%	272,483	(118,842)
TP Recreation Center	227,446	115,363	112,083	49.28%	114,693	670
Community Programs	114,813	61,984	52,829	46.01%	56,206	5,778
Athletic Fields/Facilities	73,894	38,395	35,499	48.04%	13,630	24,765
Camps	103,356	55,155	48,201	46.64%	47,184	7,971
Before/After School Programs	98,415	72,584	25,831	26.25%	25,374	47,210
Community Center	415,693	235,608	180,085	43.32%	103,733	131,875
Total--Recreation	1,276,457	732,730	543,727	42.60%	633,303	99,427
<u>Housing & Comm. Dev.</u>						
Administration	120,678	80,742	39,936	33.09%	73,122	7,620
Code Enforcement	376,894	259,601	117,293	31.12%	232,313	27,288
Landlord-Tenant	125,404	90,530	34,874	27.81%	91,182	(652)
COLTA	122,818	63,471	59,347	48.32%	67,163	(3,692)
Community Development	635,232	342,493	292,739	46.08%	221,485	121,008
Affordable Housing	137,808	61,241	76,567	55.56%	68,448	(7,207)
Total--Housing & Comm. Dev.	1,518,834	898,078	620,756	40.87%	753,713	144,365
Communications	381,950	260,996	120,954	31.67%	241,561	19,435
<u>Library</u>						
Library	843,933	559,733	284,200	33.68%	533,750	25,983
Computer Learning Center	82,395	50,024	32,371	39.29%	49,250	774
Total--Library	926,328	609,757	316,571	34.17%	583,000	26,757
Debt Service	1,178,487	824,846	353,641	30.01%	677,695	147,151
Non-Departmental	1,552,962	695,400	857,562	55.22%	347,114	348,286
Capital Outlay	1,589,404	490,993	1,098,411	69.11%	649,253	(158,260)
Total	19,940,608	12,608,389	7,332,219	36.77%	11,347,063	1,261,326