

**Transmittal Cover Sheet
City of Folsom - City Council Agenda
Staff Report**

Name of Department/Author: Finance/Jim Francis

Meeting Date: May 12, 2009

Agenda Item Title: **CITY MANAGER'S FISCAL YEAR 2008-09 THIRD
QUARTER FINANCIAL REPORT**

Agenda Category: Scheduled Presentation

Staff Report Review:

Report Returned for Formatting or Grammatical Corrections: _____
Date

Reviewed By: _____
signature/date

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Returned to Department Head: _____
Date

Comments: _____

**To Be Completed by Department Head
Confirmation of Revisions**

Revisions reviewed and approved by Department Head: _____
signature/date

Returned to City Clerk's Office: _____
Date

Reviewed by City Manager

Kerry L. Miller

date

DATE: April 15, 2008
TO: Mayor and City Council Members
FROM: City Manager's Office and Finance Department
SUBJECT: **CITY MANAGER'S FISCAL YEAR 2008-09 THIRD QUARTER FINANCIAL REPORT**

BACKGROUND/ISSUE

Section 5.05R of the Charter of the City of Folsom requires the City Manager submit to the City Council a financial and management report showing the relationship between budgeted and actual revenues, and expenditures and encumbrances on a quarterly basis.

This Quarterly Financial Report is an analysis of the financial status of the City's major funds for the third quarter of Fiscal Year (FY) 2008-09, covering the nine month period from July 2008 through March 2009.

POLICY/RULE

Section 3.02.050 (b) of the Folsom Municipal Code states "... within 30 days after the end of each quarter during the fiscal year, and more often if required by the City Council, the City Manager shall submit to the City Council a financial and management report."

ANALYSIS

The report provides an analysis of each fund's actual unaudited revenues, expenditures and fund balance as compared to the FY 2008-09 budget. Tables and graphs have been integrated into the report to help illustrate financial performance. Please refer to the Appendices of the report for detailed schedules of the City's key funds for the period ending March 31, 2009, including cumulative fund balances from prior years. During the budget process in January of 2009 the City Council approved the reclassification of several funds from Enterprise, Special Revenue and Internal Service to the General Fund. This change has been incorporated into this report. The document also includes an analysis of the revenue and expenditure activities for the City's:

1. General Fund
2. Special Revenue Fund – Redevelopment
3. Enterprise Funds – Water, Sewer, Solid Waste and Transit
4. Outstanding Debt and Capital Improvement Plan

ATTACHMENTS

1. Fiscal Year 2008-09 Third Quarter Financial Report

CONCLUSION

Overall, the City's major funds expenditures have begun to decline due to changes that the City Council approved for the remainder of this fiscal year and the upcoming 09/10 fiscal year. The City's sales tax revenue has continued to decline as was previously anticipated and the projection for the end of the fiscal year is still projected at \$15.5 million or 15% below the FY 08/09 budget amount. Property tax revenues are projected to be only slightly above the budgeted amount at \$20.1 million for the fiscal year end. Revenues received thru March 31, 2009, excluding transfers in, were \$35.4 million, or 51.2% of budget. In the prior fiscal year (FY 08) revenues received thru the 3rd Quarter were at \$38.0 million.

The Development Fund's negative fund balance as well as current fiscal years expenditures and revenues are now absorbed into the General Fund. Combining into the General fund the funds that were previously classified as Special Revenue or Enterprise have caused the current cash and unrestricted fund balance to decline. This decline in cash and fund balance was expected until the second half of property tax revenue is received. The end of the fiscal year unrestricted fund balance is projected to approximately \$7.2 million. This is a decrease from the amount that was projected previously and is mainly due to Generally Accepted Accounting Principals requirement for the reporting of fixed assets. As we continue to move forward this combining of funds will make it easier to react and manage the City's revenues and expenditures. The effects of concessions by the City's bargaining units have started to show effects in expenditure levels and as the changes continue the City will be better positioned to survive the current economic downturn.

RECOMMENDATION/CITY COUNCIL ACTION

It is recommended that the City Council receive and file the City Manager's Fiscal Year 2008-09 Third Quarter Financial Report.

Respectfully submitted,

Kerry L. Miller
City Manager

James W. Francis
Chief Financial Officer