

FY 2009-10
First Quarter Analysis of Projected
Revenue and Expenditures



Finance and Audit Committee
October 14, 2009

Summary of Findings

- General Fund supported services and programs
- Revenues are currently projected to be \$6.4 million, or 1.2% below budgeted estimates
- Expenditures are currently projected to exceed budgeted estimates by \$2.2 million, or 0.4%
- \$8.6 million projected total shortfall or 1.6% of the total GFS budget
 - By comparison, FY 2008-09 1st Qtr shortfall was reported at \$20.25 million or 3.7%.
- With one-time resources of \$12.4 million added, budget is in surplus by at least \$3.8 million for this fiscal year.

Revenues

- Conservative projection using 3-4 months of data
 - Areas of concern:
 - Property taxes (\$1.2 million)
 - Local Use taxes (\$2.9 million)
 - Utility taxes (\$1.4 million)
 - Court fines (\$1.3 million)
 - Development fees and other charges (\$1 million)
 - Gaming (\$0.8 million)
 - Motor Fuel Taxes (\$0.4 million)
 - Bright Spots:
 - Earnings taxes +\$2.5 million (in decline but exceeding budget)
 - Business Licenses +\$1.3 million
 - Unbudgeted one-time resources of \$12.4 million

Expenditures

- Projection assumes worst case scenario
 - Operational budgets fully expended
 - Capital Maintenance budget fully expended
 - Current staffing levels maintained (approx. 7.6% vacancy rate)
 - Contingent appropriation fully spent
- No significant structural budget issues are presenting themselves at this point.

Expenditures

- Four Departments have potential issues:
 - Fire Department (\$1.9 million shortfall)
 - Delayed approval and implementation of new C.B.A. with Local 42.
 - Underfunding of health insurance
 - Overtime
 - Neighborhood and Community Services (\$0.7 million shortfall)
 - Closure of MCI
 - City Manager's Office (\$0.2 million shortfall)
 - City Communications charge-back to benefitting departments
 - City Planning and Development (\$0.2 million shortfall)
 - Pending reductions in force should fully resolve

Budget Issues in Other Funds

- Sales Taxes down by 4.3%
 - \$2.9 million shortfall in C.I.P. fund alone
 - Sufficient reserves in the public safety sales and C.I.P. funds to handle downturn.
 - Will require contractual further reductions to KCATA
- Convention and Tourism Fund
 - Projected decline of \$1.7 million or 9% in hotel/motel taxes
 - \$600,000 decline in facility revenues due to loss of planned conventions.
 - Sprint Center profits will help offset some of the shortfall.
- Health Levy
 - Further \$550,000 decline (1%) in property tax collections.
 - Will address by expenditures reductions and potential reductions to indigent care providers and MAST.
- Enterprise Operations (Water Services and Aviation)
 - Decline in operating revenues due wet and cool summer and lower air passenger traffic.
 - Will operate within budgeted appropriations.

Plan Forward

- Maintain and expand managed hiring freeze
 - Reduce all unnecessary expenditures
 - No new initiatives without other identified funding reductions to offset.
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- City will begin mid-year review with close of September books in a few weeks.