



Quarterly Financial Report

City of Florissant, Missouri

Third Quarter Ended August 31, 2012 October 3, 2012

OVERVIEW

Three quarters of the 2012 fiscal year is now complete. Revenue is exceeding budget estimates in all major funds. The general fund is ahead of projections by \$665,205. The capital improvement sales tax is ahead of projections by \$165,388 and the park improvement sale tax is ahead of projections by \$173,135. This is the result of conservative budget estimates and not the result of improved performance from any particular revenue source.

When compared to the third quarter of the 2011 fiscal year, revenue in the general fund is down \$902,059 or 4.8%. The majority of this difference is the result of the one time receipt of \$601,485 from the T-Mobile settlement in 2011. The capital improvement sales tax is down slightly at \$4,637 and the park improvement sales tax is up \$23,023.

Highlights are difficult to find but building permits are up \$60,375 over last year due to a \$25,958 permit for the Hazelwood School District's Northwest Middle School and a \$17,111 permit for development on the Value City property. Cable TV is up \$37,828 due to the increased business that AT&T U-Verse is pulling in. Believe it or not, the golf course is up \$114,152 compared to last year.

There are no significant changes to the local or national economy since the mid-year report. Interest rates remain at historic lows, unemployment remains high and there are ongoing issues with the housing market. It is interesting to note that at one time the city could earn between \$300,000 and \$400,000 in interest in an average year. Now, \$25,000 is a good year.

GENERAL FUND

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 pooled population.

As expected, with the city population declining, the state population increasing and gas prices continuing at high levels, gas tax receipts have declined. Compared to 2011, revenue is down \$117,099 or 9.1%. In anticipation of decreasing revenue the budget was reduced by \$125,000 from 2011. It appears that the budget was not reduced enough. The prorated budget for the gasoline tax at the third quarter is \$1,217,000. Revenue is short of this goal by \$43,767.

Gasoline Tax:

Year	2007	2008	2009	2010	2011	2012
Actual	1,312,481	1,241,381	1,211,014	1,302,027	1,290,332	1,173,233
Budget	1,294,000	1,312,000	1,294,000	1,183,000	1,295,000	1,217,000
(+)/(-) Prior	-19,832	-71,100	-30,367	91,013	-11,695	-117,099
(+)/(-) Budget	18,481	-70,619	-82,986	119,027	-4,668	-43,767

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%.

Combined utility tax receipts are down \$265,198 or 5.6%. For the year electric is up 5.7% or \$94,508 which is not unexpected given the extremely hot summer. Gas revenue is down 17.9% or \$244,407 due to an unusually warm winter and an early, warm spring. Telephone receipts are down 5.2% or \$71,830. Water is down \$43,469 or 14.8%. However, an abnormally large payment was received in September so the situation with water will be changing.

The 2012 budget was structured to provide room for a fall off in utility tax revenues. The budget of \$6,000,000 is \$467,222 less than 2011 actual receipts. Utility tax revenues are \$85,942 ahead of budget projections for the third quarter.

Utility Tax:

Year	2007	2008	2009	2010	2011	2012
Actual	2,535,874	2,876,949	3,153,465	4,124,825	4,726,140	4,460,942
Budget	2,485,000	2,906,000	3,365,000	4,550,000	4,375,000	4,375,000
(+)/(-) Prior	52,517	341,075	276,516	971,360	601,315	-265,198
(+)/(-) Budget	50,874	-29,051	-211,535	-425,175	351,140	85,942

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 which has been in decline since 2008 due to the dramatic drop in home values. In 2009, revenue dropped \$28,661. In 2010 revenue experienced another decrease of \$36,926. 2011 was relatively flat as revenue increased \$2,850. The 2012 budget projected revenue to drop \$37,905.

So far, 2012 is performing worse than expected with revenue down \$57,714 or 9.2% compared to last year and \$25,130 under the prorated budget. The bulk of distributions are in so, barring any unforeseen distributions, revenue is expected to finish \$25,000 under the budget.

Road and Bridge Tax:

Year	2007	2008	2009	2010	2011	2012
Actual	545,088	656,490	656,131	624,136	626,584	568,870
Budget	474,000	545,000	654,000	616,000	614,000	594,000
(+)/(-) Prior	6,645	111,402	-359	-31,995	2,448	-57,714
(+)/(-) Budget	71,088	111,490	2,131	8,136	12,584	-25,130

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.

Sales tax receipts have been very volatile over the past few years with extreme swings in monthly distributions. This is a manifestation of the difficult economic times as more busi-

nesses seek to hold on to cash as long as possible and so delay sales tax payments as long as possible. When tax payments get to the Missouri Department of Revenue late they are pushed into the next months processing which means the city gets it's distribution later.

At this point revenue is nearly identical to last year, up \$921. These results are actually encouraging knowing that the city's population in the distribution formulas has decreased and the economy as a whole continues to struggle.

The 2012 budget was crafted with the effect of the change in the distribution formula and the economic situation in mind. Sales tax revenue for 2011 was \$7,084,234 . The budget for 2012 is \$6,600,000 which is \$484,234 less than 2011 actual revenue. Revenue for the third quarter is \$314,630 ahead of the prorated budget of \$4,735,000. Barring any unforeseen calamity it appears that the city will exceed the budget goal for sales tax which certainly merits a hoo-rah.

In the spring of 2012 the Missouri Supreme Court issued a ruling, *Street vs. Department of Revenue*, that precluded the Department of Revenue from collecting the local option sales tax on out-of-state motor vehicle sales. The local option sales tax is the city and county's portion of the sales tax. The ruling did allow for the collection of the local option "use tax" on out-of-state vehicle sales. The City of Florissant and St. Louis County, like most cities and counties in Missouri, do not have a local option "use tax." The Department of Revenue has indicated that the City of Florissant would lose about \$110,000 annually from this change in the way the motor vehicle sales tax is collected. Based on the timing of this ruling it appears the city will lose about \$55,000 in motor vehicle sales tax revenue this fiscal year.

The Missouri Legislature did pass HB 1329 which restored the local option sales tax on out-of-state purchases of cars, boats, motors, etc. Unfortunately, Governor Nixon vetoed this bill acting on the premise that it was a new tax and he is opposed to any new tax. The Legislature met in a special session but failed to override the veto.

Sales Tax:

Year	2007	2008	2009	2010	2011	2012
Actual	5,325,369	5,372,442	4,915,342	4,821,868	5,048,709	5,049,630
Budget	5,189,000	5,224,000	5,224,000	4,970,000	4,740,000	4,735,000
(+)/(-) Prior	126,221	47,073	-457,100	-93,474	226,841	921
(+)/(-) Budget	136,369	148,442	-308,658	-148,132	308,709	314,630

TOTAL GENERAL FUND REVENUE is down 4.8% or \$902,059 from last year. However, last years revenue included \$601,485 in one time revenue from the T-Mobile settlement. When this settlement is adjusted out, total revenue is down 1.6% or \$300,574. The 2012 revenue budget was developed in anticipation of the absence of this one time revenue.

On a budget basis the picture brightens considerably. General fund revenue is \$665,205 ahead of the projected budget. It appears that the city is in position to exceed the 2012 general fund revenue budget.

Total General Fund Revenue:

Year	2007	2008	2009	2010	2011	2012
Actual	15,838,815	17,254,576	14,731,689	17,561,074	18,979,857	18,077,798
Budget	15,235,000	16,240,000	16,900,000	16,872,200	18,168,703	17,412,593
(+)/(-) Prior	1,128,850	1,415,761	-2,522,887	2,829,385	1,418,783	-902,059
(+)/(-) Budget	603,815	1,014,576	-2,168,311	688,874	811,154	665,205

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.

Actual revenue is down 0.2% or \$4,637. When compared to the prorated budget, the picture brightens with revenue \$165,388 ahead of projections. However, given the volatility of sales tax receipts, this situation could change very rapidly.

½% Capital Improvement Sales Tax:

Year	2007	2008	2009	2010	2011	2012
Actual	2,433,937	2,425,093	2,311,207	2,256,729	2,355,025	2,350,388
Budget	2,241,000	2,593,000	2,408,000	2,260,000	2,215,000	2,185,000
(+)/(-) Prior	139,290	-8,844	-113,886	-54,478	98,296	-4,637
(+)/(-) Budget	192,937	-167,907	-96,793	-3,271	140,025	165,388

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 showed similar volatility to that of the general and capital improvement sales taxes. Actual revenue is up 1.0% or \$23,023. When compared to the prorated budget, revenue is \$173,135 ahead of projections.

½% Park Sales Tax:

Year	2007	2008	2009	2010	2011	2012
Actual	1,565,928	2,316,162	2,252,410	2,145,971	2,225,112	2,248,135
Budget	1,188,000	2,301,000	2,301,000	2,190,000	2,130,000	2,075,000
(+)/(-) Prior	326,815	750,234	-63,752	-106,439	79,141	23,023
(+)/(-) Budget	377,928	15,162	-48,590	-44,029	95,112	173,135

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 August 31, 2012. 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.

R. J. McDaniel

Randal J. McDaniel
Director of Finance