



# Quarterly Financial Report

City of Florissant, Missouri

## Second Quarter Ended May 31, 2014      June 6, 2014

### OVERVIEW

At the midway mark of the 2014 fiscal year, revenue in the three major funds, general, capital improvement and park improvement, are all exceeding budget projections. The General Fund is \$304,471 or 2.6% ahead of projections, the Capital Improvement Fund is \$99,561 or 6.6% ahead of projections and the Park Improvement Fund is \$108,820 or 7.7% ahead of projections.

When compared to actual revenues at the mid-point of the prior fiscal year the General Fund is nearly dead even, down \$28,889 or 0.2% while the Capital Improvement Fund is ahead by \$23,610 or 1.5% and the Park Improvement Fund is ahead by \$30,961 or 2.1%.

A review of the expenditure accounts reveals very few significant issues at this time. The gasoline and utility accounts are all in good shape except for the public works gasoline account. A few salary accounts are in trouble due to time spent fighting winter storms and overtime issues.

### GENERAL FUND REVENUE

**GASOLINE TAX** includes the motor vehicle fuel tax (gas tax) and the motor vehicle fee increases (fee increases) which are both collected and distributed by the Missouri Department of Revenue based on the city's population as a percent of a statewide pool.

When compared to the prior fiscal year revenue is up \$12,212 or 1.6%. This is encouraging as gasoline tax revenues have been steadily declining for the past four years. In anticipation of a continued decline in receipts the budget was reduced by \$25,000 from 2013. The prorated budget for the gasoline tax at mid-year is \$745,000. Revenue exceeds this goal by \$18,132.

Historically, about 51% of gasoline tax revenue is received in the final six months of the fiscal year. If this pattern holds, estimated revenue is projected to be \$1,555,000 which would be \$30,000 ahead of the budget of \$1,525,000.

#### Gasoline Tax:

Year	2009	2010	2011	2012	2013	2014
Actual	789,604	850,468	852,428	776,128	750,920	763,132
Budget	847,000	774,000	845,000	812,000	760,000	745,000
(+)/(-) Prior	-33,378	60,864	1,960	-76,300	-25,208	12,212
(+)/(-) Budget	-57,396	76,468	7,428	-35,872	-9,080	18,132

**UTILITY TAX** represents the license tax on electric, gas (heating), telephone (landline and cell), and water utilities. The current rate assessed on utilities is 7%.

When compared to the prior fiscal year combined utility tax receipts are up 4.0% or \$124,650. However, when compared to 2012 revenue is up 10.2% or \$295,822 and when compared to 2011 revenue is nearly dead even. This is an indication of how the variability of weather plays such an important role in annual utility license tax receipts. Breaking down the utility tax into the four component pieces reveals that electric is up 5.4% or \$56,279, gas is up 7.5% or

\$77,755, telephone is down 8.1% or \$67,452, and water is up 34.3% or \$58,068 when compared to the prior fiscal year. Receipts are \$150,623 ahead of budget projections.

It is difficult to tell exactly how the year will play out but if we have a fairly typical summer revenue should finish somewhere between \$6,400,000 and \$6,450,000 which is comfortably above the budget of \$6,200,000.

Utility Tax:

Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actual	2,156,567	2,687,640	3,222,221	2,914,801	3,085,973	3,210,623
Budget	2,267,000	3,066,000	2,970,000	2,955,000	2,910,000	3,060,000
(+)/(-) Prior	252,476	531,073	534,581	-307,420	171,172	124,650
(+)/(-) Budget	-110,433	-378,360	252,221	-40,199	175,973	150,623

**ROAD AND BRIDGE TAX** represents the city's portion of the countywide 10.5 cent property tax. Receipts are tied closely to the city's assessed value. Total assessed valuation has dropped from \$684.1 million at its peak in 2007 to \$540.1 million in 2013, a drop of 21.1%. Real estate assessed valuation accounts for over 83% of total assessed value and has dropped from \$579.9 million in 2007 to \$449.5 million in 2013, a drop of \$130.4 million or 22.5% since 2007.

In 2008 the city received \$700,642 from the road and bridge tax. In 2013 the city received \$586,887 in revenue, a drop of \$113,755 or 16.2% in five years. The 2014 budget is \$575,000 which is exactly the same as the 2013 budget. At the mid-point in the year the city has received \$530,431. This is \$34,285 less than the same point last year and \$22,569 below the budget projection for mid-year. It is highly unlikely that distributions for the remaining six months will be enough to make up for this deficit.

Road and Bridge Tax:

Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actual	638,412	610,408	611,622	557,718	564,717	530,431
Budget	641,000	604,000	599,000	580,500	552,500	553,000
(+)/(-) Prior	-266	-28,004	1,214	-53,904	6,999	-34,286
(+)/(-) Budget	-2,588	6,408	12,622	-22,782	12,217	-22,569

**SALES TAX** represents revenue from two sources, the 1% countywide sales tax and the state-wide motor vehicle sales tax. Both revenues are pooled and distributed based on the city's population as a percent of the pool population.

With a budget of \$7.1 million, sales tax is the single largest revenue source in the general fund. When compared to the prior fiscal year revenue is up 7.8% or \$255,753. Sales tax revenue can be very volatile but the performance so far this year has been very encouraging.

Revenue of \$3,551,401 for the six month mark is the highest ever totaled for the first six months, better even than 2007 and 2008 when total revenue for the year was \$7,439,343 and \$7,412,652 respectively. If the remaining six months finish reasonably well it is quite possible that sales tax will finish around \$7,400,000 which will exceed the budget of by \$300,000.

**Sales Tax:**

Year	2009	2010	2011	2012	2013	2014
Actual	3,212,286	3,114,787	3,238,164	3,218,417	3,295,648	3,551,401
Budget	3,797,000	3,220,000	3,020,000	3,095,000	3,240,000	3,245,000
(+)/(-) Prior	-265,300	-97,499	123,377	-19,747	77,231	255,753
(+)/(-) Budget	-584,714	-105,213	218,164	123,417	55,648	306,401

**TOTAL GENERAL FUND REVENUE** is nearly dead even with last year, down \$28,889 or 0.2%. Last years total included \$381,951 from the sewer lateral cross charge which has not been made this year. Were the 2014 sewer lateral cross charge included total general fund revenue would be ahead of last years revenue by \$369,115. Sales tax and utility tax, the two largest revenue sources in general fund are leading the way with strong positions as previously discussed.

When compared to the six month projected budget, revenue is \$304,471 ahead of projections. With the sewer lateral cross charge this number would be \$702,475 which is very strong. Revenue sources with the most significant differences as compared to mid-year budget projections include the following:

Over Budget: Sales tax is ahead of the budget projection by \$306,401. Utility tax is ahead of the budget projection by \$150,623. Golf is ahead of projections by \$121,775 due to the proceeds from the sale of the golf cart fleet. Netting out the proceeds from the sale of the fleet leaves the golf course short of the budget projection by \$10,575. Building permits are \$28,267 ahead of projections due to construction permits submitted by Wal-Mart. The cable TV market continues to rise which has resulted in revenue \$21,990 over budget.

Under Budget: Road and bridge tax is short of the budget by \$22,569. Park revenue is under budget by \$21,683 primarily due to the theater performance which is off by \$13,749. Other revenue is short of the budget projection by \$332,791. This will be made whole when the sewer lateral cross charge of \$398,004 is made.

**Total General Fund Revenue:**

Year	2009	2010	2011	2012	2013	2014
Actual	10,104,868	11,720,516	13,058,019	11,979,819	11,946,860	11,917,971
Budget	11,434,000	11,366,460	12,411,078	11,737,458	11,587,864	11,613,500
(+)/(-) Prior	-612,501	1,615,648	1,337,503	-1,078,200	-32,959	-28,889
(+)/(-) Budget	-1,329,132	354,056	646,941	242,361	358,996	304,471

## GENERAL FUND EXPENDITURES

A review of the expenditure accounts reveals a small number that are in questionable condition and will require monitoring.

The Golf Course utilities account is within budget but very close. The summer weather will dictate how this account ends up.

The Administration salaries account is ahead of projections due to the hiring of the new Director of Human Resources and a doubling of salaries for this position during the brief transition. The salary account should finish within budget due to the cushion of overtime that will not be used and some savings from part-time. The postage and printing account is ahead of projections but once cross charges for the FOCUS mailings are made this account should be in much better shape. All major insurance premiums have been paid with the exception of the workers compensation audit supplemental billing. This invoice has not been received and will be of concern until it is.

Bangert pool utilities are ahead of projections due to an April charge which was unexpectedly high. This account will bear watching as the swim season progresses.

Public works salaries are over projections but coming back in line due to a moratorium on overtime within the department. Costs incurred to deal with the winter storms pushed the salary account out of line with projections. The gasoline account is also over projections and will need to be addressed for the same reason as the salary account.

The Police salaries account is ahead of projections due to overtime expenditures. Through the mid-year point 70% of overtime monies have been expended. With turnover, the full-time salaries account may have enough surplus to cover any excess in overtime but this will have to be monitored. The telephone account is running ahead of projections due to some front loading of expenses and will have to be watched closely. The building maintenance account is very close to projections and may tip the other way if a significant repair is required.

## CAPITAL IMPROVEMENT FUND

**CAPITAL IMPROVEMENT SALES TAX** represents revenue from the ½% capital improvement local option sales tax. The city is in a pool for the distribution of this sales tax which is based on the city's population as a percent of the pool population.

The capital improvement sales tax is up \$23,610 or 1.5% over 2013. If this report had been prepared for the five months ending April, 2014 the situation would appear much different as revenue last month was down \$69,358 or 5.0% when compared to the first five months of the 2013 fiscal year. May receipts were exceptionally strong, up \$93,967 or 50.1% and led directly to the positive showing for the year. This points to the volatility of sales tax collections. The 2014 six-month total exceeds the 2008 six-month total by \$10,284. 2008 was the high water mark for mid-year revenue.

Absent any significant set backs revenue should easily surpass the \$3,200,000 mark for the second strait year and could possibly end up near \$3,250,000 which is \$150,000 over budget.

Sales tax receipts have shown a lot of volatility but the capital improvement sales tax seems to be building on the momentum gathered last year.

When compared to budget projections, receipts are \$99,561 ahead of projections. If the current pattern holds through the second half of the fiscal year receipts should easily exceed the budget of \$3,100,000.

½% Capital Improvement Sales Tax

Year	2009	2010	2011	2012	2013	2014
Actual	1,558,903	1,491,935	1,560,015	1,542,282	1,584,951	1,608,561
Budget	1,614,000	1,515,000	1,465,000	1,460,000	1,510,000	1,510,000
(+)/(-) Prior	-39,374	-66,968	68,080	-17,733	42,669	23,610
(+)/(-) Budget	-55,097	-23,065	95,015	82,282	74,951	99,561

**PARK IMPROVEMENT FUND**

**PARK IMPROVEMENT SALES TAX** represents revenue from the ½% park improvement local option sales tax. It is the only point-of-sale sales tax levied and received by the city. This means it is distributed back to the city based on sales occurring within the corporate limits of the city and is not shared with any other entity.

The park improvement sales tax is up \$30,961 or 2.1% over 2013. At the five month mark the park sales tax collections were in a very similar situation as the capital improvement sales tax with revenue down \$68,368 or 5.2% when compared to the first five months of the 2013 fiscal year. May receipts were exceptionally strong, up \$99,329 or 58.1% over last May. As a result, the 2014 six-month revenue total exceeds the highest total ever received through the six month mark, which was \$1,525,460 received back in 2008. If we can hold these gains revenue has a good change to finish up around \$3,050,000 for the year and may even approach \$3,100,000.

When compared to budget projections, receipts are \$108,820 ahead of projections. If the current pattern holds through the second half of the fiscal year receipts should easily exceed the budget of \$2,950,000.

½% Park Sales Tax

Year	2009	2010	2011	2012	2013	2014
Actual	1,510,041	1,413,710	1,485,591	1,453,488	1,497,859	1,528,820
Budget	1,529,000	1,455,000	1,405,000	1,380,000	1,435,000	1,420,000
(+)/(-) Prior	-15,419	-96,331	71,881	-32,103	44,371	30,961
(+)/(-) Budget	-18,959	-41,290	80,591	73,488	62,859	108,820

CONSUMMATUM EST

Information presented in this quarterly financial report is derived from the *Statement of Cash Receipts and Disbursements*, more commonly known as the monthly operating report, for the period ending May 31, 2014. Editorial comments, judgments and opinions expressed in this report are those of the Director of Finance and are intended solely to provide a financial update to the Mayor, City Council, residents of the City of Florissant, and any other interested parties. Any other use of this report or of any pictures, descriptions or accounts of this report, without prior written consent, is prohibited.

Questions concerning any of the information contained in this quarterly financial report or in the monthly operating reports should be addressed to the Director of Finance, 955 rue St. Francois, Florissant, Missouri 63031. Copies of the *Statement of Cash Receipts and Disbursements* may be found on the city's web site at [www.florissantmo.com](http://www.florissantmo.com).

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