

11. **CITY MANAGER**
 - a. Informational Items
 - i. Financial Status Update
 4. 2nd Quarter Financial Report

May 5, 2009

MEMORANDUM

TO: Sylvia A. Edwards, Finance Director 

FROM: Frances J. Slane, Fiscal Analyst 

RE: Statement of General Fund Revenues and Expenditures – Budget-to-Actual
October 1, 2008 through March 31, 2009

As Council has requested attached is the budget-to-actual report for the General Fund through March 31, 2009. The report is in the format presented in the Comprehensive Annual Financial Report (CAFR), with an added column presenting percent of actual expenditures to the amended budget. The letters to the right of the percent column identify anomalies within plus or minus 5% of the percent of fiscal year completed (50%) and are explained below:

- A) The majority of ad valorem taxes are normally collected early in the year as taxpayers take advantage of discounts for early payments. Year-to-date collections are in line with budget expectations.
- B) The casualty insurance premium tax payment will be received in a lump sum in August 2009.
- C) Actual special event permit receipts of \$4,455 are almost equal to the annual budget of \$6,000 and annual dog licenses of \$1,620 were collected in January, slightly higher than the \$1,600 annual budget.
- D) A second reimbursement of \$447,741 for Hurricane Charley expense was received on March 31. A budget amendment for this amount is being presented to Council on April 21, 2009.
- E) Fines and forfeitures are higher than budgeted to date; offenses recorded this year are at higher fine levels.
- F) Interest earnings, a component of the miscellaneous revenue line, are down substantially this year. A budget amendment to reduce interest by \$100,000 was presented to Council on April 7, 2009. Treasury bills with maturity dates in June and July will increase earnings later in the year.
- G) Legislative Department – The \$32,000 budget for the City Council election will be paid in the third quarter of the year. At this time promotional activities are also below previous fiscal years as well as budget.
- H) MIS Department – Operating equipment purchases are being delayed as long as possible. Professional services expense will be incurred in the latter quarters of the year.
- I) Legal Department - The legal services line is less than budgeted.

- J) Insurance Department – At the end of each quarter the following quarter’s insurance premium payment is made so that the check reaches the insurer by the beginning of the quarter to be covered. As of March 31 three of the quarterly payments for property, liability and auto coverage have been made. Offsetting this insurance over-expenditure is the \$90,000 budget associated with the FY09 required contribution to the OPEB Trust fund of \$70,235, scheduled to be made in June. When the required contribution is posted in June, and the refund of prior health insurance is also posted, this department will be over-expended by the amount of one quarter of premium payments.
- K) SEMP Department – Expenditures will be made later in the fiscal year, during hurricane season.
- L) Garbage Recycling – Repair and maintenance is under-expended through March. Work is done on an as-needed basis and it is expected that expense equal to the budget will be incurred during the remainder of the year.
- M) Natural Resource Management – The department is delaying maintenance and wildlife habitat improvement projects to conserve funds. A \$74,000 grant from TDC for the Caloosahatchee River water quality observatory project will be expended in FY09.
- N) Public Works Department – The other contractual services line is under-expended as this line includes various summer-time projects such as thermoplastic striping, tree trimming and sign maintenance. Repair and maintenance work is done on an as needed basis and may or may not be expended during the remainder of the year. Finally, operating supplies include fuel that was budgeted at \$5.50 per gallon for regular and \$6.00 per gallon for diesel.
- O) Public Facilities Dept – The operating portion of this budget is based on historical expenditures, including such things as pressure cleaning of City Hall, and various City Hall repairs including air conditioning, electrical, elevator, exterior, generator, roof and other items. Some of this work is done in the summer and other work is done as needed during the year. While operating expense is lower than budgeted it is expected that expense through the year will conform to the budget.
- P) Performing arts facility – The primary expense for this facility is for insurance for the annual flood and wind premiums for the B.I.G. Arts complex. The largest premium is for wind, paid in the third quarter of the year.
- Q) Council has approved one budget amendment to reduce appropriated expenditures for various departments and to re-allocate the funds to reserves. These funds are available for future re-appropriation if required. The amendment decreased appropriated expenditures by \$290,000. A second budget amendment transferred \$7,500 to the finance department for professional services expense in obtaining Hurricane Charley reimbursement from FEMA. A third amendment reduced the reserve for insurance deductibles by \$2,500 to pay for a trip and fall claim. The three amendments have increased reserves from \$ 6,290,000 to \$6,570,000.

- R) Operating transfers out – Transfers out are reviewed for adjustment at mid-year with the transfer amount being increased or decreased at that time. In September transfers are again reviewed and a budget amendment to align actual transfers with the budget is prepared.
- S) Reserve for Undercollection of Revenue – As mentioned in A) above, taxpayers have the option of receiving a discount by paying their ad valorem taxes early, that is in the months from November through February. Therefore, the City never collects 100% of its property tax levy and sets aside a percentage of its ad valorem tax levy as a reduction of revenue. In FY09 Council increased the reserve for undercollection from 4% to 5%.
- T) Fund Balance – In the column labeled “Actual” the unaudited FY09 beginning fund balance on October 1, 2008 is \$12,660,045. This and the net change in fund balance of \$5,403,628, found directly above it, are added together to calculate the unaudited fund balance on March 31, 2009 of \$18,063,673. The March 31, 2009 unaudited fund balance will decrease as the fiscal year proceeds.

The difference between the unaudited beginning fund balance of \$12,660,045 and the adopted beginning fund balance of \$9,408,131 is due to FY08 expenditures being less than budgeted and revenues being more than budgeted. Staff will prepare a budget amendment to amend the FY09 beginning fund balance.

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Attachment: Statement of Revenues, Expenditures and changes in Fund Balances – Budget and Actual – General Fund

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND

For the Six Months Ended March 31, 2009

Percent of Fiscal Year Completed 50.00%

	Budgets		Actual	Variance with Amended Budget Positive (Negative)	Percent of Actual to Amended Budget	
	Original	Amended				
Revenues						
Taxes						
Property taxes	\$ 10,579,884	\$ 10,579,884	9,285,357	\$ (1,294,527)	87.76%	A
Gas taxes	1,250,000	1,168,750	611,731	(557,019)	52.34%	
Casualty insurance premium tax	50,726	50,726	-	(50,726)	0.00%	B
Communications services tax	500,000	500,000	245,455	(254,545)	49.09%	
Licenses and permits	7,600	7,600	6,075	(1,525)	79.93%	C
Intergovernmental revenues	830,140	1,357,362	1,206,479	(150,883)	88.88%	D
Charges for services	1,556,700	1,707,783	849,218	(858,565)	49.73%	
Fines and forfeitures	50,200	50,200	36,509	(13,691)	72.73%	E
Miscellaneous	317,385	317,385	60,644	(256,741)	19.11%	F
Total revenues	15,142,635	15,739,690	12,301,468	(3,438,222)	78.16%	
Expenditures						
Current						
General government						
Legislative	296,800	270,773	92,929	177,845	34.32%	G
Administrative	766,541	739,001	362,191	376,810	49.01%	
Management information systems	741,006	729,918	318,645	411,273	43.65%	H
Finance	846,595	851,006	408,032	442,974	47.95%	
Legal	649,260	640,428	210,716	429,712	32.90%	I
Planning	842,458	817,190	378,787	438,403	46.35%	
Insurance	402,671	428,862	267,951	160,911	62.48%	J
General government	4,545,331	4,477,178	2,039,251	2,437,927	45.55%	
Public safety						
Police	4,152,562	4,013,017	1,863,177	2,149,840	46.43%	
SEMP	25,100	25,100	2,331	22,769	9.28%	K
Public safety	4,177,662	4,038,117	1,865,508	2,172,609	46.20%	
Physical Environment						
Garbage recycling	92,320	57,320	16,957	40,363	29.58%	L
Natural resources management	409,124	463,812	183,333	280,479	39.53%	M
Physical Environment	501,444	521,132	200,290	320,842	38.43%	
Transportation-Public works	2,095,364	2,057,731	891,144	1,166,587	43.31%	N
Culture/Recreation						
Parks & Recreation						
Historical Village & Museum	179,852	179,852	81,549	98,303	45.34%	
Public facilities	527,250	512,147	216,489	295,658	42.27%	O
Seniors program	127,219	125,962	64,858	61,104	51.49%	
Performing arts facility	11,000	11,000	2,088	8,912	18.98%	P
Culture/Recreation	845,321	828,961	364,983	463,978	44.03%	
Total expenditures	12,165,122	11,923,119	5,361,177	6,561,942	44.96%	
Excess revenues over expenditures	2,977,512	3,816,571	6,940,291	3,123,720	181.85%	
Other financing sources (uses)						
Operating transfers in	70,000	70,000	-	(70,000)	0.00%	
Reserve for contingencies	(6,287,500)	(6,570,000)	-	6,570,000	0.00%	Q
Reserve for Classification & Pay Adj	(6,997)	(6,997)	-	6,997	0.00%	Q
Operating transfers out	(2,315,494)	(2,304,994)	(1,536,663)	(768,331)	66.67%	R
Reserve for undercollection of revenue	(528,994)	(528,994)	-	528,994	0.00%	S
Total other financing sources (uses)	(9,068,985)	(9,340,985)	(1,536,663)	6,267,660	16.45%	
Net change in fund balances	(6,091,473)	(5,524,414)	5,403,628	10,928,042	-97.81%	
Fund balances, October 1, 2008 (Unaudited)	9,408,131	9,408,131	12,660,045	3,251,914	134.56%	T
Fund balances, March 31, 2009 (Unaudited)	\$ 3,316,658	\$ 3,883,717	\$ 18,063,673	\$ 14,179,956	465.11%	T