



Quarterly Financial Report

City of Florissant, Missouri

Second Quarter Ended May 31, 2013

June 13, 2013

OVERVIEW

Midway through the fiscal year revenue in the three major funds, general, capital improvement and park improvement, are all exceeding budget projections. The General Fund is \$358,996 or 3.1% ahead of projections, the Capital Improvement Fund is \$124,951 or 8.6% ahead of projections and the Park Improvement Fund is \$117,859 or 8.5% ahead of projections.

When compared to actual revenues at the mid-point last year the general fund is nearly dead even, down \$32,959 or 0.3% while the capital improvement fund is up \$42,669 or 2.8% and the park improvement fund is up \$44,371 or 3.1%.

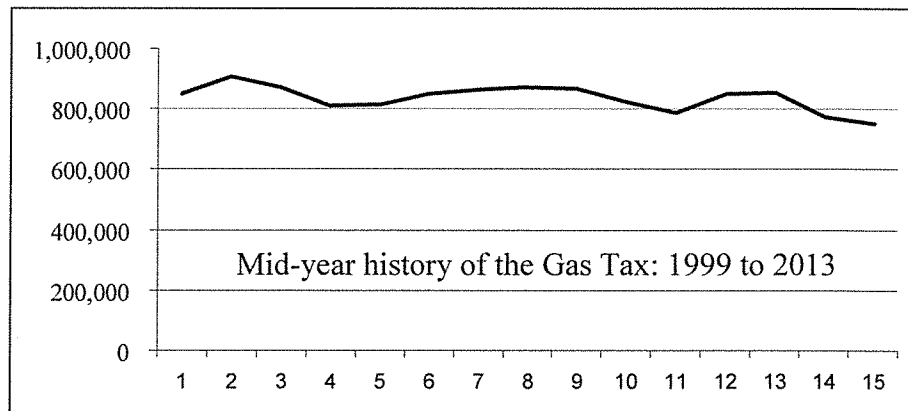
There are very few issues with the expenditure accounts at this time. The gasoline and utility accounts are all in good shape but will need to be closely monitored as we finish out the fiscal year.

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.

As expected, gas tax continues a long, slow decline. Compared to 2012, revenue is down \$25,208 or 3.3%. Compared to 2011, revenue is down \$101,508 or 11.9%. In anticipation of decreasing revenue the budget was reduced by \$75,000 from 2012 which was down \$200,000 from the 2011 budget. The prorated budget for the gasoline tax at mid-year is \$760,000. Revenue is short of this goal by \$9,080.

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 \$1,510,000 which would be \$40,000 short of the budget of \$1,550,000.



Gasoline Tax:

Year	2008	2009	2010	2011	2012	2013
Actual	822,982	789,604	850,468	852,428	776,128	750,920
Budget	860,000	847,000	774,000	845,000	812,000	760,000
(+)/(-) Prior	-45,793	-33,378	60,864	1,960	-76,300	-25,208
(+)/(-) Budget	-37,018	-57,396	76,468	7,428	-35,872	-9,080

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%.

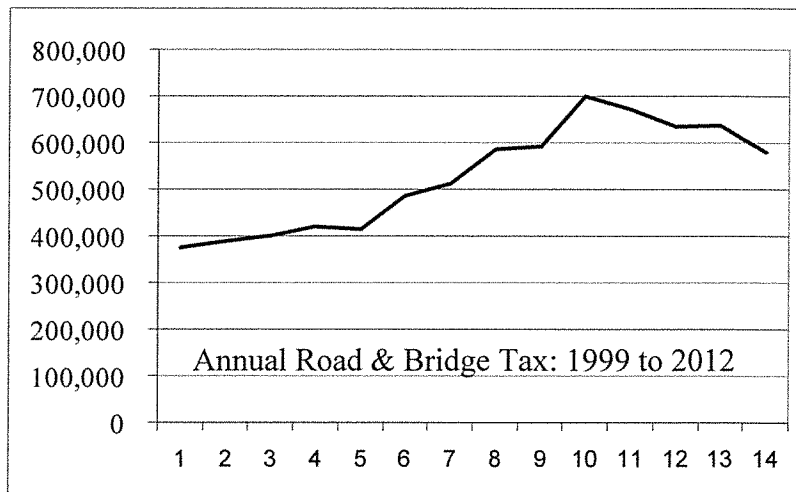
Combined utility tax receipts are up 5.9% or \$171,172 when compared to 2012 receipts. However, when compared to 2011, revenue is down 4.2% or \$136,248. This is an indication of how weather plays such an important role in annual utility license tax receipts. Breaking down the utility tax into the four component pieces reveals that electric is up 10.4% or \$99,400, gas is up 10.3% or \$96,500, telephone is down 1.5% or \$12,978, and water is down 6.5% or \$11,750 when compared to 2012.

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 \$6,300,000 and \$6,400,000 which is comfortably above the budget of \$6,100,000.

Utility Tax:

Year	2008	2009	2010	2011	2012	2013
Actual	1,904,091	2,156,567	2,687,640	3,222,221	2,914,801	3,085,973
Budget	1,958,000	2,267,000	3,066,000	2,970,000	2,955,000	2,910,000
(+)/(-) Prior	104,379	252,476	531,073	534,581	-307,420	171,172
(+)/(-) Budget	-53,909	-110,433	-378,360	252,221	-40,199	175,973

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 dropped 19.7% since 2008 due to the dramatic drop in home values. In 2008 the city received \$700,642 from the road and bridge tax. In 2012 the city received \$579,749 in revenue, a drop of \$120,893 or 17.3%.



The 2013 budget is set at \$575,000 in anticipation that revenue will continue to decline. At the mid-point in the year receipts total \$564,717. Additional distributions for the remainder of the year will be minor but should be enough to exceed the budget by \$10,000 or so.

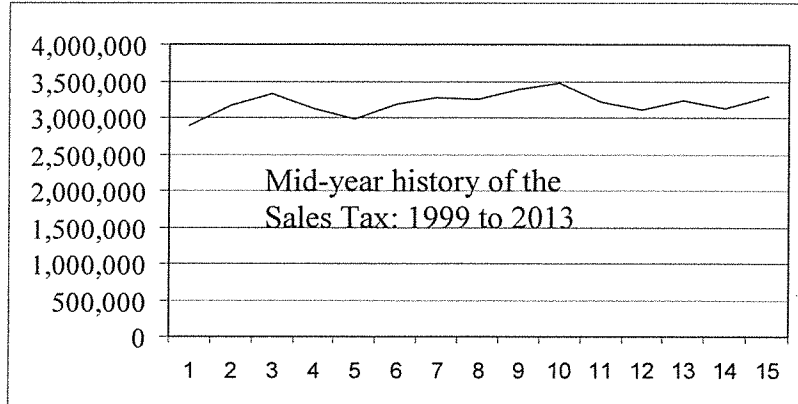
Road and Bridge Tax:

Year	2008	2009	2010	2011	2012	2013
Actual	638,678	638,412	610,408	611,622	557,718	564,717
Budget	534,000	641,000	604,000	599,000	580,500	552,500
(+)/(-) Prior	112,675	-266	-28,004	1,214	-53,904	6,999
(+)/(-) Budget	104,678	-2,588	6,408	12,622	-22,782	12,217

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.

At \$7,000,000, sales tax is the single largest revenue source budgeted in the general fund.

At one time it was thought that sales tax would increase every year as the cost of goods increased over time. In reality, sales tax has proven to be flat. The chart above shows that sales tax receipts for the first six months of the fiscal year going back to 1999 have moved back and forth between a limited range but sales tax has clearly not demonstrated a consistent pattern of growth over time.



At the six month mark General Fund sales tax receipts are up 2.4% or \$77,231 which is very good. The year got off to a rocky start with December and January down 1.8% or \$13,664 and 10.9% or \$55,389 respectively. February covered those two months and then some, up 23.6% or \$90,435 over the prior year. April was down 8.0% or \$49,877 but May again covered that loss, up 20.7% or \$70,377.

If the remaining six months finish with no increase over the prior year we will exceed the budget of \$7,000,000 by \$100,000. If we can hold the 2% increase that number will be closer to \$200,000.

The situation concerning collection of the sales tax on motor vehicles purchased out-of-state remains an issue. Using the Department of Revenue's estimate, the city would have an additional \$55,000 in sales tax at this point had the rules concerning collection of the motor vehicle sales tax not changed.

In the 2013 legislative session the Missouri State Legislature passed bills to re-instate the local sales tax on vehicles purchased out-of-state. The new legislation will be a "sales tax on titling" of those vehicles. For those cities and counties which levy local sales taxes but do not have a local use tax, which is the City of Florissant, the question of whether to maintain the sales tax on vehicles must be put to voters between November 2014 and November 2016. If the proposal is defeated or if the municipality fails to put it on the ballot, sales tax collections on vehicles will cease effective March 1, 2017.

Sales Tax:

Year	2008	2009	2010	2011	2012	2013
Actual	3,477,586	3,212,286	3,114,787	3,238,164	3,218,417	3,295,648
Budget	3,797,000	3,797,000	3,220,000	3,020,000	3,095,000	3,240,000
(+)/(-) Prior	102,387	-265,300	-97,499	123,377	-19,747	77,231
(+)/(-) Budget	-319,414	-584,714	-105,213	218,164	123,417	55,648

TOTAL GENERAL FUND REVENUE is nearly dead even with last year, down \$32,959 or 0.3%. The biggest winners and losers include the following:

<u>Winners</u>		<u>Losers</u>	
Sales Tax	77,232	Golf Course	(82,143)
Utility Tax	171,172	Gasoline Tax	(25,207)
Business Licenses	27,175	Building Permits	(63,908)
Cable TV	30,558	Parks	(40,602)
Grants	180,101	Other	(262,482)
Total	486,238	Total	(474,342)

Winners: Business license revenue increased thanks to the big retailers whose license is calculated based on their gross receipts. The majority of small to medium size businesses were either flat or continued a downward trend that has been in place for many

years. The cable TV market has benefited from the entry of AT&T into the market. Both Charter and AT&T have reported increases in revenue the last two years. Grants are up due to the receipt of a prior year grant in the amount of \$146,368. This was an energy efficiency grant dating back to 2010 which proved particularly difficult to collect.

Losers: Golf course revenue is a little deceptive when compared to last year. Last year's weather allowed for higher levels of play during the winter and early spring so the early numbers were very favorable. That is not the case this year. When compared to 2011, golf course revenue is nearly dead even, down \$287. Building permits reflect the lack of any significant permits issued so far this year. At this point in 2012 five permits had been issued in excess of \$5,000 with one permit at \$17,111 and another at \$25,958. There are no permits issued in excess of \$5,000 so far this year. The drop in the parks is a combination of things. League fees are down \$10,401, fitness passes are down \$8,290 and the theater is down \$22,202. Other or miscellaneous revenue is showing a decline due to two things. One is the conclusion of the DOR settlement which had generated \$203,272 at this point last year. The second is the revenue offset for expenditures of police forfeiture monies which is down \$63,852.

On a budget basis the overall picture in the general fund brightens considerably. Revenue of \$11,946,860 is \$358,996 ahead of the projected budget. Baring any dramatic change in the current revenue picture, total general fund revenue is on track to exceed the budget by \$750,000 to \$1,000,000.

Total General Fund Revenue:

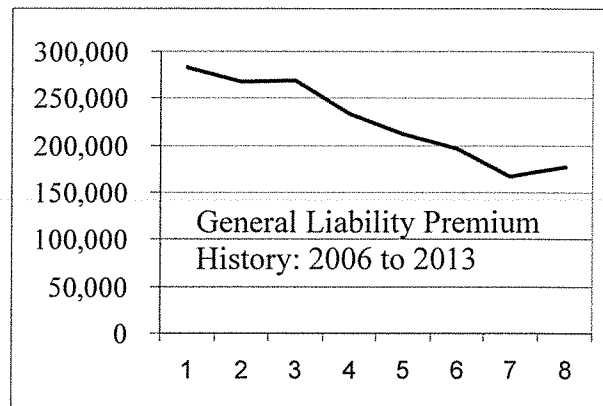
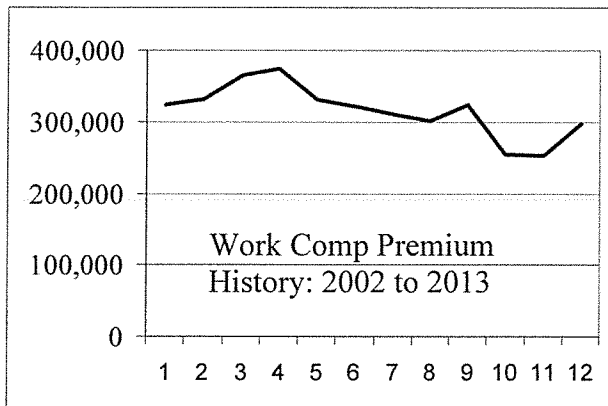
Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actual	10,717,369	10,104,868	11,720,516	13,058,019	11,979,819	11,946,860
Budget	10,987,000	11,434,000	11,366,460	12,411,078	11,737,458	11,587,864
(+)/(-) Prior	205,441	-612,501	1,615,648	1,337,503	-1,078,200	-32,959
(+)/(-) Budget	-269,631	-1,329,132	354,056	646,941	242,361	358,996

GENERAL FUND EXPENDITURES

A review of the expenditure accounts reveals a small number that are in questionable condition. The Information Technology department's materials and supply account has an unencumbered balance of \$1,062 plus an additional \$1,176 encumbered. It is possible that this balance will be sufficient. However, it will require monitoring.

The unemployment account in Administration is borderline. Payments of claims for the first two quarters totaled \$9,773 or 49% of the budget with \$8,800 of that coming in the second quarter. Two former employees will draw an additional \$7,000 between them before they exhaust their benefit. That leaves a projected balance of \$3,227 for all other claims. It is too early to determine if this balance will be sufficient.

The insurance account in Administration will be very close but should be within budget. After years of a soft market the insurance market is starting to harden. The work comp premium went up 18% and general liability premiums increased 6% after years of steady decline for both.



The Police salaries account is walking a tightrope. With promotions and turnover, both the full-time and part-time salaries accounts will have excess balances. However, the overage in the overtime account may exceed that balance and then some. At the mid-point in the year the overtime account has spent \$163,058 or 71% of their overtime budget of \$230,000. If the department averages \$10,000 per pay period, which is fairly typical, they will finish \$63,000 over budget. The savings in the full-time and part-time budgets will cover a portion of this overage but it is doubtful that it will be enough to cover the entire balance. This account will have to be watched closely as we finish out the year.

The Police travel and training account is also in questionable shape. At the end of May this account had an unencumbered balance of \$2,514 on a budget of \$55,500. This account will have to be monitored very closely through the balance of the fiscal year. It is highly likely that additional funding will be necessary. The Police Chief is actively exploring other available options to help mitigate this situation.

The gasoline and utility accounts are difficult to control due to external forces. The price of motor fuel can fluctuate dramatically and utility costs can vary considerably depending on the weather. At the mid-point there are no issues to report concerning the gasoline and utility accounts. They will be monitored closely as we progress through the year.

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 by \$42,669 or 2.8% over 2012. Receipts for four of the six months in this fiscal year have exceeded the prior year. If we can hold the 2.8% increase total receipts for the year will be close to \$3,250,000 which is \$150,000 over budget. Sales tax has shown a lot of volatility over the past few years so the probability that the increase will hold is not particularly strong. However, if the increase does hold, 2013 will be the best year for the Capital Improvement Sales Tax since 2008 when receipts were \$3,263,832.

½% Capital Improvement Sales Tax

Year	2008	2009	2010	2011	2012	2013
Actual	1,598,277	1,558,903	1,491,935	1,560,015	1,542,282	1,584,951
Budget	1,739,000	1,614,000	1,515,000	1,465,000	1,460,000	1,510,000
(+)/(-) Prior	38,235	-39,374	-66,968	68,080	-17,733	42,669
(+)/(-) Budget	-140,723	-55,097	-23,065	95,015	82,282	74,951

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 by \$44,371 or 3.1% over 2012. Monthly collections showed some volatility with January receipts down \$50,174 or 18.6% followed by February receipts up \$85,184 or 61.7%. The April/May combination showed similar results with April receipts down \$41,067 or 13.3% followed by May receipts going up \$33,433 or 24.3%.

When compared to budget projections, receipts are \$117,859 ahead of projections. If this pattern holds through the second half of the fiscal year receipts should finish the year close to \$3,100,000 which is well above the budget of \$2,900,000. At \$3,100,000, this would be the best year since 2008.

½% Park Sales Tax

Year	2008	2009	2010	2011	2012	2013
Actual	1,525,460	1,510,041	1,413,710	1,485,591	1,453,488	1,497,859
Budget	1,529,000	1,529,000	1,455,000	1,405,000	1,380,000	1,435,000
(+)/(-) Prior	727,729	-15,419	-96,331	71,881	-32,103	44,371
(+)/(-) Budget	-3,540	-18,959	-41,290	80,591	73,488	62,859

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, 2013. 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

"If"

by Rudyard Kipling

If you can keep your head when all about you
Are losing theirs and blaming it on you;
If you can trust yourself when all men doubt you,
But make allowance for their doubting too;
If you can wait and not be tired by waiting,
Or, being lied about, don't deal in lies,
Or, being hated, don't give way to hating,
And yet don't look too good, nor talk too wise;

If you can dream - and not make dreams your master;
If you can think - and not make thoughts your aim;
If you can meet with triumph and disaster
And treat those two imposters just the same;
If you can bear to hear the truth you've spoken
Twisted by knaves to make a trap for fools,
Or watch the things you gave your life to broken,
And stoop and build 'em up with wornout tools;

If you can make one heap of all your winnings
And risk it on one turn of pitch-and-toss,
And lose, and start again at your beginnings
And never breath a word about your loss;
If you can force your heart and nerve and sinew
To serve your turn long after they are gone,
And so hold on when there is nothing in you
Except the Will which says to them: "Hold on";

If you can talk with crowds and keep your virtue,
Or walk with kings - nor lose the common touch;
If neither foes nor loving friends can hurt you;
If all men count with you, but none too much;
If you can fill the unforgiving minute,
With sixty seconds' worth of distance run -
Yours is the Earth and everything that's in it,
And - which is more - you'll be a Man my son!