

# Worksession

|                      |                                     |
|----------------------|-------------------------------------|
| <b>Agenda Item #</b> | 5                                   |
| <b>Meeting Date</b>  | January 26, 2009                    |
| <b>Prepared By</b>   | Barbara B. Matthews<br>City Manager |
| <b>Approved By</b>   |                                     |

|                              |  |
|------------------------------|--|
| <b>Discussion Item</b>       | City Manager's Quarterly Financial Report  |
| <b>Background</b>            | The City Manager has historically provided the City Council with periodic financial reports during the fiscal year.                                    |
| <b>Policy</b>                | The City Manager provides the City Council with updates on the City's financial condition to assist the City Council in the performance of its duties. |
| <b>Fiscal Impact</b>         | None   |
| <b>Attachments</b>           | General Fund Financial Report for the Second Quarter of FY 2009  |
| <b>Recommendation</b>        | For Discussion Only  |
| <b>Special Consideration</b> |  |

**CITY OF TAKOMA PARK  
GENERAL FUND  
FINANCIAL REPORT  
FOR THE SIX MONTHS  
ENDED DECEMBER 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.

The largest single source of revenue for the City's general operations is real property taxes. Total collections as of December 31, 2008 totaled \$6,560,756, an increase of \$629,284 from the prior year. The variance is due to the increase in the property assessment base. Revenues from personal property taxes are down by \$48,235 for the second quarter. This difference is due to a large payment of \$35,674 for corporate property taxes received in the first half of Fiscal Year 2008. The County collects the revenue on our behalf and remits the money to the City; payments made to the City are not disbursed in a consistent manner from year to year.

Income taxes are another major source of operating revenues for the City. In accordance with Maryland law, municipalities within Montgomery County receive 17 percent of County income tax collected within the municipality. During last fall's special session, the General Assembly approved an increase in the income tax personal exemption, decreasing taxable income on which local income taxes are based. As a result, the FY 2009 budget projected minimal growth in income taxes. As of December 31, 2008, receipts from income taxes were up by \$151,907 compared to FY 2008 revenues.

Highway User Revenues as of December 31, 2008 were down by \$30,777 compared to the same period in the prior fiscal year. The budgeted amount for this revenue source was based on estimates provided by the State Highway Administration (SHA). As staff previously informed the Council, SHA has revised its revenue projections twice this fiscal year. Based on the estimate, Highway User Revenues are projected to come in approximately \$76,000 under the budgeted amount.

Revenues from licenses and permits increased from \$28,794 in the prior year to \$54,770 in the current fiscal year. One factor contributing to the increase is the timing difference in the receipt of the annual telecommunication license fees.

Revenues from the use of money and property were down sharply (\$104,183) compared to the prior year. The variance is due to lower interest rates and the overall impact of the current economic conditions on our investments. While not unexpected, the decrease in revenue from this source has been more than projected, and it is questionable at this juncture whether the budgeted amount will be reached.

Revenues from recreation programs and services increased by \$9,480 compared to the prior year. The variance is attributable to the newly created winter basketball league that has attracted over 400 participants.

General Fund expenditures as of the close of the second quarter totaled \$8,936,589 compared to \$8,947,383 in Fiscal Year 2008—a decrease of \$10,794. While there is little variance in overall expenditures, there are differences worth noting in certain departmental budgets. Additional information on them is provided below.

In the third quarter of Fiscal Year 2008, the City Manager implemented a new organizational structure in the wake of the retirement of the longtime Deputy City Manager. The position of Community and Government Liaison, which was funded out of the General Management Division, was eliminated. Savings from the elimination of this position and others were used to create full-time positions in three General Government divisions: Finance, Information Systems, and Human Resources. The reorganization re-

sulted in lower expenditures in General Management and higher expenditures in Information Systems and Human Resources. In addition to costs related to the new position, Information Systems' expenditures are higher in the current fiscal year as a result of the centralization of computer software and maintenance costs and the upgrade of the City's accounting system software.

Overall police expenditures as of December 31, 2008 were \$196,354 higher compared to the prior year. The increase is primarily attributable to personnel costs, both salaries and benefits. As a reminder, the City's contribution rate for the Police Employees' Retirement Plan was increased in FY 2009 to help reduce the unfunded liability more quickly. During the fiscal year, certain personnel were reassigned from the Operations Division to Support Services; a budget amendment will be presented during the month of February to adjust the budget accordingly.

In the Housing and Community Development Department, expenditures of the Community Development Division decreased by \$88,657 compared to the prior year. The variance is attributable to the cost of the New Hampshire Avenue design charrette conducted in Fiscal Year 2008.

Debt Service expenditures as of December 31, 2008 totaled \$444,868 compared to \$629,386 in the prior year. The decrease resulted from the payoff of the Takoma Junction Loan in the amount of \$156,640 in Fiscal Year 2008.

Non-departmental expenditures as of December 31, 2008 totaled \$448,802 compared to \$534,824 in the prior year—a decrease of \$86,022. The majority of the variance (\$58,000) is attributable to lower costs for worker's compensation and other insurance expenses. The closing of the day laborer site was also a contributing factor, accounting for \$17,000 of the decrease.

Capital Outlay expenditures were up by \$227,299 compared to the prior year. The primary reasons for the increase were the acquisition of vehicles and machinery for Public Works, enhancements to the Police Evidence Bay, installation of streetlights and decorative lighting in Takoma Junction, and the timing of street repairs.

The initial budgeted amount for the unappropriated reserve fund was \$390,499. As of December 31, 2008, no amounts had been transferred from this account. However, the Council has committed \$50,000 for the Piney Branch pool. Increases resulting from the compensation and position classification studies will also be allocated from the unappropriated reserve.

**GENERAL FUND REVENUES  
FOR THE SIX MONTHS ENDED  
DECEMBER 31, 2008**

| <b>REVENUES BY SOURCE:</b>               | <b><u>Budgeted</u></b> | <b><u>Actual</u></b>  | <b><u>Uncollected</u></b> | <b><u>%</u></b>         | <b><u>Prior Year</u></b> | <b><u>Change</u></b>     |
|--|------------------------|-----------------------|---------------------------|-------------------------|--------------------------|--------------------------|
|  | <b><u>FY 2009</u></b>  | <b><u>To Date</u></b> | <b><u>Revenue</u></b>     | <b><u>Collected</u></b> | <b><u>To Date</u></b>    | <b><u>from</u></b>       |
|  |                        |                       |                           |                         |                          | <b><u>Prior Year</u></b> |
| <b>Taxes and Utility Fees</b>            |                        |                       |                           |                         |                          |                          |
| Real Property                            | 9,981,478              | 6,560,756             | 3,420,722                 | 65.73%                  | 5,931,472                | 629,284                  |
| Personal Property                        | 343,520                | 113,594               | 229,926                   | 33.07%                  | 161,829                  | (48,235)                 |
| RR and Public Utilities                  | 153,520                | -                     | 153,520                   | 0%                      | 1,500                    | (1,500)                  |
| Penalties and Interest                   | 25,000                 | 16,916                | 8,084                     | 67.66%                  | 17,850                   | (934)                    |
| Admission and Amusement                  | 300                    | 140                   | 160                       | 46.67%                  | 11                       | 129                      |
| Additions and Abatements                 | -                      | (1,139)               | 1,139                     | 0%                      | (2,221)                  | 1,082                    |
| Highway                                  | 601,472                | 137,749               | 463,723                   | 22.90%                  | 168,526                  | (30,777)                 |
| Income Tax                               | 2,075,000              | 913,497               | 1,161,503                 | 44.02%                  | 761,590                  | 151,907                  |
| <b>Total--Taxes and Utility Fees</b>     | <b>13,180,290</b>      | <b>7,741,513</b>      | <b>5,438,777</b>          | <b>58.74%</b>           | <b>7,040,557</b>         | <b>700,956</b>           |
| <b>Licenses and Permits</b>              | 58,954                 | 54,770                | 4,184                     | 92.90%                  | 28,794                   | 25,976                   |
| <b>Fines and Forfeitures</b>             | 231,500                | 98,687                | 132,813                   | 42.63%                  | 116,236                  | (17,549)                 |
| <b>Use of Money and Property</b>         | 330,000                | 113,044               | 216,956                   | 34.26%                  | 217,227                  | (104,183)                |
| <b>Charges for Services</b>              |                        |                       |                           |                         |                          |                          |
| Inspection Fees                          | 297,500                | 2,492                 | 295,008                   | 0.84%                   | 1,806                    | 686                      |
| Public Parking Facilities                | 26,000                 | 10,459                | 15,541                    | 40.23%                  | 10,330                   | 129                      |
| Waste Collection & Disposal Charges      | 61,000                 | -                     | 61,000                    | 0.00%                   | -                        | -                        |
| Recreation Programs and Services         | 262,000                | 116,232               | 145,768                   | 44.36%                  | 106,752                  | 9,480                    |
| Library Fines and Fees                   | 15,000                 | 11,202                | 3,798                     | 74.68%                  | 8,325                    | 2,877                    |
| Passport Services                        | 21,000                 | 9,242                 | 11,758                    | 44.01%                  | 13,038                   | (3,796)                  |
| WSSC                                     | 140,000                | -                     | 140,000                   | 0%                      | -                        | -                        |
| Copying                                  | 4,000                  | 529                   | 3,471                     | 13.23%                  | 2,284                    | (1,755)                  |
| Advertising--Bus Shelters                | 10,000                 | -                     | 10,000                    | 0%                      | -                        | -                        |
| Farmer's Market                          | 4,680                  | -                     | 4,680                     | 0%                      | -                        | -                        |
| Recyclable Sales                         | 6,000                  | 10,973                | (4,973)                   | 182.88%                 | 8,763                    | 2,210                    |
| Mulch Sales                              | 20,000                 | 4,066                 | 15,934                    | 20.33%                  | 4,850                    | (784)                    |
| Special Trash Pickup                     | 8,000                  | 4,330                 | 3,670                     | 54.13%                  | 4,265                    | 65                       |
| Parking Lot Lease County - County        | 12,000                 | 7,000                 | 5,000                     | 58.33%                  | -                        | 7,000                    |
| <b>Total--Charges for Services</b>       | <b>887,180</b>         | <b>176,525</b>        | <b>710,655</b>            | <b>19.90%</b>           | <b>160,413</b>           | <b>16,112</b>            |
| <b>Intergovernmental Revenues</b>        |                        |                       |                           |                         |                          |                          |
| Police Protection (State)                | 410,000                | 206,090               | 203,910                   | 50.27%                  | 200,525                  | 5,565                    |
| Bank Share Tax                           | 5,643                  | -                     | 5,643                     | -                       | -                        | -                        |
| Library Aid                              | 112,630                | 28,158                | 84,472                    | 25.00%                  | -                        | 28,158                   |
| Police Rebate                            | 705,570                | 176,393               | 529,177                   | 25.00%                  | -                        | 176,393                  |
| In Lieu of Police                        | 2,322,023              | 2,322,023             | -                         | 100.00%                 | 2,322,023                | -                        |
| In Lieu of Roads Maintenance             | 442,624                | 442,624               | -                         | 100.00%                 | 442,624                  | -                        |
| In Lieu of Parks Maintenance             | 72,229                 | 72,229                | -                         | 100.00%                 | 72,229                   | -                        |
| In Lieu of Crossing Guard                | 163,193                | 163,193               | -                         | 100.00%                 | 163,193                  | -                        |
| Takoma/Langley Rec. Agreement            | 125,000                | 31,250                | 93,750                    | 25.00%                  | 31,250                   | -                        |
| Hotel Motel Tax                          | 85,000                 | 31,938                | 53,062                    | 37.57%                  | 29,449                   | 2,489                    |
| Cable Franchise Fees                     | 170,031                | 45,472                | 124,559                   | 26.74%                  | 42,352                   | 3,120                    |
| Cable--Operating                         | 66,461                 | 16,833                | 49,628                    | 25.33%                  | 16,150                   | 683                      |
| <b>Total--Intergovernmental Revenues</b> | <b>4,680,404</b>       | <b>3,536,203</b>      | <b>1,144,201</b>          | <b>75.55%</b>           | <b>3,319,795</b>         | <b>216,408</b>           |

| <b>REVENUES BY SOURCE:</b>      | <b><u>Budgeted</u></b><br><b><u>FY 2009</u></b> | <b><u>Actual</u></b><br><b><u>To Date</u></b> | <b><u>Uncollected</u></b><br><b><u>Revenue</u></b> | <b><u>%</u></b><br><b><u>Collected</u></b> | <b><u>Prior Year</u></b><br><b><u>Actual</u></b><br><b><u>To Date</u></b> | <b><u>Change</u></b><br><b><u>from</u></b><br><b><u>Prior Year</u></b> |
|---------------------------------|---|---|--|--|---|--|
| <b>Miscellaneous</b>            |   |   |  |  |   |  |
| Federal Grant                   | -   | 1,196   | (1,196)  | 0%   | -   | 1,196  |
| Tree Fund                       | 10,000  | -   | 10,000   | 0%   | 10,000  | (10,000)   |
| Sales of Impounded Equipment    | -   | 1,518   | (1,518)  | 0%   | -   | 1,518  |
| Other                           | 34,000  | 39,853  | (5,853)  | 117.21%                                    | 20,036  | 19,817   |
| Insurance Claims                | 3,000   | 1   | 2,999  | 0%   | 308   | (307)  |
| Day Laborer Site                | 15,000  | -   | 15,000   | 0%   | -   | -  |
| Administrative Fees--Parking    | 6,000   | 1,605   | 4,395  | 26.75%                                     | 2,010   | (405)  |
| Donations                       | 500   | 400   | 100  | 80.00%                                     | 75  | 325  |
| <b>Total--Miscellaneous</b>     | <b>68,500</b>                                   | <b>44,573</b>                                 | <b>23,927</b>                                      | <b>65.07%</b>                              | <b>32,429</b>   | <b>12,144</b>  |
| <b>Total Operating Revenues</b> | <b>19,436,828</b>                               | <b>11,765,315</b>                             | <b>7,671,513</b>                                   | <b>60.53%</b>                              | <b>10,915,451</b>   | <b>849,864</b>   |
| <b>Sale of City Property</b>    | <b>4,000</b>                                    | <b>3,300</b>                                  | <b>700</b>   | <b>82.50%</b>                              | <b>700</b>  | <b>2,600</b>   |
| <b>Bond Proceeds</b>            | <b>2,000,000</b>                                | <b>-</b>                                      | <b>2,000,000</b>                                   | <b>-</b>                                   | <b>-</b>  | <b>-</b>   |
| <b>Lease Purchase</b>           | <b>255,000</b>                                  | <b>-</b>                                      | <b>255,000</b>                                     | <b>-</b>                                   | <b>-</b>  | <b>-</b>   |
| <b>Total Revenues</b>           | <b>21,695,828</b>                               | <b>11,768,615</b>                             | <b>9,927,213</b>                                   | <b>143.03%</b>                             | <b>10,916,151</b>   | <b>852,464</b>   |

**GENERAL FUND EXPENDITURES  
FOR THE SIX MONTHS ENDED  
DECEMBER 31, 2008**

| <b>DEPARTMENT:</b>                     | <b><u>Budgeted</u></b> | <b><u>Expenditures</u></b> | <b><u>Available</u></b> | <b><u>%</u></b>          | <b><u>Prior Year</u></b> | <b><u>Change</u></b>     |
|--|------------------------|----------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
|  | <b><u>FY 2009</u></b>  | <b><u>To Date</u></b>      | <b><u>Balance</u></b>   | <b><u>Unexpended</u></b> | <b><u>To Date</u></b>    | <b><u>from</u></b>       |
|  |                        |                            |                         |                          | <b><u>Prior Year</u></b> | <b><u>from</u></b>       |
|  |                        |                            |                         |                          | <b><u>To Date</u></b>    | <b><u>Prior Year</u></b> |
| <b>General Government</b>              |                        |                            |                         |                          |                          |                          |
| Legislative                            | 143,084                | 49,622                     | 93,462                  | 65.32%                   | 45,604                   | 4,018                    |
| General Management                     | 831,688                | 368,244                    | 463,444                 | 55.72%                   | 449,483                  | (81,239)                 |
| Finance                                | 478,970                | 225,680                    | 253,290                 | 52.88%                   | 227,336                  | (1,656)                  |
| Legal                                  | 202,150                | 65,349                     | 136,801                 | 67.67%                   | 81,019                   | (15,670)                 |
| Information Systems                    | 368,769                | 198,272                    | 170,497                 | 46.23%                   | 167,500                  | 30,772                   |
| Human Resources                        | 217,596                | 72,959                     | 144,637                 | 66.47%                   | 61,641                   | 11,318                   |
| City Clerk                             | 220,656                | 86,888                     | 133,768                 | 60.62%                   | 86,924                   | (36)                     |
| <b>Total--General Government</b>       | <b>2,462,913</b>       | <b>1,067,014</b>           | <b>1,395,899</b>        | <b>56.68%</b>            | <b>1,119,507</b>         | <b>(52,493)</b>          |
| <b>Public Safety</b>                   |                        |                            |                         |                          |                          |                          |
| Office of the Chief                    | 709,923                | 321,788                    | 388,135                 | 54.67%                   | 273,687                  | 48,101                   |
| Communications                         | 416,410                | 159,508                    | 256,902                 | 61.69%                   | 197,977                  | (38,469)                 |
| Operations                             | 3,038,903              | 1,779,392                  | 1,259,511               | 41.45%                   | 1,759,325                | 20,067                   |
| Support Services                       | 939,952                | 581,666                    | 358,286                 | 38.12%                   | 381,106                  | 200,560                  |
| Administrative Services                | 645,732                | 260,691                    | 385,041                 | 59.63%                   | 294,596                  | (33,905)                 |
| <b>Total--Public Safety</b>            | <b>5,750,920</b>       | <b>3,103,045</b>           | <b>2,647,875</b>        | <b>46.04%</b>            | <b>2,906,691</b>         | <b>196,354</b>           |
| <b>Public Works</b>                    |                        |                            |                         |                          |                          |                          |
| Administration                         | 279,577                | 131,987                    | 147,590                 | 52.79%                   | 141,660                  | (9,673)                  |
| Building Maintenance                   | 752,159                | 316,704                    | 435,455                 | 57.89%                   | 344,081                  | (27,377)                 |
| Equipment Maintenance                  | 639,635                | 310,487                    | 329,148                 | 51.46%                   | 322,688                  | (12,201)                 |
| Right-of-Way                           | 936,305                | 394,854                    | 541,451                 | 57.83%                   | 380,853                  | 14,001                   |
| Solid Waste Management                 | 782,524                | 327,124                    | 455,400                 | 58.20%                   | 333,437                  | (6,313)                  |
| Gardens                                | 180,707                | 81,388                     | 99,319                  | 54.96%                   | 89,648                   | (8,260)                  |
| Urban Forest                           | 238,212                | 86,261                     | 151,951                 | 63.79%                   | 76,663                   | 9,598                    |
| City Engineer                          | 165,145                | 85,291                     | 79,854                  | 48.35%                   | 60,370                   | 24,921                   |
| <b>Total--Public Works</b>             | <b>3,974,264</b>       | <b>1,734,096</b>           | <b>2,240,168</b>        | <b>56.37%</b>            | <b>1,749,400</b>         | <b>(15,304)</b>          |
| <b>Recreation</b>                      |                        |                            |                         |                          |                          |                          |
| Administration                         | 256,488                | 112,168                    | 144,320                 | 56.27%                   | 106,628                  | 5,540                    |
| TP Recreation Center                   | 219,647                | 95,330                     | 124,317                 | 56.60%                   | 75,202                   | 20,128                   |
| Community Programs                     | 112,559                | 33,051                     | 79,508                  | 70.64%                   | 42,930                   | (9,879)                  |
| Athletic Fields/Facilities             | 78,230                 | 19,715                     | 58,515                  | 74.80%                   | 15,731                   | 3,984                    |
| Camps                                  | 114,346                | 44,995                     | 69,351                  | 60.65%                   | 49,173                   | (4,178)                  |
| Before/After School Programs           | 116,297                | 48,566                     | 67,731                  | 58.24%                   | 45,036                   | 3,530                    |
| Community Center                       | 444,501                | 150,605                    | 293,896                 | 66.12%                   | 161,855                  | (11,250)                 |
| <b>Total--Recreation</b>               | <b>1,342,068</b>       | <b>504,430</b>             | <b>837,638</b>          | <b>62.41%</b>            | <b>496,555</b>           | <b>7,875</b>             |
| <b>Housing &amp; Comm. Dev.</b>        |                        |                            |                         |                          |                          |                          |
| Code Enforcement                       | 448,497                | 174,177                    | 274,320                 | 61.16%                   | 183,275                  | (9,098)                  |
| Landlord-Tenant                        | 138,874                | 62,308                     | 76,566                  | 55.13%                   | 64,578                   | (2,270)                  |
| Administration                         | 123,897                | 42,055                     | 81,842                  | 66.06%                   | 56,730                   | (14,675)                 |
| COLTA                                  | 133,718                | 38,980                     | 94,738                  | 70.85%                   | 45,701                   | (6,721)                  |
| Community Development                  | 467,870                | 175,463                    | 292,407                 | 62.50%                   | 264,120                  | (88,657)                 |
| Affordable Housing                     | 244,829                | 44,537                     | 200,292                 | 81.81%                   | 46,441                   | (1,904)                  |
| <b>Total--Housing &amp; Comm. Dev.</b> | <b>1,557,685</b>       | <b>537,520</b>             | <b>1,020,165</b>        | <b>65.49%</b>            | <b>660,845</b>           | <b>(123,325)</b>         |

| <i>DEPARTMENT:</i>       | <i><u>Budgeted</u></i><br><i><u>FY 2009</u></i> | <i><u>Expenditures</u></i><br><i><u>To Date</u></i> | <i><u>Available</u></i><br><i><u>Balance</u></i> | <i><u>%</u></i><br><i><u>Unexpended</u></i> | <i><u>Prior Year</u></i><br><i><u>Actual</u></i><br><i><u>To Date</u></i> | <i><u>Change</u></i><br><i><u>from</u></i><br><i><u>Prior Year</u></i> |
|--------------------------|---|---|--|---|---|--|
| <b>Communications</b>    | <b>429,047</b>                                  | <b>183,615</b>                                      | <b>245,432</b>                                   | <b>57.20%</b>                               | <b>181,117</b>  | <b>2,498</b>   |
| <b>Library</b>           |   |   |  |   |   |  |
| Library                  | 889,978   | 398,442   | 491,536  | 55.23%                                      | 387,521   | 10,921   |
| Computer Learning Center | 78,490  | 37,092  | 41,398   | 52.74%                                      | 31,171  | 5,921  |
| <b>Total--Library</b>    | <b>968,468</b>                                  | <b>435,534</b>                                      | <b>532,934</b>                                   | <b>55.03%</b>                               | <b>418,692</b>  | <b>16,842</b>  |
| <b>Debt Service</b>      | 1,055,416                                       | 444,868   | 610,548  | 57.85%                                      | 629,386   | (184,518)  |
| <b>Non-Departmental</b>  | 1,856,412                                       | 448,802   | 1,407,610  | 75.82%                                      | 534,824   | (86,022)   |
| <b>Capital Outlay</b>    | 3,943,578                                       | 477,665   | 3,465,913  | 87.89%                                      | 250,366   | 227,299  |
| <b>Total</b>             | <b>23,340,771</b>                               | <b>8,936,589</b>                                    | <b>14,404,182</b>                                | <b>61.71%</b>                               | <b>8,947,383</b>  | <b>(10,794)</b>  |