

Memorandum

City of Lawrence

Finance Department

TO: Diane Stoddard, Interim City Manager

FROM: Bryan Kidney, Finance Director

Date: September 21, 2015

RE: August 2015 Monthly Financial Report

The Finance Department has completed our review of the August 2015 balances and results of operations. The following is a review and discussion of the major revenues, expenditures and balances of the City.

KEY REVENUE INDICATORS

Property Tax

The primary revenue source for the City's General, Library and Debt Service funds is property tax. Property taxes are billed by the county the November before our calendar year. Taxpayers are required to pay at least one-half in December and the remaining amount in May. The City receives distributions from the county one month after they receive the tax payment. There is a smaller allocation made in the fall for anything collected after May.

Fund	2015 Budget year Levied	Year-to- date August 2015 Collected 67% of Year	% Collected
General	\$16,774,881	\$14,635,726	87%
Library	3,243,949	2,841,208	87%
Debt Service	7,342,122	6,435,549	87%
Total	\$27,360,952	\$23,912,483	87%

The City is on track to collect the amount of property tax budgeted for in 2015.

Sales Tax

The City has four separate sales tax purposes. The City also receives a portion of the Douglas County sales tax. Sales taxes are collected by the retailer and remitted to the State of Kansas Department of Revenue. The State then remits the sales taxes to the City. The process typically takes two months from the retail sale to the collecting of the sales tax.

Source	Tax Rate	2015 Budget	2015 Revised Budget	Year-to- date August 2015 Collected 67% of Year	% Collected
General	1.00%	\$15,891,468	\$16,688,357	10,933,148	66%
Infrastructure	0.30%	4,767,440	5,006,507	3,279,944	66%
Transit Operation	0.20%	3,178,294	3,337,671	2,186,630	66%
Transit Expansion	0.05%	794,573	834,418	546,657	66%
Total City Sales Tax	1.55%	\$24,721,775	\$25,866,953	\$16,946,379	66%
City Share of County Sales Tax		\$998,8784	\$10,663,650	\$6,917,696	65%

Sales taxes collected through August are trending higher than the original 2015 budget. The latest figures estimate the 2015 sales taxes to be four (4%) percent above actual 2014 collections. This is slightly under the estimated five (5%) increase over 2014 actuals that the 2015 revised budget was based upon. Additional information on the sales tax collections can be found on the monthly sales tax report presented in the City Manager's report.

Franchise Fees

Franchise fees are collected from utility companies providing services within the City's jurisdiction. The City has franchise agreements for electricity, cable, telecommunications, and natural gas. The utility companies pass this fee along to customers and collect the fee through their monthly billing. The utility company then remits the fee to the City.

Utility Type	2015 Budget	2015 Revised Budget	Year-to- date August 2015 Collected 67% of Year	% Collected
Electric	\$5,212,021	\$5,457,000	\$3,321,351	61%
Gas	788,846	971,000	730,805	75%
Telephone	507,117	372,486	328,229	88%
Cable	817,016	1,000,000	622,661	62%
Total	\$7,325,000	7,800,486	\$5,003,046	64%

Electric and Telephone franchise fees are on track as expected. Due to cooler temperatures at the beginning of the year gas franchise fees have a higher level of collections in the early part of the year which accounts for the higher percentage collected. It is however, expected that the gas franchise fees will end the year higher than budgeted. Cable franchise fees are tracking higher than originally budgeted and expected to end the year close to the revised 2015 budget of \$1,000,000.

Water and Wastewater Fees

Customers are charged a fee for water and wastewater services. Cost of providing these services are reviewed on an annual and multi-year basis utilizing a comprehensive rate model. The City adopts a fee ordinance annually as part of the budget process. Water rates include a fixed rate plus a variable rate based on consumption. Sewer rates include a fixed rate plus a variable rate based on water usage.

	2015 Budget	Year-to- date August 2015 Collected 67% of Year	% Collected
Water and Wastewater charges	\$34,945,100	\$20,958,187	60%

Water and wastewater fees are based largely on water consumption. The fees billed and collected through August are \$496,512 less than the same period 2014. This is attributable to having a much wetter year this year compared to 2014 and subsequently the billed gallons of water consumption is down 12%.

BUDGETED FUND EXPENDITURES

All Budgeted Fund Expenditures:

Budgeted Fund	2015 Budget	Year-to- date August 2015 Expenditures 67% of Year	% Expended
General	\$75,771,218	51,394,400	68%
Guest Tax	997,980	751,850	75%
Library	3,550,000	3,200,000	90%
Transit	5,206,009	3,323,524	64%
Recreation	5,465,861	3,387,841	62%
Special Alcohol	831,052	429,095	52%
Special Gas	3,198,465	1,655,364	52%
Special Recreation	764,715	558,307	73%
Debt Service	15,612,543	10,861,034	70%
Water and Wastewater	33,761,472	24,706,605	73%
Solid Waste	13,051,101	7,534,205	58%
Public Parking	1,381,080	855,498	62%
Stormwater	4,127,625	2,190,682	53%
Golf Course	1,175,000	583,270	50%
Total Budgeted Funds	\$164,894,121	\$111,431,675	68%

General Fund Department Expenditures:

Budgeted Fund	2015 Budget	Year-to- date August 2015 Expenditures 67% of Year	% Expended
City Commission	70,460	49,212	70%
City Auditor	62,080	40,295	65%
City Manager's Office	2,252,306	1,725,301	77%
Planning & Dev Services	2,564,820	1,503,325	59%
Finance	311,661	198,093	64%
Overhead	4,354,168	3,068,604	70%
Transfers	18,903,735	12,833,850	68%
Information Technology	865,740	635,139	73%
City Attorney's Office	2,049,743	1,313,955	64%
Police	17,523,064	11,679,646	67%
Fire	15,292,434	9,956,360	65%
Public Works	8,068,388	6,221,426	77%
Parks & Recreation	3,452,619	2,169,195	63%
Total General Fund	\$75,771,218	\$51,394,401	68%