

# CITY COUNCIL AGENDA ITEM COVER SHEET

**Meeting Date:** January 22, 2018

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

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

**Subject:** Second Quarter Financial Report

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## **Background:**

The Second Quarter Financial Report includes six months of financial data through one half of the fiscal year. The attached report includes full-year estimates-to-close based on historical spending patterns. The attached projections should be interpreted as staff's best estimates given expenditures and revenues through December 31, 2017.

## **Discussion:**

No significant financial concerns are identified with any City fund through the first half of the fiscal year. With an additional three months of financial data, General Fund yearend revenue estimates were revised upward 1.5% and expenditure estimates revised downward 2.7% as compared to the First Quarter Financial Report. Below are items worth noting, but do not require City Council action at this time.

### *Building & Engineering Departments*

These two financially segregated programs located outside of the General Fund are experiencing major revenue increases associated with current construction activity. Through the first six months of the fiscal year, Building Dept. revenue is up 136% and Engineering Dept. revenue is up 188% as compared to the same time period in FY2016-17. Staff anticipates that a budget adjustment will be necessary later in the year to recognize the higher than anticipated revenues and appropriate sufficient funds for Building Dept. contractor payments and Engineering Dept. costs.

### *Transient Room Tax*

This revenue source has been watched closely over the last quarter to analyze what, if any, lasting impact the Eagle Creek Fire would have on receipts. Transient Room Tax (TRT) for the month of September was down approximately \$50,000 vs what would have otherwise been expected. Fortunately, TRT revenue bounced back in October and resumed strong growth for the remainder of the calendar year.

### *Marijuana Tax Receipts*

This new revenue source continues to be highly volatile and unpredictable. Receipts for this most recent quarter doubled versus the prior quarter. It is unclear what is driving the volatility or what it may mean for future collections. The recent U.S. Attorney General's updated guidelines for federal enforcement of marijuana as

a controlled substance also further increases the long-term uncertainty this revenue.

However, given the sharp revenue increase and revenue accumulated to-date, City staff recommends moving forward with the tax contingent Police Officer recruitment included in the FY2017-18 Budget.

*Parking Meter Receipts*

Parking meter receipts continued to trend well below budgeted expectations. Total receipts are now anticipated to end the year 12% under budget. Given that most other revenues that trend with the business cycle are increasing, such as TRT and Building Permits, it is possible that parking meter receipts may have neared a natural ceiling in FY2016-17 absent new rate increases or expansion of metered areas. The Parking Fund as a whole is still operating a small surplus and this year's transfer to the General Fund is not in doubt.

**Staff Recommendation:**

Receive and file quarterly financial report for the period ending December 31, 2017.

Attachments

Quarterly Financial Report for the period ending December 31, 2017

**Quarterly Financial Report**  
For the period ending December 31, 2017

**GENERAL FUND REVENUE SUMMARY**  
Through December 2017 (50% of Fiscal Year)

Resources	Budget	Actual Through Dec. 2017	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Dec. 2017	Fiscal Year 2016-17	
						Revenue thru Dec. 2016	Year-End Actual
<b>Taxes</b>							
Current Property Tax	2,196,437	1,998,542	2,223,615	27,178	91%	1,894,359	2,099,677
Previously Levied Tax	40,378	36,813	49,063	8,685	91%	29,665	34,130
Transient Room Tax	1,903,115	1,002,662	1,951,979	48,864	53%	964,509	1,845,815
Local Marijuana Tax	57,600	19,191	94,592	36,992	33%	-	8,902
Licenses & Permits	1,336,955	591,569	1,366,980	30,025	44%	521,495	1,310,672
Fines & Forfeitures	4,000	2,584	14,425	10,425	65%	1,805	6,605
Intergovernmental	298,049	115,524	310,170	12,121	39%	139,991	369,883
Charges for Services	95,981	61,707	104,338	8,357	64%	49,644	159,256
Interest Earnings	74,871	30,854	61,708	(13,163)	41%	55,897	45,770
Misc. Revenues	53,854	63,782	71,352	17,498	118%	124,399	157,580
Interfund Transfers In	550,000	275,000	550,000	-	50%	200,000	400,000
<b>TOTAL</b>	<b>6,611,240</b>	<b>4,198,228</b>	<b>6,798,223</b>	<b>186,983</b>	<b>64%</b>	<b>3,981,764</b>	<b>6,438,291</b>

**GENERAL FUND EXPENDITURE SUMMARY**  
Through December 2017 (50% of Fiscal Year)

Department	Budget	Actual Through Dec. 2017	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Expended thru Dec. 2017	Fiscal Year 2016-17	
						Expenses thru Dec. 2016	Year-End Actual
Public Safety - Fire	2,320,075	1,202,390	2,320,688	613	52%	1,115,604	2,204,789
Public Safety - Police	2,192,077	1,063,410	2,077,819	(114,258)	49%	1,085,014	2,027,977
Parks	699,542	211,779	610,719	(88,823)	30%	211,153	409,491
Planning	521,627	250,770	486,880	(34,747)	48%	188,702	449,261
City Council	46,856	4,419	35,013	(11,843)	9%	8,130	12,084
<b>Non-Departmental</b>							
Materials & Services	572,562	154,937	587,263	14,701	27%	155,219	506,709
Interfund Transfers Out	140,696	70,348	140,696	-	50%	47,848	798,553
Contingency	516,898	-	103,380	(413,518)	0%	-	-
<b>TOTAL</b>	<b>7,010,333</b>	<b>2,958,053</b>	<b>6,362,458</b>	<b>(647,875)</b>	<b>42%</b>	<b>2,811,669</b>	<b>6,408,864</b>

Estimated Surplus / (Deficit)	<b>435,765</b>
Audited FY2017/18 Beginning Bal.	<b>2,619,490</b>
Projected FY2017/18 Ending Bal.	<b>3,055,255</b>

Pooled Cash & Investments (Including URA)	
Dec. 31, 2017	22,143,660
Dec. 31, 2016	18,839,273

**OTHER MAJOR REVENUE SOURCES SUMMARY**  
Through December 2017 (50% of Fiscal Year)

Revenue	Budget	Actual Through Dec. 2017	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Dec. 2017	Fiscal Year 2016-17	
						Revenues thru Dec. 2016	Year-End Actual
Ambulance Fee Receipts	856,750	389,557	865,091	8,341	45%	337,308	792,332
Municipal Court	233,791	148,239	259,306	25,515	63%	105,083	231,872
Parking Meter Receipts	714,629	337,952	627,645	(86,984)	47%	353,716	669,165
Parking Fines	175,000	93,460	171,445	(3,555)	53%	96,637	165,304
Gas Tax - Local	325,000	163,990	346,098	21,098	50%	156,991	331,326
Gas Tax - State	473,000	199,056	462,524	(10,476)	42%	198,955	462,288
<b>Charges for Services</b>							
Water	2,552,472	1,424,599	2,603,117	50,645	56%	1,308,888	2,438,214
Sewer	3,528,934	1,809,871	3,587,699	58,765	51%	1,672,132	3,314,659
Storm	498,159	244,882	492,125	(6,034)	49%	243,748	489,846