

DATE: August 25, 2009
TO: Mayor and City Council Members
FROM: City Manager's Office and Finance Department
SUBJECT: **CITY MANAGER'S FISCAL YEAR 2008-09 FOURTH 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 fourth quarter of Fiscal Year (FY) 2008-09, covering the twelve month period from July 2008 through June 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 June 30, 2009, including cumulative fund balances from prior years. During the budget process in January 2009 the City Council approved the reclassification of several funds from Enterprise and Special Revenue to General Fund. All funds previously discussed have been moved to the General Fund in their entirety except for the Community Development Fund. This change has been incorporated into this report and, for comparison purposes, the schedules have been modified as if the change occurred in FY 2008. 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, Wastewater, Solid Waste and Transit
4. Outstanding Debt and Capital Improvement Plan

ATTACHMENTS

1. Fiscal Year 2008-09 Fourth Quarter Financial Report

CONCLUSION

Overall, the City's major funds' expenditures declined due to changes that the City Council approved in January 2009. The total General Fund projected unaudited expenditures are projected at \$76.3 million and compared to FY 09 approved appropriations of \$80.5 million, a decrease of \$4.2 million or 5.1%. The total projected unaudited General Fund revenues are \$69.8 million and compared to the FY 09 budgeted amount of \$78.0 million, decrease of \$8.2 million or 10.5%. The City's sales tax revenue is projected at approximately \$15.3 million. This projection is \$200,000 less than the previous projection and 16.4% below the FY 09 budget amount. Property tax revenues are projected to be \$19.9 million for the fiscal year end, which is \$568,342 or 2.9% above the budgeted amount.

The majority of the Development Fund's negative fund balance as well as current fiscal years expenditures and revenues are now absorbed into the General Fund. Approximately \$3.3 million of the current \$9.7 million negative fund balance of the Development Fund remains outside of the General Fund. Absorbing only a portion of the negative fund balance has resulted in the expected decline in the General Fund unrestricted fund balance. The unrestricted FY 08 fund balance was \$13.7 million. The projected FY 09 unrestricted fund balance is \$9.1 million, a decline of \$4.6 million. All other funds to be combined with the General Fund as previously discussed have been combined in their entirety. Moving the entire negative balance from the Development Fund would have resulted in the General Fund unrestricted fund balance to decline to \$5.8 million. As we continue to move forward we must remain diligent to aggressively reduce expenses in order to absorb the remaining \$3.3 million into the General Fund.

RECOMMENDATION/CITY COUNCIL ACTION

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

Respectfully submitted,

Kerry L. Miller
City Manager

James W. Francis
Chief Financial Officer