



CITY OF GLENDALE

Council Communication

Workshop Agenda

03/01/2011

TO: Honorable Mayor and City Council

FROM: Ed Beasley, City Manager

PRESENTED BY: Sherry Schurhammer, Management and Budget Director

SUBJECT: **FY 2010-11 SECOND QUARTER GENERAL FUND
REPORT WITH UPDATED NUMBERS THROUGH
SEVEN MONTHS**

Purpose

- This is a request for City Council to review the FY 2010-11 second quarter report, with updated numbers through seven months, on General Fund (GF) revenues and expenditures.
 - The GF revenue collections show significant improvement due to the strong holiday retail sales figures that are included in this seven month report.
 - The expenditure figures also show continued significant improvement.

Council Strategic Goals or Key Objectives Addressed

- The FY 2010-11 GF report is consistent with Council's goal of one community that is fiscally sound by ensuring the city's financial stability and conducting timely reviews of expenditures and revenues.

Background

General Fund

- GF expenditures are \$2.9 million or (3.3%) below budget.
- GF revenues are \$3.7 million or (4.3%) below budget.
- This report shows significant improvements from the first quarter report, as noted below:
 - At the end of the first quarter, the net gap between revenues and expenditures was a negative \$2.8 million. The net gap at the end of seven months, as shown above, declined to a negative \$800,000.
 - City sales tax collections are \$270,000 ahead of budget, an improvement since the first quarter when collections were almost 8% (\$987,000) under budget.

- Also, in a comparison of just January 2011 and January 2010 city sales tax receipts, which reflect December retail sales, the January 2011 figure is 6.9% higher.
- Total GF revenue collections also show an improvement from the first quarter. This report shows that GF revenues are 4.3% under budget. At the end of the first quarter, GF revenue collections were almost 8% under budget.
- This report also shows significant improvement on the expenditure side. At the end of the first quarter, expenditures were running about even with budget whereas this report shows that expenditures are \$2.9 million less than budget.

General Fund Expenditures

- The FY 2010-11 budget expenditures and actuals for the GF operating and pay-as-you-go (PAYGO) capital expenditures are shown in the following table.

Expenditures Comparison Budget to Actuals, FY 2010-11 (in 000s)

| | FY 2010-11 YTD Budget (7 months) | FY 2010-11 YTD Actuals (7 months) | Amount Under/(Over) Budget |
|--------------------------|---|--|---------------------------------------|
| GF Salaries/Benefits | \$61,813 | \$62,179 | (\$366) |
| GF Non-Personnel | \$21,473 | \$19,858 | \$1,615 |
| GF Debt Service (leases) | \$2,624 | \$1,439 | \$1,185 |
| PAYGO Capital | \$1,354 | \$876 | \$478 |
| TOTAL | \$87,264 | \$84,352 | \$2,912 |

- Expenditures are \$2.9 million or 3.3% less than the amount budgeted, an improvement from the first quarter report when expenses were even with budget.

General Fund Revenues

- The following table reflects a comparison of the GF revenue budget and GF actual collections for the first seven months (July 2010 through January 2011) of FY 2010-11. This comparison also shows improvement from the first quarter report as noted in the bullets that are found after the following table.

**YTD Comparison Budget to Actuals, FY 2010-11
(in 000s)**

| | FY 2010-11 YTD Budget (7 months) | FY 2010-11 YTD Actuals (7 months) | Percent Over (Under) Budget |
|-------------------------|---|--|--|
| City Sales Tax | \$29,458 | \$29,728 | 1% |
| State Income Tax | \$13,796 | \$13,761 | --- |
| State Sales Tax | \$10,323 | \$10,106 | (2.1%) |
| State MV In-Lieu | \$4,958 | \$4,628 | (6.7%) |
| HURF | \$7,875 | \$7,713 | (2.1%) |
| Primary Prop Tax | \$2,190 | \$2,070 | (5.5%) |
| All Other | \$17,336 | \$14,204 | (18.1%) |
| Total | \$85,936 | \$82,210 | (4.3%) |

- GF revenue receipts through the seven months of FY 2010-11 are 4.3% under budget. At the end of the first quarter, GF revenue collections were almost 8% under budget.
- GF city sales tax collections are \$29.7 million or \$270,000 ahead of budget, an improvement since the first quarter when collections were almost 8% (\$987,000) under budget.
- State-shared revenue collections are \$28.5 million. This amount is \$582,000 under budget with more than half of that amount due to motor vehicle in-lieu collections, which are uneven over the course of any fiscal year.
- HURF revenues are commonly called the gas tax even though there are several other transportation-related fees that comprise this revenue source. This revenue source is based primarily on the volume of fuel sold rather than the price of fuel. HURF receipts are \$162,000 under budget.
- Property tax collections are \$120,000 under budget. We believe this result is because of the timing for property tax remittances to Maricopa County.
- The All Other category, which includes such items as court fees, permit fees, business licenses and recreation revenue, is \$3.1 million under budget. The revenue sources comprising this category come in unevenly over the course of a FY. Further, the revenue enhancements included in the FY 2011 balancing plan, most of which are included in this category, are expected to come in during the last half of the FY.

Designated Sales Tax Receipts

- Revenue collections through seven months show that each of the designated sales taxes are showing significant improvement since the first quarter report when collections for each were about 6% to 7% less than budget. The bullets below provide more details.
- The transportation sales tax actuals are \$430,000 or 4% ahead of budget, a significant improvement from the first quarter when collections were \$327,000 or 7% less under budget.

**YTD Comparison
Budget to Actuals, FY 2010-11
(in 000s)**

| | FY 2010-11 Budget (7 months) | FY 2010-11 Actuals (7 months) | Percent Over/(Under) Budget |
|---------------------------------|---|--|--|
| Transportation Sales Tax | \$10,879 | \$11,309 | 4% |

- The following table shows a comparison of budget to actuals for FY 2010-11 for the two components of the public safety sales tax.

**YTD Comparison
Budget to Actuals, FY 2010-11
(in 000s)**

| | FY 2010-11 Budget (7 months) | FY 2010-11 Actuals (7 months) | Amount Over/(Under) Budget |
|-------------------------|---|--|---------------------------------------|
| Police sales tax | \$ 6,986 | \$7,092 | 2% |
| Fire sales tax | \$3,463 | \$3,537 | 2% |

- The police component of the public safety sales tax was \$106,000 ahead of budget and fire was \$74,000 ahead of budget. These results are a significant improvement from the first quarter when collections were 6% under budget.
- Similar to the General Fund, the expenditures of these funds are being paced to match the revenue levels.

Previous Council/Staff Actions

- The FY 2010-11 first quarter status report was presented to Council at the November 16, 2010 workshop.

Policy Guidance

This is a status report on the General Fund covering the seven months of FY 2010-11. This is for Council information only. Staff is available to answer any questions regarding the information provided.



Ed Beasley
City Manager