



2012 FINANCIAL UPDATE

2nd Quarter Financial Review

Finance & Property Services Department
for Ways & Means/Budget Committee
August 27, 2012

Introduction

- Generally all funds performing at or better than budget.
- Projections at this point in time, particularly in the General Fund and Internal Service Funds, are conservative with better fine tuning of this information expected at third quarter report.
- Financial performance of Proprietary Funds, in particular Internal Service Funds, affected by significant amount of final payment of MERF debt service in 2012; ISF will recoup over next three years through allocation in cost recovery plans.
- Utility operations building fund balances for future capital purchases and/or major capital programs.



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General Fund

- Started 2012 with a fund balance of \$69.9M and an operating expense budget of \$337.9M.
- Project an ending fund balance of \$70.5M, well within stated reserve policy of 15% of following year's budgeted Operating Revenue.
- Excess of revenue over expense includes:
 - \$4.9M in fund balance rollovers from 2011;
 - \$3.6M in appropriation savings;
 - \$2.0 million in excess revenue.
- *Revenues:*
 - Property tax and state aids expected to come in very close to budget – received in July and December.
 - License and permit fees projected to exceed revenue estimates by \$2.0M due to continued increased building permit activity.
 - All other revenues anticipated to come in as planned.
 - Entertainment tax accounting change.

General Fund (cont'd.)

- *Expenses:*
 - Overall operating expenses expected to come in slightly under budget.
 - Police - projecting to be \$600,000 under budget by year end; tempered by additional costs from VP visit scheduled at last minute and seasonal increases in overtime and slowdown in attrition rates.
 - Fire - anticipates coming in slightly under \$300,000 over budget by year end. All of overage can be attributed to overtime. Implemented cost saving measures to help mitigate:
 - Hire back of 5 firefighters with SAFER grant funding;
 - Managing other than labor costs more effectively;
 - Delaying delivery of apparatus;
 - Receiving additional grant funding for such things as training; actively going after grant funding that have minimal impact on budget.

General Fund (cont'd.)

- *Expenses (cont'd.):*
 - City Coordinator – projecting to be slightly under budget at year end primarily due to salary and other cost savings in the Finance & Property Services Department.
 - Public Works – expecting to be at or slightly under budget at year end due to lower than normal snow plowing costs incurred at the beginning of the year.
 - Regulatory Services – expecting to end year at budget.
 - Expenditures for all of the remaining departments are projected to be at or near the current budget by year end.

Special Revenue Funds

- Convention Center Fund

- Budgeted for a loss of \$(1.9)M; actually projecting a gain of \$2.0M.
- Due to slight increase in *operating revenue* combined with *strong tax revenue* and significant reduction in operating and capital expense.
- Fund balance projected to be \$46.0M or \$6.6M over budget.
- Cash balance anticipated to be at \$25.4M or \$2.0M over 2011 ending cash balance.

- CPED Special Revenue Funds

- All performing within budget;
- Preliminary Planning Fund and Operating Fund continue to carry negative cash and fund balances;
- Plan to address deficits has been developed as part of 2012 budget process.

Internal Service Funds

Internal Service Funds (In Thousands)						
2012 Budget to Actual through 6-30-12 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual to Budget	Expense Budget	Expense Actual	% of Actual to Budget
Engineering, Mat, and Testing	1,552	824	53%	1,464	567	39%
Fleet Services	40,798	20,330	50%	42,234	19,905	47%
Property Services	16,122	7,788	48%	17,204	8,159	47%
Public Works Stores	910	596	65%	1,058	536	51%
Intergovernmental Service Fund	37,291	16,084	43%	49,542	21,872	44%
Self Insurance	27,281	13,657	50%	26,890	9,397	35%

Internal Service Funds

- *Engineering Materials and Testing Fund*
 - On track to exceed its financial targets for the year.
 - Expect to finish year with \$1.8M in net income compared to budget of \$1.6M.
 - Continues to maintain positive and improved cash balance;
 - Net asset balance projected to be \$1.3M at year end.
- *Fleet Services Fund*
 - Anticipates having a small net loss of \$(89,679) compared to budget net loss of \$(2.3)M.
 - Net loss primarily due to MERF debt service payment of \$2.2M and decrease in amount transferred from General Fund.
 - Ending net asset balance projected to remain at \$35.2M consistent with long-term financial plan;
 - Cash balance at year end projected to be \$10.9M which is above \$4.3M target.
- *Property Services Fund*
 - Project net loss of \$(600)K compared to budgeted loss of \$(900)K;
 - Projected year end net asset balance expected to be \$25.2M;
 - Projected *operating* cash balance below the \$1.9M target.

Internal Service Funds (cont'd.)

- *Public Works Stores Fund*

- Expected to finish year at breakeven with small net income (\$2,000) compared to a budgeted net loss of \$(265)K.
- Will continue to maintain positive net asset balance of \$3.0M.
- Cash balance will remain at \$(1.1)M which is below target of \$200K.

- *Intergovernmental Service Fund*

- Anticipates ending year with net loss of \$(363,000) compared to a budgeted net loss of \$(1.3)M.
- Net asset balance expected to be at \$21.8M.
- Cash balance was \$11.5M at end of second quarter or \$7.2 above benchmark reserve; includes deferred revenue of \$12.5M.

- *Self-Insurance Fund*

- Expecting to finish 2012 with net income of \$7.2M compared to budgeted net income of \$2.8M
- Cash balance at end of second quarter at \$49.7M, slightly below target.

Enterprise Operations

Enterprise Funds (In Thousands)						
2012 Budget to Actual through 6-30-12 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual To Budget	Expense Budget	Expense Actual	% of Actual To Budget
Sanitary Sewer	53,093	27,406	52%	44,261	22,382	51%
Stormwater	38,630	19,663	51%	23,524	9,795	42%
Solid Waste	30,595	15,846	52%	32,880	14,814	45%
Water Utility	76,444	36,213	47%	51,105	23,866	47%
Parking	42,245	22,607	54%	32,132	13,039	41%

Enterprise Funds (cont'd.)

- *Sewer Utility Funds*

- Stormwater and Sanitary Sewer Funds;
- Net income, net assets and cash balances in both funds projected to meet or exceed expectations;
- Excess cash in Stormwater Fund will be directed toward capital outlays and other non-operating expense.

- *Solid Waste Fund*

- Strong fund performance for year with net income expected to exceed target by \$1.5M;
- \$23.0M cash balance at end of second quarter exceeds target by \$16.0M;
- Portion of excess cash balance will be used to fund capital purchases and implement new programs.

Enterprise Funds (cont'd.)

- *Water Utility Fund*

- Net income projected to be \$12.6M which exceeds budgeted net income by approximately \$2.9M.
- Primarily due to higher than anticipated operating revenues due to increased water consumption along with lower than planned operating costs.
- Cash balance at end of second quarter was \$14.8M or \$2.0M over target.
- Maintaining operating reserve for membrane and valve replacement.

- *Parking Fund*

- Net income projected to be \$11.5M or \$8.6M better than budget.
- Due to higher operating revenue from on-street metering program along with lower operating expense.
- Cash balance at end of quarter was \$16.4M or \$7.9M above target.

- *CPED Enterprise Funds*

- 5 components: Housing Development, General Agency Reserve, Theatres, River Terminal, Economic Development Program

Investments

- City's investment portfolio valued at \$519.8M at quarter end.
- For 12 months ended 6/30/2012, portfolio outperformed its benchmark.