

Worksession

| | |
|----------------------|-------------------------------------|
| Agenda Item # | 8 |
| Meeting Date | May 18, 2009 |
| 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 to assist the City Council in the performance of its duties. |
| Fiscal Impact | None |
| Attachments | General Fund Financial Report for the Third Quarter of FY 2009 |
| Recommendation | For Discussion Only |
| Special Consideration | |

**CITY OF TAKOMA PARK
GENERAL FUND
FINANCIAL REPORT
FOR THE NINE MONTHS
ENDED MARCH 31, 2009**

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 March 31, 2009 totaled \$9,716,447, an increase of \$981,539 from the prior year. The variance is due to the increase in the property assessment base.

Revenues from personal property taxes are down by \$72,096 for the third quarter. The difference is due in part 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 Fiscal Year 2009 budget projected minimal growth in income taxes. Despite the increase in the income tax personal exemption, receipts from income taxes were up by \$167,600 as of March 31, 2009 compared to Fiscal Year 2008 revenues.

Highway User Revenues as of March 31, 2009 were down by \$15,935 compared to the same period in the last fiscal year. The budgeted amount for this revenue source was based on the 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 revised revenue projections, Highway User Revenues are projected to come in approximately \$76,000 under the budgeted amount.

Revenues from licenses and permits increased from \$31,295 in the prior year to \$56,813 in the current fiscal year. One factor contributing to the increase is the timing difference in the receipt of the annual telecommunication fees of about \$19,000. Trader's licenses also increased by \$5,458 compared to the prior year.

Revenues from inspection fees were up by \$29,968 compared to Fiscal Year 2008 revenues. The variance is primarily attributable to the increase in the rental license amount for FY 2009.

The increase in Library Aid of \$24,753 is partially attributable to the timing of the payment from the County. Three quarterly payments were received as of March 31, 2009 while only two were received for the same period in FY 2008.

Revenues from the County Police Rebate were up by \$219,532 compared to the same period in the prior fiscal year. As occurred with Library Aid, three quarterly payments were received as of March 31, 2009 compared to two quarterly payments in Fiscal Year 2008. Higher assessed property values also contributed to the increased revenues in the current fiscal year.

The contractual payment from the County for the City's operation of the New Hampshire Avenue Recreation Center was down by \$31,250. The variance was attributable to a timing difference in payments from one fiscal year to the next.

Revenues from recreation programs and services increased by \$8,849 for the third quarter compared to the prior year. The variance is attributable to the newly created winter basketball league that attracted over 400 participants.

Revenues from the use of money and property were down sharply (\$161,871) 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 staff believes that revenues will come in significantly under budget.

General Fund expenditures as of the close of the third quarter totaled \$12,717,799 compared to \$12,608,387 in Fiscal year 2008—an increase of \$109,412. While there is little variance in overall expenditures, there are differences worth noting in certain departmental budgets. Additional information on those 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 resulted in lower expenditures in General Management and higher expenditures in Information Systems, Finance 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 March 31, 2009 were up by \$260,397 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 Fiscal Year 2009 to help reduce the unfunded liability more quickly. During the fiscal year, certain personnel were reassigned from the Operations Division to Support Services.

The Public Works Department expenditures in the Urban Forest Division increased by \$38,872 compared to the prior year. The variance is attributable to the increase in tree maintenance, and tree planting costs. In the City Engineer Division, expenditures were up by \$21,313 compared to the prior year due to more projects that required engineering services and subcontract work. The increase in Right-of-Way expenditures of \$29,548 is primarily due to higher supply costs for park maintenance, snow removal, signs, and leaf collection.

In the Housing and Community Development Department, expenditures of the Community Development Division decreased by \$84,055 compared to the prior year. The variance is attributable to the cost of the New Hampshire Avenue design charrette conducted in Fiscal Year 2008. Also, it should be noted that expenditures in the Code Enforcement Division for the third quarter decreased by \$42,759 compared to the prior year; the variance is attributable to two vacant positions within the division.

Debt Service expenditures as of March 31, 2009 totaled \$689,820 compared to \$824,846 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 March 31, 2009, totaled \$520,137 compared to \$695,400 in the prior year—a decrease of \$175,263. The majority of the variance 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 \$207,220 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. Third quarter capital projects included waterproofing for the area being transformed into a “green roof” and the acquisition of Police Department vehicles and radios.

The initial budgeted amount for the unappropriated reserve fund was \$390,499. As of March 31, 2009, the current balance is \$349,114. Salary adjustments resulting from the compensation and position classification studies will be allocated from the unappropriated reserve to the applicable department budgets by year-end.

GENERAL FUND REVENUES
FOR THE NINE MONTHS ENDED
MARCH 31, 2009

| REVENUES BY SOURCE: | Budgeted FY 2009 | Actual To Date | Uncollected Revenue | % Collected | Prior Year Actual To Date | Change from Prior Year |
|--|---------------------|-------------------|------------------------|----------------|---------------------------------|------------------------------|
| Taxes and Utility Fees | | | | | | |
| Real Property | 9,981,478 | 9,716,447 | 265,031 | 97.34% | 8,734,908 | 981,539 |
| Personal Property | 343,520 | 185,039 | 158,481 | 53.87% | 257,135 | (72,096) |
| RR and Public Utilities | 153,520 | - | 153,520 | 0.00% | 48,809 | (48,809) |
| Penalties and Interest | 25,000 | 35,516 | (10,516) | 142.06% | 27,769 | 7,747 |
| Admission and Amusement | 300 | 268 | 32 | 89.33% | 35 | 233 |
| Additions and Abatements | - | (1,139) | 1,139 | 0.00% | (2,221) | 1,082 |
| Highway | 601,472 | 284,306 | 317,166 | 47.27% | 300,241 | (15,935) |
| Income Tax | 2,075,000 | 1,448,511 | 626,489 | 69.81% | 1,280,911 | 167,600 |
| Total--Taxes and Utility Fees | 13,180,290 | 11,668,948 | 1,511,342 | 88.53% | 10,647,587 | 1,021,361 |
| Licenses and Permits | 58,954 | 56,813 | 2,141 | 96.37% | 31,295 | 25,518 |
| Fines and Forfeitures | 231,500 | 150,071 | 81,429 | 64.83% | 162,327 | (12,256) |
| Use of Money and Property | 330,000 | 151,866 | 178,134 | 46.02% | 313,737 | (161,871) |
| Charges for Services | | | | | | |
| Inspection Fees | 297,500 | 247,751 | 49,749 | 83.28% | 217,783 | 29,968 |
| Public Parking Facilities | 26,000 | 23,099 | 2,901 | 88.84% | 16,238 | 6,861 |
| Waste Collection & Disposal Charges | 61,000 | 44,620 | 16,380 | 73.15% | 50,512 | (5,892) |
| Recreation Programs and Services | 262,000 | 187,712 | 74,288 | 71.65% | 178,863 | 8,849 |
| Library Fines and Fees | 15,000 | 18,254 | (3,254) | 121.69% | 13,900 | 4,354 |
| Passport Services | 21,000 | 14,216 | 6,784 | 67.70% | 20,773 | (6,557) |
| WSSC | 140,000 | - | 140,000 | 0.00% | 42,828 | (42,828) |
| Copying | 4,000 | 1,266 | 2,734 | 31.65% | 2,778 | (1,512) |
| Advertising--Bus Shelters | 10,000 | 7,447 | 2,553 | 74.47% | 8,016 | (569) |
| Farmer's Market | 4,680 | 3,488 | 1,192 | 74.53% | 4,952 | (1,464) |
| Recyclable Sales | 6,000 | 11,918 | (5,918) | 198.63% | 8,763 | 3,155 |
| Mulch Sales | 20,000 | 8,836 | 11,164 | 44.18% | 9,360 | (524) |
| Special Trash Pickup | 8,000 | 6,030 | 1,970 | 75.38% | 5,977 | 53 |
| Parking Lot Lease County - County | 12,000 | 10,000 | 2,000 | 83.33% | 6,000 | 4,000 |
| Total--Charges for Services | 887,180 | 584,637 | 302,543 | 65.90% | 586,743 | (2,106) |
| Intergovernmental Revenues | | | | | | |
| Police Protection (State) | 410,000 | 309,135 | 100,865 | 75.40% | 300,787 | 8,348 |
| Bank Share Tax | 5,643 | - | 5,643 | 0.00% | - | - |
| Library Aid | 112,630 | 84,333 | 28,297 | 74.88% | 59,580 | 24,753 |
| Police Rebate | 705,570 | 534,687 | 170,883 | 75.78% | 315,155 | 219,532 |
| 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% | 62,500 | (31,250) |
| Hotel Motel Tax | 85,000 | 42,778 | 42,222 | 50.33% | 48,316 | (5,538) |
| Cable Franchise Fees | 170,031 | 93,584 | 76,447 | 55.04% | 83,811 | 9,773 |
| Cable--Operating | 66,461 | 33,666 | 32,795 | 50.66% | 32,300 | 1,366 |
| Total--Intergovernmental Revenues | 4,680,404 | 4,129,502 | 550,902 | 88.23% | 3,902,518 | 226,984 |
| Miscellaneous | | | | | | |
| Federal Grant | - | 1,196 | (1,196) | 0.00% | - | 1,196 |
| Tree Fund | 10,000 | 10,000 | - | 100.00% | 10,000 | - |
| Sales of Impounded Equipment | - | 1,923 | (1,923) | 0.00% | - | 1,923 |
| GASB Accrual Reserve | - | - | - | 0.00% | - | - |
| Other | 64,385 | 44,337 | 20,048 | 68.86% | 25,326 | 19,011 |
| Insurance Claims | 3,000 | 6,964 | (3,964) | 232.13% | 1,307 | 5,657 |
| Takoma Langley Crossroads | - | - | - | 0.00% | - | - |
| WAH Administration Fee | - | - | - | 0.00% | - | - |
| Day Laborer Site | 15,000 | 15,000 | - | 100.00% | 35,000 | (20,000) |
| Takoma Foundation Grant | - | - | - | 0.00% | - | - |
| Administrative Fees--Parking | 6,000 | 2,715 | 3,285 | 45.25% | 3,075 | (360) |
| Donations | 500 | 400 | 100 | 80.00% | 75 | 325 |
| Total--Miscellaneous | 98,885 | 82,535 | 16,350 | 83.47% | 74,783 | 7,752 |
| Total Operating Revenues | 19,467,213 | 16,824,372 | 2,642,841 | 86.42% | 15,718,990 | 1,105,382 |
| Sale of City Property | 4,000 | 3,300 | 700 | 82.50% | 107,250 | (103,950) |
| Bond Proceeds | - | - | - | - | - | - |
| Lease Purchase Proceeds | - | - | - | - | - | - |
| Total Revenues | 19,471,213 | 16,827,672 | 2,643,541 | 86.42% | 15,826,240 | 1,001,432 |

**GENERAL FUND EXPENDITURES
FOR THE NINE MONTHS ENDED
MARCH 31, 2009**

| DEPARTMENT: | Budgeted FY 2009 | Expenditures To Date | Available Balance | % Unexpended | Prior Year Actual To Date | Change from Prior Year |
|--|-----------------------------|---------------------------------|------------------------------|-------------------------|--|---------------------------------------|
| General Government | | | | | | |
| Legislative | 143,084 | 78,266 | 64,818 | 54.70% | 68,915 | 9,351 |
| General Management | 835,014 | 531,974 | 303,040 | 63.71% | 626,904 | (94,930) |
| Finance | 478,970 | 334,004 | 144,966 | 69.73% | 303,111 | 30,893 |
| Legal | 202,150 | 121,878 | 80,272 | 60.29% | 126,749 | (4,871) |
| Information Systems | 368,769 | 268,213 | 100,556 | 72.73% | 230,925 | 37,288 |
| Human Resources | 217,596 | 119,620 | 97,976 | 54.97% | 108,909 | 10,711 |
| City Clerk | 220,656 | 127,610 | 93,046 | 57.83% | 126,138 | 1,472 |
| Total--General Government | 2,466,239 | 1,581,565 | 884,674 | 64.13% | 1,591,651 | (10,086) |
| Public Safety | | | | | | |
| Office of the Chief | 654,923 | 449,047 | 205,876 | 68.56% | 389,696 | 59,351 |
| Communications | 416,410 | 241,255 | 175,155 | 57.94% | 283,600 | (42,345) |
| Operations | 2,989,944 | 2,387,609 | 602,335 | 79.85% | 2,298,804 | 88,805 |
| Support Services | 1,038,911 | 739,207 | 299,704 | 71.15% | 554,996 | 184,211 |
| Administrative Services | 657,387 | 396,641 | 260,746 | 60.34% | 426,266 | (29,625) |
| Total--Public Safety | 5,757,575 | 4,213,759 | 1,543,816 | 73.19% | 3,953,362 | 260,397 |
| Public Works | | | | | | |
| Administration | 282,903 | 191,889 | 91,014 | 67.83% | 200,679 | (8,790) |
| Building Maintenance | 752,159 | 469,278 | 282,881 | 62.39% | 485,120 | (15,842) |
| Equipment Maintenance | 639,635 | 440,937 | 198,698 | 68.94% | 454,905 | (13,968) |
| Right-of-Way | 936,305 | 629,387 | 306,918 | 67.22% | 599,839 | 29,548 |
| Solid Waste Management | 782,524 | 522,835 | 259,689 | 66.81% | 505,546 | 17,289 |
| Gardens | 180,707 | 112,463 | 68,244 | 62.23% | 118,271 | (5,808) |
| Urban Forest | 238,212 | 134,680 | 103,532 | 56.54% | 95,808 | 38,872 |
| City Engineer | 165,145 | 114,098 | 51,047 | 69.09% | 92,785 | 21,313 |
| Total--Public Works | 3,977,590 | 2,615,567 | 1,362,023 | 65.76% | 2,552,953 | 62,614 |
| Recreation | | | | | | |
| Administration | 256,488 | 168,636 | 87,852 | 65.75% | 153,642 | 14,994 |
| TP Recreation Center | 219,647 | 130,629 | 89,018 | 59.47% | 115,363 | 15,266 |
| Community Programs | 112,559 | 52,502 | 60,057 | 46.64% | 61,984 | (9,482) |
| Athletic Fields/Facilities | 78,230 | 25,569 | 52,661 | 32.68% | 38,394 | (12,825) |
| Camps | 114,346 | 49,896 | 64,450 | 43.64% | 55,155 | (5,259) |
| Before/After School Programs | 116,297 | 77,437 | 38,860 | 66.59% | 72,584 | 4,853 |
| Community Center | 444,501 | 231,040 | 213,461 | 51.98% | 235,607 | (4,567) |
| Total--Recreation | 1,342,068 | 735,709 | 606,359 | 54.82% | 732,729 | 2,980 |
| Housing & Comm. Development | | | | | | |
| Code Enforcement | 448,497 | 216,842 | 231,655 | 48.35% | 259,601 | (42,759) |
| Landlord-Tenant | 138,874 | 90,168 | 48,706 | 64.93% | 90,530 | (362) |
| Administration | 127,223 | 66,415 | 60,808 | 52.20% | 80,742 | (14,327) |
| COLTA | 133,718 | 55,489 | 78,229 | 41.50% | 63,471 | (7,982) |
| Community Development | 467,870 | 258,438 | 209,432 | 55.24% | 342,493 | (84,055) |
| Affordable Housing | 244,829 | 64,306 | 180,523 | 26.27% | 61,241 | 3,065 |
| Total--Housing & Comm. Dev. | 1,561,011 | 751,658 | 809,353 | 48.15% | 898,078 | (146,420) |
| Communications | 429,047 | 268,253 | 160,794 | 62.52% | 260,996 | 7,257 |
| Library | | | | | | |
| Library | 893,304 | 589,145 | 304,159 | 65.95% | 559,732 | 29,413 |
| Computer Learning Center | 88,916 | 56,350 | 32,566 | 63.37% | 50,024 | 6,326 |
| Total--Library | 982,220 | 645,495 | 336,725 | 65.72% | 609,756 | 35,739 |
| Debt Service | 1,004,416 | 689,820 | 314,596 | 68.68% | 824,846 | (135,026) |
| Non-Departmental | 976,913 | 520,137 | 456,776 | 53.24% | 695,400 | (175,263) |
| Capital Outlay | 1,943,578 | 695,836 | 1,247,742 | 35.80% | 488,616 | 207,220 |
| Total | 20,440,657 | 12,717,799 | 7,722,858 | 62.22% | 12,608,387 | 109,412 |