# CITY OF EMERYVILLE
# QUARTERLY FINANCIAL REPORT
## *First Quarter 2011-12*
## *As at September 30, 2011*

## OVERVIEW

This report summarizes the first quarter of fiscal year 2011-12 and reflects 25% of the City of Emeryville's 2011-2012 Operating Budget Period. General Fund key revenues are discussed along with a summary discussion on General Fund expenditures. In addition, expenditure data for the same point in time of the prior budget period (FY 2010-11) is shown for comparative purposes.

## GENERAL FUND OVERVIEW

### Revenue and Expenditure Summary

Through the end of the first quarter of the fiscal year, revenues are at 15.8% of projections and expenditures are at 22.9%:

| | Adopted Budget | YTD Actual | Variance | Percent |
|---|---|---|---|---|
| Revenues | 29,053,696 | 4,595,288 | (24,458,408) | 15.8% |
| Expenditures* | 28,777,019 | 6,580,157 | 22,196,862 | 22.9% |
| Fund Balance, 07-01-11 | 12,563,089 | 12,563,089 | - | |
| Estimated Balance Yr to Date | 12,839,766 | 10,578,220 | (2,261,546) | |

*Mid-year reserve transfers are not included

### Key Revenues

Excluding interfund transfers, the City's top ten budgeted revenues account for 91% of total General Fund revenues.

| Top Ten Budgeted Revenues | Annual Budget | Current Year Actual | % of Budget | Prior Year Actual | Actual vs. Prior Year Variance | |
|---|---|---|---|---|---|---|
| Sales Tax | 5,623,716 | 727,300 | 13% | 670,904 | 56,396 | 8% |
| Transient Occupancy Tax | 3,366,000 | 723,064 | 21% | 627,478 | 95,586 | 15% |
| Business License Tax | 3,325,512 | 37,942 | 1% | 71,360 | (33,418) | -47% |
| Utility Users Tax | 2,964,773 | 580,344 | 20% | 467,611 | 112,733 | 24% |
| Cardroom Tax | 2,300,000 | 587,655 | 26% | 618,380 | (30,725) | -5% |
| Licenses and Permits | 1,397,603 | 678,747 | 49% | 528,697 | 150,050 | 28% |
| Property Tax | 1,645,795 | 401,433 | 24% | 403,203 | (1,770) | 0% |
| Franchises | 1,224,022 | 254,346 | 21% | 186,329 | 68,017 | 37% |
| Fines | 885,000 | 192,471 | 22% | 192,315 | 156 | 0% |
| V.L.F. In Lieu | 644,886 | - | 0% | - | - | 0% |
| Total | 23,377,307 | 4,183,303 | 18% | 3,766,277 | 417,026 | 11% |

The following highlights key revenue results:

**Sales Tax:** Sales tax receipts were 13% of budget for the first quarter due to the timing of receipts (September 2011 receipts will be included in the Quarter 2 reporting). These receipts include reductions of $192,000 for the revenue sharing payment with the City of Oakland which was processed for the first quarter 2011. When compared to prior year, the 8% increase is a reflection of improvements in consumer spending. With sales tax being the General Fund's top revenue generator, staff will continue to monitor its results closely.

**Transient Occupancy Tax:** Year-to-date revenues for TOT were 21% of budget and 15% higher than the same time period last year. Hotel revenues for all four hotels exceeded prior year, likely the result of increased occupancy combined with higher rates.

**Business License Tax:** Business license renewals are on a calendar year basis and are delinquent if not paid by March 1. As a result, minimal revenues are received in the first quarter of the fiscal year, leading to a 1% actual to budget reading as of September 30th and a decrease of $33,418 compared with the previous year. Staff continues to employ an active discover program to collect revenues due to the City.

**Utility Users' Tax (UUT):** UUT is reflected at 20% of budget due to the timing of the monthly PG&E receipt (September 2011 receipt will be included in the Quarter 2 reporting). When compared to the prior year, the 24% increase is a result of a one-time receipt of $120,600 from PG&E due to estimated under-collections of UUT in prior periods.

**Licenses and Permits:** License and Permits revenues are derived primarily from the planning/building department including reimbursement/cost recovery income. First quarter results are $150,050 greater than prior year, primarily due to an increase in plan checking fees.

**Franchise Fees:** Franchise fees are reflected at 21% of budget and are 37% greater than prior year. The improvement over prior year is a result of a general increase in Waste Management's monthly customer receipts reported to the City.

**V.L.F. (Vehicle License Fee) In Lieu:** Fees are received by the County of Alameda just twice per year (in December and April); therefore we expect the first payment to be included in the Quarter 2 reporting.

## Expenditures

Operating costs are generally 2% below expectations at the end of the first quarter of the fiscal year as summarized below:

**By Department**:

| Expenditures | Annual Budget | Current Year Actual | % of Budget | Prior Year Actual |
|---|---|---|---|---|
| City Council | 148,133 | 31,939 | 21.6% | 32,815 |
| City Manager | 389,595 | 88,805 | 22.8% | 96,743 |
| City Clerk | 383,677 | 77,393 | 20.2% | 85,100 |
| City Attorney | 575,886 | 132,433 | 23.0% | 136,070 |
| Administrative Services | 1,982,141 | 436,533 | 22.0% | 447,526 |
| Planning and Building | 1,771,245 | 339,477 | 19.2% | 263,985 |
| Economic Development | 1,088,724 | 299,030 | 27.5% | 259,869 |
| Public Works | 2,562,443 | 543,200 | 21.2% | 504,923 |
| Non-Departmental Operations | 1,973,661 | 655,947 | 33.2% | 771,843 |
| Police | 9,924,209 | 2,232,765 | 22.5% | 2,188,422 |
| Fire | 5,937,193 | 1,327,117 | 22.4% | 1,423,758 |
| Community Services | 2,040,112 | 415,520 | 20.4% | 450,627 |
| Total | 28,777,019 | 6,580,157 | 22.9% | 6,661,682 |

Staffing expenses were on target City wide except the Adult Service Division because of the vacant Case Manager position. Contract services were generally low for all departments, especially the Planning and Building department. Expenditures are below expectations as of the first quarter due to lower permit activity; these services generally do not follow a straight-line pattern. Approximately 40% of this department's budget is attributable to professional services related to processing permits and performing plan checks and building inspections. Other operating costs were also lower than expectations in most departments such as supplies, maintenance, utilities and education & training. The most significant variances were in non-departmental operations due to the processing of the annual insurance payment in July and the payment for the passenger van for the Community Services Department.

**By Type**:

| Expenditures By Type | Annual Budget | Current Year Actual | % of Budget | Prior Year Actual |
|---|---|---|---|---|
| Staffing | 21,481,593 | 5,014,915 | 23.3% | 5,012,357 |
| Contract Services | 1,846,598 | 229,128 | 12.4% | 175,300 |
| Maintenance | 1,970,474 | 372,162 | 18.9% | 354,257 |
| Supplies | 745,112 | 108,548 | 14.6% | 114,224 |
| Utilities | 698,830 | 125,435 | 17.9% | 199,764 |
| Other Operating Costs | 1,406,912 | 674,409 | 47.9% | 708,477 |
| Capital | 46,500 | 18,060 | 38.8% | 22,302 |
| Interfund Transfers* | 581,000 | 37,500 | 6.5% | 75,000 |
| Total | 28,777,019 | 6,580,157 | 22.9% | 6,661,682 |

*Mid-year reserve transfers are not included

The most significant variances by type are summarized below:

- Supplies & contract services expenses were lower than expectations City wide.

- Utilities expenses reflect two months of services as of September, 2011.

- Other operating costs includes insurance costs; the annual payment is processed in July which skews other operating costs in the current quarter. Overall, these costs are lower than the previous year.

- The annual payment for the Community Services Bus is also processed in July distorting the percentage of budget for the quarter.