

Memorandum

City of Lawrence

Finance Department

TO: Diane Stoddard, Interim City Manager

FROM: Bryan Kidney, Finance Director

Date: October 21, 2015

RE: September 2015 Monthly Financial Report

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

KEY REVENUE INDICATORS

In most cases we revise our revenue budget estimates mid-year. This allows us to plan for the next year's budget amounts.

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	2015 Budget year Revised	Year-to- date September 2015 Collected 75% of Year	% Collected
General	\$16,774,881	\$16,649,000	\$15,148,036	91%
Library	3,243,949	3,269,235	2,941,347	90%
Debt Service	7,342,122	7,363,210	6,663,316	91%
Total	\$27,360,952	\$27,281,445	\$24,752,699	90%

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 September 2015 Collected 75% of Year	% Collected
General	1.00%	\$15,891,468	\$16,688,357	12,283,639	74%
Infrastructure	0.30%	4,767,440	5,006,507	3,685,091	74%
Transit Operation	0.20%	3,178,294	3,337,671	2,456,728	74%
Transit Expansion	0.05%	794,573	834,418	614,182	74%
Total City Sales Tax	1.55%	\$24,631,775	\$25,866,953	\$19,039,640	74%
City Share of County Sales Tax		\$9,988,784	\$10,663,650	\$7,779,742	73%

Sales taxes collected through September are trending higher than the original 2015 budget. Staff increased the revised budget estimate to be a five (5%) increases over 2014 actuals. 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 September 2015 Collected 75% of Year	% Collected
Electric	\$5,212,021	\$5,457,000	\$3,853,425	71%
Gas	788,846	971,000	747,251	77%
Telephone	507,117	372,486	344,858	93%
Cable	817,016	1,000,000	622,661	62%
Total	\$7,325,000	7,800,486	\$5,568,194	71%

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	2015 Revised Budget	Year-to- date September 2015 Collected 75% of Year	% Collected
Water and Wastewater charges	\$34,945,100	\$34,945,100	\$25,080,145	72%

Water and wastewater fees are based largely on water consumption. The fees billed and collected through September are \$708,296 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 11%.

BUDGETED FUND EXPENDITURES

The following are the Budget versus Actual Expenditures. For purposes of this statement, budgeted fund reserves were taken out of the revised budget amounts:

Budgeted Fund	2015 Budget	2015 Revised Budget	Year-to- date September 2015 Expenditures 75% of Year	% Expended
General	\$75,771,218	\$75,771,218	56,984,315	75%
Guest Tax	997,980	1,013,500	759,850	75%
Library	3,550,000	3,550,000	3,200,000	90%
Transit	5,206,009	4,106,009	3,328,580	81%
Recreation	5,465,861	5,180,861	3,752,968	72%
Special Alcohol	831,052	666,052	590,284	89%
Special Gas	3,198,465	2,543,465	1,832,542	72%
Special Recreation	764,715	609,463	600,156	99%
Debt Service	15,612,543	10,865,034	10,861,034	100%
Water and Wastewater	33,761,472	33,761,472	26,345,695	78%
Solid Waste	13,051,101	12,149,408	8,759,750	72%
Public Parking	1,381,080	1,361,080	955,733	70%
Stormwater	4,127,625	3,227,625	2,304,183	71%
Golf Course	1,175,000	768,346	636,406	83%
Total Budgeted Funds	\$164,894,121	\$155,573,553	\$120,911,496	78%

General Fund Department Expenditures:

Budgeted Fund	2015 Budget And Revised Budget	Year-to- date September 2015 Expenditures 75% of Year	% Expended
City Commission	\$ 70,460	\$ 53,872	76%
City Auditor	62,080	44,473	72%
City Manager's Office	2,252,306	1,799,278	80%
Planning & Dev Services	2,564,820	1,685,385	66%
Finance	311,661	221,617	71%
Overhead	4,354,168	3,403,989	78%
Transfers	18,903,735	14,424,822	76%
Information Technology	865,740	703,519	81%
City Attorney's Office	2,049,743	1,501,090	73%
Police	17,523,064	13,068,327	75%
Fire	15,292,434	11,076,222	72%
Public Works	8,068,388	6,557,023	77%
Parks & Recreation	3,452,619	2,169,195	81%
Total General Fund	\$75,771,218	\$56,984,315	75%