

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL CORRESPONDENCE**

TO: Sheryl Sculley, City Manager

FROM: Peter Zanoni, Management & Budget Director; *Peter Zanoni*
Ben Gorzell, Finance Director *Ben Gorzell*

COPY: Mayor and City Council; Executive Team

SUBJECT: **THREE PLUS NINE FINANCIAL REPORT FOR FY 2008**

DATE: February 21, 2008

Attached please find the FY 2008 Three Plus Nine Financial Report as presented during the City Council "B" Session on February 13, 2008. The report includes the FY 2008 First Quarter actual revenue and expenditure amounts compared to planned amounts for the same time period. Additionally, the report projects revenues and expenditures for the remaining three quarters of FY 2008. Highlighted in the report are the General Fund and other Funds included in the City's Annual Operating Budget.

The General Fund Budget is balanced in FY 2008 as well as in FY 2009. As the report indicates, General Fund revenues and expenditures in the First Quarter of FY 2008 are being received and expended at planned amounts. Those few departments with First Quarter expenditure variances have already begun to implement corrective action plans in order to reduce expenditure levels in the following months. Revenue and expenditure projections for the next three quarters of the fiscal year are being forecasted to be within the planned amounts with no significant variations to report as of the First Quarter. In light of the worsening national economic conditions, City staff will continue to closely monitor the City's revenues in the Second Quarter of FY 2008.

One particular area of focus is the Development & Planning Services Enterprise Fund. The slow-down in new residential housing has continued in the First Quarter of FY 2008. The report includes revised projections for permitting activity for the remainder of the fiscal year. Cost containment measures have already been enacted to include not filling certain vacant positions. The Department is meeting or exceeding its performance goals, and the cost containment measures are not projected to impact these service levels.

The development of the Three Plus Nine Financial Report is an innovative step forward in enhancing the City's financial management practices. The Budget Office and Finance Department will develop the Six Plus Six Budget and Finance Report to be presented to City Council in late April.

ATTACHMENT

City of San Antonio



THREE PLUS NINE FINANCIAL REPORT FISCAL YEAR 2008

February 13, 2008

REVENUES AND EXPENSES

- 1ST QUARTER ACTUALS UNAUDITED (OCT-DEC 2007)
- NINE MONTH PROJECTION (JAN-SEPT 2008)

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**CITY OF SAN ANTONIO
GENERAL FUND
FY 2007-2008
THREE PLUS NINE FINANCIAL REPORT**

	REVISED BUDGET FY 2007-2008	3 MONTH PLAN FY 2007-2008	3 MONTH ACTUALS (Oct - Dec)	VARIANCE FAVORABLE (UNFAVORABLE)	RE-ESTIMATE FY 2007-2008	VARIANCE FAVORABLE (UNFAVORABLE)
AVAILABLE FUNDS						
Beginning Balance	\$116,124,682	\$0	\$0	\$0	\$128,726,958 *	\$12,602,276
1 City Sales Tax	\$196,242,533	\$46,309,206	\$46,996,303	\$687,097	\$196,242,533	\$0
Liquor by the Drink Tax	5,200,000	1,300,000	1,300,000	0	5,200,000	0
Current Property Tax	226,095,647	65,744,214	65,744,215	0	226,216,688	121,041
2 Delinquent Property Tax	2,693,037	673,259	1,102,170	428,911	3,215,649	522,612
3 Penalty and Interest on Delinquent Taxes	2,045,202	511,301	280,379	(230,922)	1,924,161	(121,041)
Business and Franchise Tax	27,127,386	7,437,045	7,437,045	0	27,153,751	26,365
4 Licenses and Permits	5,778,367	1,444,592	1,314,577	(130,015)	5,687,619	(90,748)
5 CPS Energy	244,503,000	49,948,000	55,120,132	5,172,132	249,675,132	5,172,132
Additional CPS Energy Transfer	9,459,706	0	0	0	9,459,706	0
San Antonio Water System	9,425,230	2,264,217	2,176,131	(88,085)	9,425,230	0
Other Agencies	6,063,214	2,799,985	2,799,985	0	6,014,041	(49,173)
Charges for Current Services						
6 General Government	3,579,536	894,884	777,018	(117,866)	3,565,832	(13,704)
7 Public Safety	21,698,116	5,424,529	6,196,452	771,923	22,650,823	952,707
Highways/Streets/Sanitation	1,496,725	374,181	370,351	(3,831)	1,398,109	(98,616)
Health	4,581,667	1,145,417	1,106,859	(38,558)	4,516,125	(65,542)
Recreation and Culture	12,552,524	2,134,454	2,026,412	(108,042)	12,273,150	(279,374)
8 Fines	10,956,705	2,739,176	2,603,127	(136,049)	11,030,103	73,398
Miscellaneous Revenue						
Sale of Property	3,376,735	844,184	883,669	39,485	3,456,811	80,076
9 Use of Money and Property	6,889,573	1,722,393	1,247,854	(474,539)	6,465,584	(423,989)
Recovery of Expenditures	978,912	244,728	496,496	251,768	1,290,422	311,510
Miscellaneous	301,320	75,330	54,824	(20,506)	424,153	122,833
Interfund Charges	522,037	145,230	145,230	0	522,037	0
TOTAL REVENUE	\$801,567,172	\$194,176,324	\$200,179,228	\$6,002,904	\$807,807,659	\$6,240,487
TRANSFERS FROM OTHER FUNDS	\$25,734,568	\$6,285,488	\$6,285,488	\$0	\$25,734,568	\$0
TOTAL REVENUE AND TRANSFERS	\$827,301,740	\$200,461,812	\$206,464,716	\$6,002,904	\$833,542,227	\$6,240,487
TOTAL AVAILABLE FUNDS	\$943,426,422	\$200,461,812	\$206,464,716	\$6,002,904	\$962,269,185	\$18,842,763

* Unaudited FY2007 Gross Ending Balance

Highlighted cells identify significant First Quarter variances and are explained on the following pages.



CITY OF SAN ANTONIO
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First Quarter Variance Analysis

1. City Sales Tax – The positive variance is due to higher sales tax collections in November than what was projected. October and November receipts were below the projected amounts.
2. Delinquent Property Tax - The positive variance is due to recapture of taxes from Oberthur Gaming Technologies tax phase-in agreement.
3. Penalty and Interest on Delinquent Taxes - Collections of Penalties and Interest on Delinquent Taxes have not come in as anticipated but are expected to be received at a higher rate in the remaining quarters.
4. Licenses and Permits – The negative variance is due to lower than anticipated Food Establishment Licenses issued in the first quarter.
5. CPS Energy - The CPS payment was higher than projected in the first quarter resulting from fuel prices and demand.
6. General Government - The first quarter negative variance is due to lower than anticipated Municipal Court Fee Revenue.
7. Public Safety - The positive variance is due to vehicle impound receipts being realized within the General Fund. The budget forecast assumed that the Growden Pound (and resulting vehicle impound receipts) would have been privatized by the first quarter.
8. Fines – The negative first quarter variance is due to lower than anticipated receipts of Moving and Parking Violation fines at Municipal Court.
9. Use of Money and Property - Actual portfolio interest earnings from City investments were lower than projected due to lower than anticipated interest rates.



**CITY OF SAN ANTONIO
GENERAL FUND
FY 2007-2008
THREE PLUS NINE FINANCIAL REPORT**

	REVISED BUDGET FY 2007-2008	3 MONTH PLAN FY 2007-2008	3 MONTH ACTUALS (Oct - Dec)**	VARIANCE FAVORABLE (UNFAVORABLE)	RE-ESTIMATE FY 2007-2008	VARIANCE FAVORABLE (UNFAVORABLE)
APPROPRIATIONS						
Asset Management	\$1,389,880	\$389,470	\$385,695	\$3,775	\$1,389,880	\$0
City Attorney	7,086,703	1,846,351	1,858,753	(12,402)	7,086,703	0
City Auditor	2,884,466	721,117	718,225	2,892	2,884,466	0
City Clerk	1,926,005	522,230	522,150	80	1,926,005	0
City Manager	2,548,442	690,092	689,982	110	2,548,442	0
Communication & Public Affairs	1,041,685	260,421	206,693	53,728	1,041,685	0
Community Initiatives	23,310,324	5,827,581	5,582,414	245,167	23,310,324	0
Customer Service & 311 System	3,647,705	911,926	868,775	43,151	3,647,705	0
Downtown Operations	8,235,921	1,619,588	1,634,652	(15,064)	8,235,921	0
Economic Development	2,741,493	739,483	763,879	(24,396)	2,741,493	0
Finance	7,181,160	1,849,346	1,878,163	(28,817)	7,181,160	0
1 Fire	203,340,985	50,835,246	52,052,513	(1,217,267)	203,340,985	0
Health	18,322,436	4,580,609	4,203,463	377,146	18,322,436	0
Housing & Neighborhood Services	10,587,574	2,541,018	2,497,700	43,318	10,587,574	0
Human Resources	4,440,245	1,143,946	1,146,971	(3,025)	4,440,245	0
Intergovernmental Relations	1,223,078	305,770	210,341	95,429	1,223,078	0
International Affairs	590,299	147,575	150,026	(2,451)	590,299	0
Library	28,575,547	7,087,368	6,768,589	318,779	28,575,547	0
Management & Budget	1,721,453	375,363	356,126	19,238	1,721,453	0
Mayor and Council	4,396,400	1,099,100	1,056,981	42,119	4,396,400	0
Municipal Court	11,409,083	2,852,271	2,829,533	22,737	11,409,083	0
Municipal Elections	35,000	8,750	1,864	6,886	35,000	0
2 Parks and Recreation	55,701,732	13,320,299	12,761,625	558,674	55,701,732	0
3 Police	290,349,840	73,168,160	74,469,753	(1,301,593)	290,349,840	0
4 Public Works	12,360,755	3,313,920	2,803,219	510,701	12,360,755	0
5 Delegate Agencies	8,361,465	2,090,366	1,567,839	522,527	8,361,465	0
Non-Departmental/Non-Operating	43,419,405	7,480,239	7,480,239	0	43,419,405	0
One-Time Projects	3,459,998	2,700,484	2,700,484	0	3,459,998	0
Transfers						
Street Maintenance	59,582,574	14,884,393	14,884,393	0	59,582,574	0
Animal Care Services	5,943,192	1,485,798	1,485,798	0	5,943,192	0
Other Transfers	26,734,478	6,674,589	6,674,589	0	26,734,478	0
TOTAL APPROPRIATIONS	\$852,549,322	\$211,472,869	\$211,211,427	\$261,442	\$852,549,322	\$0
TOTAL AVAILABLE FUNDS	\$943,426,422	\$0	\$0	\$0	\$962,269,185	\$18,842,763
GROSS ENDING BALANCE	\$90,877,100	\$0	\$0	\$0	\$109,719,863	\$18,842,763
FY 2008 Reserve for FY 2009 Balance Budget	\$22,709,154	\$0	\$0	\$0	\$22,709,154	\$0
TARGET FINANCIAL RESERVES						
FY 2008 Budgeted Financial Reserves (Goal 8% of Appropriations)	\$68,167,946	\$0	\$0	\$0	\$68,167,946	\$0
FY 2009 Budgeted Financial Reserves (Incremental amount to reach goal of 10% of Appropriations for a total reserve of \$87.1 M)***	\$6,156,000	\$0	\$0	\$0	\$6,156,000	\$0
AMOUNT OVER (UNDER) TARGET	(\$6,156,000)	\$0	\$0	\$0	\$12,686,765	\$18,842,763

** Excludes Prior Year Encumbrances and Carryforward Expenditures that may have been posted

*** Projections consistent with Financial Forecast developed during the FY 2008 Budget Development Process and are subject to change. The \$6,156,000 would be added to the \$12,781,000 in FY 2009 Financial Reserves included within the Two Year Balanced Budget Plan approved on Sept 13, 2007. The total Budgeted Financial Reserve amount needed to reach 10% of General Fund appropriations is estimated to be \$87.1 million.

Highlighted cells identify significant First Quarter variances and are explained on the following pages.



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First Quarter Variance Analysis

1. Fire Department – First quarter expenditures are higher than anticipated due to additional overtime incurred to provide service with current staff due to positions being vacant as a result of retirements, special assignments and promotions. Also, more uniformed employees than anticipated opted to cash-out their accrued bonus days rather than take leave. The total first quarter variance of \$1.2 million represents 2.3% above the plan amount.
2. Parks and Recreation – The planned amount is based on prior years' expenditures for the first quarter. In fiscal year 2007, it was initially estimated that a similar spending trend would continue; however, various contractual and supply items will be purchased in the second quarter rather than in the first quarter.
3. Police Department – First quarter expenditures are higher than anticipated due to more uniformed employees than projected opting to cash-out their accrued bonus days rather than take leave. The total first quarter variance of \$1.3 million represents 1.7% above the plan amount.
4. Public Works – First quarter expenditures are less than anticipated due to purchases of material not yet incurred and from personnel vacancies within the department.
5. Delegate Agencies – First quarter expenditures reflect less than anticipated payments to agencies with which the City has contracts to provide human development services.



**CITY OF SAN ANTONIO
OTHER FUNDS
FY 2007-2008
THREE PLUS NINE FINANCIAL REPORT**

	REVISED BUDGET FY 2007-2008	3 MONTH PLAN FY 2007-2008	3 MONTH ACTUALS (Oct - Dec)*	VARIANCE FAVORABLE (UNFAVORABLE)	RE-ESTIMATE FY 2007-2008	VARIANCE FAVORABLE (UNFAVORABLE)
Airport						
Revenues	\$61,203,331	\$15,088,498	\$15,202,179	\$113,681	\$61,767,979	\$564,648
Expenditures	59,707,455	14,353,361	14,272,473	80,888	59,561,061	146,394
Animal Care Services						
1 Revenues	7,047,528	1,761,882	1,548,711	(213,171)	6,929,289	(118,239)
2 Expenditures	7,164,637	1,791,159	1,541,059	250,100	7,164,637	0
Hotel Occupancy Tax & Hotel Occupancy Tax Supported Funds						
Hotel Occupancy Tax						
Revenues	54,235,857	11,248,509	11,751,682	503,173	54,235,857	0
Community & Visitor Facilities						
Revenues	35,036,490	8,247,475	8,209,662	(37,813)	34,965,454	(71,036)
Expenditures	35,036,490	7,464,666	7,455,158	9,508	34,928,542	107,948
Convention & Visitors Bureau						
Revenues	19,231,081	4,826,115	4,911,428	85,313	19,316,394	85,313
Expenditures	19,231,081	3,018,205	3,107,269	(89,064)	19,231,081	0
Cultural Affairs						
Revenues	7,968,344	1,992,086	1,992,086	0	7,968,344	0
Expenditures	7,968,344	1,898,107	1,806,631	91,476	7,960,223	8,121
Development & Planning Services						
3 Revenues	33,279,773	7,718,877	6,905,532	(813,345)	30,150,089	(3,129,684)
Expenditures	29,353,868	6,918,845	6,893,154	25,691	28,281,260	1,072,608
Environmental Services						
Revenues	83,861,602	20,965,401	20,863,958	(101,443)	84,831,553	969,951
Expenditures	84,703,960	17,794,321	17,544,110	250,211	84,319,007	384,953

*Excludes Prior Year Encumbrances and Carryforward Expenditures that may have been posted

First Quarter Variance Analysis

1. Animal Care Services – Revenues are lower than expected due to Chapter 5 revisions and related changes to the fee schedule. The most significant of these revisions is the policy change to charge a nominal fee for microchipping and registration in lieu of the charging an animal license fee. Another change is a 40% reduction in the rabies vaccination fee.
2. Animal Care Services – First quarter expenditures are lower than expected as a result of operating within the new facility further into the first quarter than initially expected.
3. Development & Planning Services – Revenues are lower than the FY 2008 planned amount due to a slowdown in new residential permitting. Residential permit activity experienced a 53% decline in the first quarter of FY 2008 compared to the planned activity.



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Employee Benefits							
	<i>Revenues</i>	\$103,755,013	\$26,703,777	\$26,703,632	\$145	\$103,881,309	\$126,296
	<i>Expenditures</i>	92,422,871	18,105,718	18,067,566	38,152	92,415,084	7,787
Facility Services							
	<i>Revenues</i>	10,411,951	2,568,562	2,550,114	(18,448)	10,381,015	(30,936)
	<i>Expenditures</i>	10,043,445	2,510,861	2,267,864	242,997	10,043,445	0
Information Technology Services							
	<i>Revenues</i>	40,125,408	9,481,352	9,498,066	16,714	40,125,408	0
	<i>Expenditures</i>	39,952,956	11,178,239	11,173,257	4,982	39,952,956	0
Liability							
	<i>Revenues</i>	11,677,507	2,785,418	2,666,521	118,897	11,713,039	35,532
	<i>Expenditures</i>	9,019,727	2,254,932	1,715,146	539,786	9,007,022	12,705
Parking							
		0					
	<i>Revenues</i>	11,681,621	2,820,405	2,841,804	21,399	11,681,621	0
	<i>Expenditures</i>	11,516,920	2,879,230	2,764,886	114,344	11,516,920	0
Purchasing & General Services							
4	<i>Revenues</i>	38,180,392	9,545,098	9,947,673	402,575	38,840,642	660,250
	<i>Expenditures</i>	36,838,424	9,209,606	9,127,680	81,926	36,713,084	125,340
Storm Water							
	<i>Revenues</i>	34,958,291	8,215,198	7,966,340	(248,858)	34,958,291	0
	<i>Expenditures</i>	32,534,281	8,133,570	7,723,691	409,879	32,108,375	425,906
Street Maintenance							
	<i>Revenues</i>	60,735,338	14,768,646	14,768,646	0	60,735,338	0
5	<i>Expenditures</i>	60,785,338	7,564,809	6,814,809	750,000	60,785,338	0
Workers' Compensation							
	<i>Revenues</i>	15,116,535	3,558,005	3,561,918	3,913	15,128,245	11,710
	<i>Expenditures</i>	13,328,043	2,932,011	2,811,344	120,667	13,312,355	15,688

**Excludes Prior Year Encumbrances and Carryforward Expenditures that may have been posted*

First Quarter Variance Analysis

4. Purchasing & General Services – First quarter revenues are higher than expected due to more than anticipated vehicle repairs.
5. Street Maintenance Fund – Expenditures are lower than anticipated due to NAMP project selection being completed later in the year than originally anticipated.