Council Meeting Date: August 10, 2009 **Agenda Item:** 8b

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	2009 Second Quarter Financial Report
DEPARTMENT:	Finance
PRESENTED BY:	Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:
Attached is the 2009 second quarter financial report. This report summarizes the financial activities for the second quarter 2009 for all City funds. It is provided to keep the Council informed of the financial issues and the financial position of the City.

Council will see that General Fund revenues are $273,749, or 1.98%, below projections at the end of the second quarter. Although this is the case, expenditures are $481,701, or 4.85%, below projections. Staff is continuing to monitor the revenue and expenditure trends. If revenue streams remain steady for the remainder of the year it is likely that we will have off-setting budget savings to compensate with the lower revenues to keep the 2009 budget balanced. This should be enhanced with the decisions recently made to not fill two current staff vacancies which will generate some additional savings for the remainder of 2009.

As part of the 2010 budget process, departments are in the midst of estimating their year end 2009 expenditures and the finance staff is updating 2009 revenue projections. This process should be complete in early September. This process will provide our final estimate of how the General Fund revenues and expenditures should end for 2009. Staff is scheduled to give an update to the City Council on September 21, 2009. If at that time we do not believe that there will be adequate off-setting budget savings to fully compensate for possible lower revenue collections then staff will present recommendations for additional 2009 budget adjustments.

FINANCIAL IMPACT:

Please see the attached 2009 second quarter financial report.

RECOMMENDATION

No action is required by the Council. This item is provided for informational purposes.

Approved By: City Manager ___ City Attorney ___

ATTACHMENTS
Attachment A – 2009 Second Quarter Financial Report

This page intentionally left blank

2009 SECOND QUARTER FINANCIAL REPORT

CITY OF SHORELINE

August 2009

PERFORMANCE AT A GLANCE

	YEAR TO DATE TREND	COMPARED TO PROJECTIONS	REFERENCE
GENERAL FUND REVENUES			
Property Tax Revenue	◀NEUTRAL▶	0.28%	Page 4
Sales Tax Revenue	◀NEUTRAL▶	1.24%	Page 5, 6
Utility Tax Revenue	◀NEUTRAL▶	1.24%	Page 8
Development Revenue	▼NEGATIVE▼	-28.80%	Page 9
Gambling Tax Revenue	▼NEGATIVE▼	-14.40%	Page 10
Interest Revenue	▼NEGATIVE▼	-80.50%	Page 12
EXPENDITURES			
General Fund Expenditures		-4.85%	Page 13
NON-GENERAL FUND REVENUES			
Surface Water Fees	◀NEUTRAL▶	-0.99%	Page 14
Fuel Tax Revenue	▼NEGATIVE▼	-5.23%	Page 16
Real Estate Excise Tax Revenue	▲POSITIVE▲	3.01%	Page 16

Key to revenue trend indicators:

◀NEUTRAL▶ = Variance of -1% to +2% compared to projections.

▲POSITIVE▲ = Positive variance of >+2% compared to projections.

● WARNING ● = Negative variance of -1% to -4% compared to projections.

▼NEGATIVE▼ = Negative variance of >-4% compared to projections.

CITY FINANCIAL OVERVIEW

EXECUTIVE SUMMARY

The 2009 second quarter revenue results confirmed that Shoreline is still feeling the effects of the current economic recession. Specifically general fund revenues are $273,749 or 1.98% below already lowered projections. In the first quarter there was particular concern about the strength of the City's sales tax revenue, local criminal justice sales tax revenue, development revenue, interest income and gambling tax revenue. After six months of data those concerns have been confirmed as development revenue is $164,652 or 28.8% below projections, gambling revenue is $93,218 or 14.4% below projections and interest income is $112,836 or 80.5% below projections. Sales tax revenue is just slightly over projections by only 1.24% respectively. We will continue to closely monitor all general fund revenue trends to determine if additional revenue adjustments are necessary. Staff has already determined that development revenue projections need to be reduced by an additional $200,000 to $250,000. Investment interest may also need to be adjusted as it is not expected that interest rates will rebound by year end.

General fund departmental expenditures during the first half of 2009 were $9,454,178, under projected expenditures of $9,935,879 by $481,701 or 4.85%. Most of this under-expenditure is in the City Attorney, Finance, Citywide and Public Works departments.

Revenues

	2009 Budget	2009 Projected	2009 Q2 Projected	2009 Q2 Actual	$ Variance	% Variance
General Fund	$31,647,820	$30,381,139	$13,808,376	$13,534,627	-$273,749	-1.98%
Street	$2,692,629	$2,692,629	$204,724	$194,171	-$10,553	-5.15%
Code Abatement	$100,000	$87,500	$43,750	$16,042	-$27,708	-63.33%
Asset Seizure	$21,500	$21,500	$10,750	$39,825	$29,075	270.47%
Public Arts	$114,500	$1,250	$625	$919	$294	47.04%
Unltd Tax GO Bond	$1,700,000	$1,700,000	$850,000	$866,048	$16,048	1.89%
Gen Cap	$36,165,554	$24,503,178	$891,640	$875,954	-$15,686	-1.76%
City Facility-Major Maint.	$59,985	$16,453	$8,227	$4,811	-$3,416	-41.52%
Roads Cap	$41,189,313	$22,762,606	$9,747,012	$9,716,545	-$30,467	-0.31%
Surface Water Utility	$7,086,314	$3,663,244	$1,750,531	$1,684,039	-$66,491	-3.80%
Vehicle Operations/ Maint	$145,359	$145,359	$142,452	$141,968	-$484	-0.34%
Equipment Replacement	$320,741	$272,873	$199,873	$183,636	-$16,237	-8.12%
Unemploy. Fund	$10,000	$7,500	$6,250	$5,340	-$910	-14.56%
Totals	$41,426,763	$36,737,012	$15,763,630	$15,412,837	-$350,793	-2.23%

Expenditures

	2009 Budget	2009 Projected	2009 Q2 Projected	2009 Q2 Actual	$ Variance	% Variance
General Fund	$31,647,805	$30,842,815	$9,935,879	$9,454,178	-$481,701	-4.85%
Street	$2,582,164	$2,582,164	$1,191,534	$1,206,177	$14,643	1.23%
Code Abatement	$100,000	$100,000	$0	$0	$0	$0
Asset Seizure	$21,500	$21,500	$10,750	$20,495	$9,745	90.65%
Public Arts	$114,500	$114,500	$37,785	$28,947	-$8,838	-23.39%
Unltd Tax GO Bond	$1,676,850	$1,676,850	$338,229	$338,229	$0	0.00%
Gen Cap	$36,165,556	$33,630,030	$2,127,616	$1,939,407	-$188,209	-8.85%
City Facility-Major Maint.	$55,953	$55,953	$18,464	$6,090	-$12,374	-67.02%
Roads Cap	$41,189,313	$23,684,727	$11,253,833	$10,152,727	-$1,101,106	-9.78%
Surface Water Utility	$7,086,315	$7,086,315	$134,675	$382,430	$247,755	183.97%
Vehicle Operations/ Maint	$142,959	$142,959	$71,480	$78,171	$6,692	9.36%
Equipment Replacement	$245,204	$245,204	$122,602	$32,327	-$90,275	-73.63%
Unemploy. Fund	$10,000	$10,000	$5,000	$5,069	$69	1.38%
Totals	$41,316,294	$40,511,294	$11,262,088	$11,042,785	-$219,303	-1.9%

GENERAL FUND REVENUE DETAIL

Revenue Source	2009 Budget	2009 Projected Revenue	2009 2nd Quarter Projected	2009 2nd Quarter Actual	$ Variance Actual v. Projected	% Variance Actual v. Projected	2008 2nd Quarter Actual
Budgeted Fund Balance	$1,266,681	$0	$0	$0	$0	0%	$0
Property Tax	$7,406,509	$7,406,509	$3,821,759	$3,832,410	$10,651	0.28%	$3,738,572
Sales Tax	$6,196,236	$6,196,236	$2,484,176	$2,514,978	$30,802	1.24%	$2,705,145
Local Criminal Justice	$1,109,432	$1,109,432	$553,607	$533,505	-$20,102	-3.63%	$632,066
Utility Tax & Franchise Fee Revenue							
Natural gas	$1,033,581	$1,033,581	$611,880	$699,040	$87,160	14.24%	$605,857
Garbage	$475,000	$475,000	$130,625	$124,391	-$6,234	-4.77%	$44,839
Cable TV	$1,414,000	$1,414,000	$469,110	$487,854	$18,744	4.00%	$467,347
Telecommunications	$1,800,000	$1,800,000	$720,000	$640,030	-$79,970	-11.11%	$644,855
Storm Drainage	$191,000	$191,000	$102,949	$102,224	-$725	-0.70%	$94,483
Water	$610,000	$610,000	$146,400	$158,622	$12,222	0.00%	$149,308
Sewer	$695,521	$695,521	$347,761	$348,000	$240	0.07%	$338,000
Utility Tax & Franchise Fee Revenue Subtotal	$6,219,102	$6,219,102	$2,528,724	$2,560,161	$31,437	1.24%	$2,344,689
SCL Contract Payment	$1,467,500	$1,467,500	$601,675	$613,098	$11,423	1.90%	$386,398
Gambling Tax Revenue	$1,908,500	$1,908,500	$646,325	$553,107	-$93,218	-14.42%	$494,688
Development Revenue	$1,002,000	$1,002,000	$571,462	$406,810	-$164,652	-28.81%	$684,732
Park Revenue	$1,391,855	$1,391,855	$627,428	$663,559	$36,131	5.76%	$644,141
State Revenue	$858,240	$858,240	$431,239	$408,021	-$23,218	-5.38%	$393,808
Grant Revenue	$337,144	$337,144	$53,424	$53,422	-$2	0.00%	$23,564
Fines and Licenses	$28,850	$28,850	$44,046	$44,906	$860	1.95%	$57,938
Miscellaneous Revenue	$311,027	$311,027	$121,541	$140,515	$18,974	15.61%	$131,530
Interest Income	$374,000	$374,000	$140,120	$27,284	-$112,836	-80.53%	$185,261
Operating Transfers In	$1,770,744	$1,770,744	$1,182,851	$1,182,851	$0	0.00%	$628,618
Total General Fund Revenue	$31,647,820	$30,381,139	$13,808,376	$13,534,627	-$273,749	-1.98%	$13,051,150