

Staff Report



To: Mayor John Muhlfeld and City Councilors
From: Dana Smith, Finance Director
Date: October 22, 2014
Re: First Quarter Financial Report for Fiscal Year 2015

This quarterly financial report provides a summary version of the financial results of the City during the first quarter of fiscal year 2015. The first section is an overview of the City's financial condition specifically related to property tax supported funds. Subsequent sections further describe analysis and details of the first quarter ended September 30, 2014.

Financial Condition – Property Tax Supported Funds

An analysis of available cash in property tax supported funds provides an effective insight into the City's financial condition. The following table lists the FY13 first quarter cash balance in column (a), the FY14 first quarter cash balance in column (b) and the FY15 first quarter cash balance in column (c) for comparison purposes.

Cash Balance in Property Tax Supported Funds

	<i>a</i>	<i>b</i>	<i>c</i>	<i>d (c-b)</i>
	Sept 30, 2012 Cash Balance	Sept 30, 2013 Cash Balance	Sept 30, 2014 Cash Balance	One Year Change
General	\$810,223	\$331,635	\$480,030	\$148,395
Parks & Recreation	(\$211,935)	(\$149,121)	(\$98,681)	\$50,440
Law Enforcement	\$101,239	\$141,955	\$54,871	(\$87,084)
Library	(\$15,166)	\$13,131	\$51,342	\$38,211
Fire & Ambulance	\$502,998	\$467,130	\$236,677	(\$230,453)
Building	<u>\$34,411</u>	<u>\$117,023</u>	<u>\$95,975</u>	<u>(\$21,048)</u>
	\$1,221,770	\$921,753	\$820,214	(\$101,539)

Total cash in property tax supported funds as of September 30, 2014 decreased by \$101,539 or 11.02% compared to the balance on September 30, 2013. This decrease is primarily due to spending cash for an advance payment on the Fire Department's new water tender truck. The City is in good financial condition and revenues and expenditures are tracking as expected. The significant changes from the prior year are discussed below.

General Fund – The General Fund cash balance compared to a year ago has increased by \$148,395 or 44.75%. With revenues and expenditures increasing approximately the same from the prior year, the increase in cash is attributed to the higher cash balance at the end of June 30, 2014 compared to June 30, 2013. At the end of the first quarter in FY13, the cash balance appears to be significantly higher compared to FY14 and FY15. However, this difference is due to the timing of the transfer of resort tax relief monies from the Resort Tax Fund to the General Fund. In the past, the transfer would be done in August, but it has since been done in December.

Financial Highlights

- The Columbia Falls Building Code Contract revenues are 115% higher than the prior year and 46% of the FY15 budget.
- Ambulance Service Charges are about 11% higher than the previous first quarter.
- Zoning Plan Review Fees collected are already 48% of the budgeted revenue to be received in FY15.
- The Resort Tax collections were up by \$44,012 or 5.5% compared to the prior year's first quarter.
- Total expenditures in each fund at the end of the first quarter were at or below the expected percentage of budget authority to be used (25%). The following line-items will be monitored as the expenditures during the first quarter of FY15 were significantly higher than expected:
 - o Parks & Recreation Fund
 - The City Beach Concessions account was 161% and the Repairs and Maintenance Supplies account was 135% of the budget at the end of the first quarter. These expenditures could increase when City Beach operations startup again for the summer of 2015.
 - o Other Line-items
 - Operating Supplies, Repairs and Maintenance Supplies, and Repairs and Maintenance Services were generally higher than expected at the end of the first quarter for numerous funds. These expenditures can vary based on needs through the year so these accounts will be monitored closely for each department/fund.
- The new Bobcat Toolcat was delivered to the Parks & Recreation Department at the end of September.
- The Fire Department received its new 2014 Rosenbauer Fire Engine on October 1st and the new water tender truck is expected to be delivered late this fall.

Additional Detailed Analysis

The following discussion further highlights the attached three spreadsheets.

General Fund Revenue (line 8 to 15)

Total General Fund revenues are 16% of budget and have increased by 5% from the prior quarter.

Charges for services were 18% less than last year. This was mainly due to a project in FY14 providing a significant amount of planning fees. The change is reasonable and can be expected. Overall the charges for services have remained steady with last year's first quarter collections.

Due to a timing difference, it would appear that the miscellaneous revenue has decreased in the first quarter of FY15 (J13). However, the significance of the decrease is much less than depicted. The FY14 first quarter numbers include the FY13 Golf Course lease payment that would have typically been paid in June of the previous fiscal year.

General Fund Expenditures, Net Revenue, & Cash (line 20 to 36)

Total General Fund expenditures are on track at 25% of the FY15 budget.

The General Fund cash balance was \$480,030 compared to \$331,635 at the end of the prior year's first quarter (see J36). The graph on page 1 of the spreadsheets shows the General Fund cash balance trends for the past 6 years. December, January, June, and July are months that tend to have higher cash balances due to the collection of property taxes. Building cash reserves to a minimum of 10% or more each year is important to ensure an adequate cash balance throughout the year.

Other Property Tax Supported Funds (p.2, line 75 to 112)

The funds supported by property tax have continued to have revenues exceed expenditures. Revenues were at 22% of the budget, while expenditures were 21% of the budget at the end of the first quarter of FY15.

When compared to a year ago, these funds experienced an overall decrease in cash with detailed discussion above. Also compared to the prior year, overall revenue collected is down and expenditures have increased. A significant portion of the increase in expenditures is attributed to the pre-payment on the Fire Department's water tender truck that will be financed via an Intercap loan later this fall. Other items that have had an effect on this financial situation include the revenues that were received in FY14 for a significant project (high school) in the Building Fund were not repeated in FY15.

Other Tax, Fee, & Assessment Supported Funds (p.2, line 119 to 148)

These funds located on the second half of the second page of the spreadsheet, receive no general property tax support.

Resort Tax collections are at 40% of the budgeted revenues as of the end of the first quarter of FY15. The increase is broken down further as follows: 11% increase in lodging, 3.6% increase in retail, and 3.6% increase in restaurants and bars.

Street and Alley operations are also in good financial condition with the revenues exceeding expenditures. The expenditures are only at 11% of the budgeted authority, which has led to a significant increase of revenues less expenditures compared to the prior year (see J128). Next spring's street overlay project will comprise two years' worth of works, so cash balance will come down then.

Impact Fees have seen a \$49,391 (see J137) decrease from the prior year revenues at the end of the first quarter of FY15. This decrease is due to a significant increase (approximately \$60,000) in impact fees collected from one project of considerable size in the City in FY14. When compared to FY13, the FY15 impact fees are significantly higher at 54%.

Enterprise Funds (p.3)

Metered water sales are up only 0.34%, while sewer service charges up 4%. The minimal change from the prior year in metered water sales is likely due to the City receiving more precipitation in June 2014 and overall lower temperatures for the summer of 2014 compared to the summer of 2013 based on data from the National Weather Service. The revenue for both Water and Sewer amounts are expected to continue to grow this year as an approved rate increase of 3.6% for Water and Sewer rates became effective as of October 1, 2014.

Capital expenditures in the Water and Sewer Funds are 139% and 682% higher than the prior year, respectively. This decrease is due to the continued progress on the Hwy 93 project, as well as other capital improvement projects. A total of \$1,255 of Water Impact Fees and \$400,696 of Sewer Impact Fees have been spent in the first quarter relating to these capital expenditures. An additional \$201,193 has been paid with the final amounts of Plant Investment Fees in the Water fund during the first quarter.

Solid Waste had an increase in revenues of 6% during the first quarter. A 3% rate increase also became effective as of October 1, 2014. The expenditures show an increase of 49%; however, this is due to a timing difference of the September payment, which was made in October in 2013. The amount of revenue less expenditures is very comparable to FY13 and had there not been a timing difference, FY15 revenues less expenditures would have exceeded FY14.

Please contact me if you have any questions on this report.

City of Whitefish
Quarterly Financial Review
First Quarter of Fiscal Year 2015
July 1, 2014 - September 30, 2014



YTD Sep 30, 2012 YTD Sep 30, 2013 YTD Sep 30, 2014

Dollars % of Budget Dollars % of Budget Dollars % of Budget Chng Prev YR % Chng Prev Yr

General Fund Revenues

8	Property Taxes	\$253,351	13%	\$254,423	13%	\$322,544	16%	68,121	27%
9	Total Licenses and Permits	\$4,450	8%	\$3,548	6%	\$3,662	6%	115	3%
10	Intergovernmental Revenue	\$198,277	26%	\$185,439	24%	\$196,550	24%	11,111	6%
11	Charges for Services	\$67,755	54%	\$97,136	47%	\$79,208	33%	(17,928)	-18%
12	Fines and Forfeitures	\$71,436	30%	\$64,373	25%	\$59,928	26%	(4,446)	-7%
13	Miscellaneous	\$8,438	23%	\$30,106	75%	\$2,380	5%	(27,725)	-92%
14	Investment Earnings	\$3,959	16%	\$2,839	14%	\$4,377	29%	1,538	54%
15	Resort Tax & SID Revolving Transfer In	\$598,007	100%	\$0	0%	\$0	0%	0	0%
16	Total General Fund Revenues	\$1,205,673	32%	\$637,863	16%	\$668,648	16%	30,785	5%

General Fund Expenditures

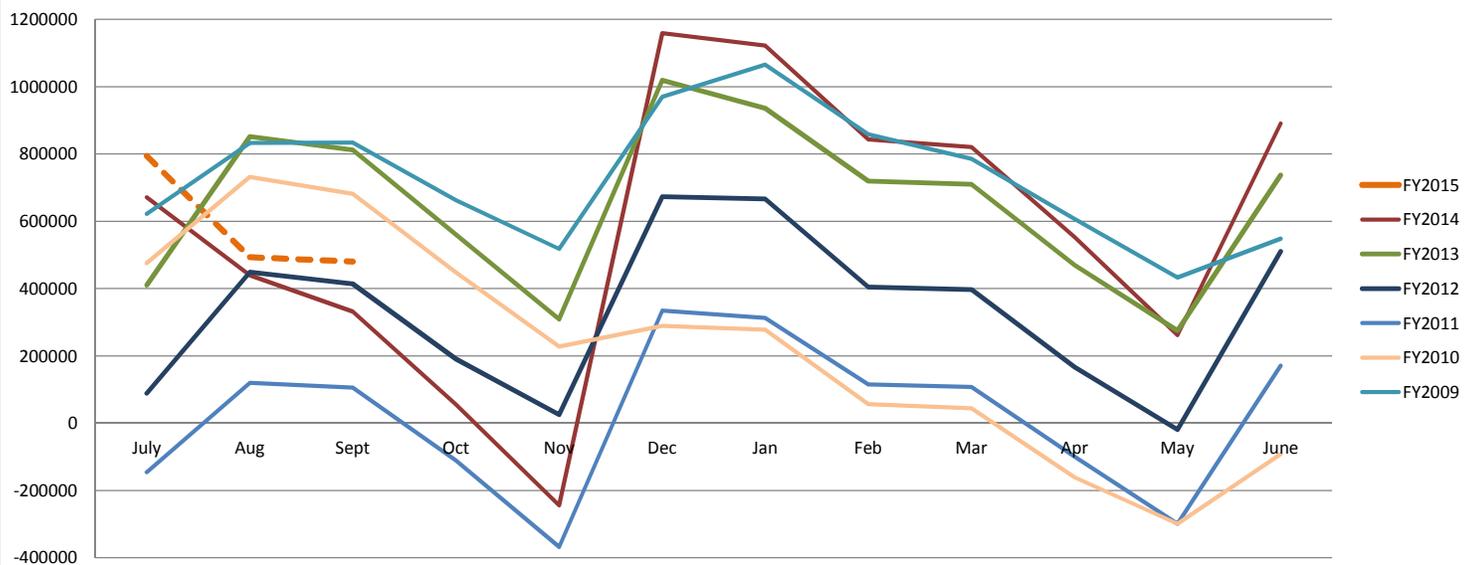
20	Municipal Court	\$67,887	23%	\$65,027	23%	\$63,404	21%	(1,623)	-2%
21	Prosecution Services	\$24,226	25%	\$24,380	25%	\$23,400	21%	(980)	-4%
22	Administrative Services	\$14,441	20%	\$40,193	49%	\$15,576	20%	(24,618)	-61%
23	Total Resort Tax Admin	\$4,949	82%	\$0	0%	\$6,100	122%	6,100	100%
24	Legal Services	\$7,280	20%	\$12,924	33%	\$8,334	20%	(4,590)	-36%
25	Community Planning	\$69,828	23%	\$63,197	18%	\$67,355	17%	4,158	7%
26	Budgeted Interfund Loan (Building & Drug F)	\$0	0%	\$0	0%	\$0	0%	0	0%
28	Transfer to Park Fund	\$118,000	25%	\$150,750	25%	\$215,419	31%	64,669	43%
29	Transfer to Law Enforcement Fund	\$448,750	25%	\$461,250	25%	\$471,250	25%	10,000	2%
30	Transfer to Fire Fund	\$123,649	25%	\$143,750	25%	\$203,750	25%	60,000	42%
31	Transfer to Library Fund	\$8,593	25%	\$8,593	25%	\$8,593	25%	(0)	0%
32	Cemetery/Other	\$17,015	31%	\$67,471	71%	\$14,295	18%	(53,175)	-79%
33	Total General Fund Expenditures	\$904,617	25%	\$1,037,534	26%	\$1,097,475	25%	59,942	6%

35	General Fund Revenues Less Expenditures	\$301,056		(\$399,670)		(\$428,827)		(\$29,157)	-7%
36	General Fund Operating Cash Balance	\$811,885		\$331,635		\$480,030		\$148,395	45%

38	Prop Tax Supported Funds (no General) Net	(\$59,270)		\$288,210		\$159,304		(\$128,906)	
39	Prop Tax Supported Funds (no General) Cash	\$409,652		\$590,158		\$340,184		(\$249,974)	

41	Total General & Prop Tax Supported Funds Net	\$241,786		(\$111,460)		(\$269,523)		(\$158,063)	
42	Total General & Prop Tax Supported Funds Cash	\$1,221,537		\$921,793		\$820,214		(\$101,579)	

GF Operating Cash Balance



	A	D	E	F	G	H	I	J	K
70									
71									
72	Property Tax Supported Funds	YTD Sep 30, 2012	% of	YTD Sep 30, 2013	% of	YTD Sep 30, 2014	% of	Chng Prev Yr	% Chng Prev Yr
73		Dollars	Budget	Dollars	Budget		Budget		
74									
75	Parks and Rec Operating Cash Balance	(\$213,384)		(\$149,121)		(98,681)		\$50,440	34%
76	Parks, Rec & Community Services Revenues	\$242,823	16%	\$383,986	23%	362,425	21%	(\$21,561)	-6%
77	Parks, Rec & Community Services Exp.	\$437,682	29%	\$420,301	27%	428,178	27%	\$7,877	2%
78	Revenues less Expenditures	(\$194,859)		(\$36,315)		(65,754)		(\$29,438)	-81%
79									
80	Law Enforcement Operating Cash Balance	\$100,627		\$141,995		54,871		(\$87,124)	-61%
81	Law Enforcement Revenues	\$511,113	23%	\$466,939	21%	472,324	19%	\$5,385	1%
82	Law Enforcement Expenditures	\$480,217	21%	\$392,495	17%	434,693	18%	\$42,198	11%
83	Revenues less Expenditures	\$30,896		\$74,444		37,631		(\$36,813)	-49%
84									
85	Library Operating Cash Balance	(\$15,166)		\$13,131		51,342		\$38,211	291%
86	Library Revenues	\$26,741	13%	\$42,235	19%	39,184	19%	(\$3,051)	-7%
87	Library Expenditures	\$46,934	23%	\$49,489	24%	44,629	19%	(\$4,861)	-10%
88	Revenues less Expenditures	(\$20,193)		(\$7,254)		(5,445)		\$1,809	25%
89									
90	Fire & Ambulance Cash Balance	\$503,164		\$467,130		236,677		(\$230,453)	-49%
91	Fire & Ambulance Taxes, Penalty and Interest	\$68,307	13%	\$69,002	13%	87,930	16%	\$18,928	27%
92	Ambulance Services Revenue	\$275,708	32%	\$324,092	34%	359,692	36%	\$35,600	11%
93	Total Fire & Ambulance Revenue	\$702,218	19%	\$732,093	20%	845,991	23%	\$113,898	16%
94	Fire & Ambulance Expenditures	\$614,950	16%	\$590,842	15%	754,026	20%	\$163,184	28%
95	Revenues less Expenditures	\$87,268		\$141,251		91,964		(\$49,286)	-35%
96									
97	Building Codes Operating Cash Balance	\$34,411		\$117,023		95,975		(\$21,048)	-18%
98	Payable to the General Fund	(\$460,977)		(\$401,848)		(171,699)		\$230,148	57%
99	Budgeted Loan from General Fund	\$0	0%	\$0	0%	0	0%	\$0	0%
102	License and Permits Revenues	\$102,158	33%	\$190,124	61%	160,097	38%	(\$30,027)	-16%
103	Building Codes Expenditures without C. Falls	\$62,915	22%	\$75,619	25%	70,414	19%	(\$5,205)	-7%
104	Columbia Falls Contract Revenues	\$7,516	29%	\$8,460	28%	18,210	46%	\$9,750	115%
105	Columbia Falls Contract Expenditures	\$9,141	24%	\$6,880	24%	6,986	23%	\$106	2%
106	Revenues less Expenditures	\$37,618		\$116,085		100,907		(\$15,178)	-13%
107									
108	Total Property Tax Supported Funds (not including General Fund)								
109	Total Property Tax Supported Cash	\$409,652		\$590,158		340,184		(\$249,974)	-42%
110	Total Property Tax Supported Revenue	\$1,592,569		\$1,823,836		1,898,231		\$74,394	4%
111	Total Property Tax Supported Expenditures	\$1,651,839		\$1,535,626		1,738,927		\$203,301	13%
112	Revenues less Expenditures	(\$59,270)		\$288,210		159,304		(\$128,906)	-45%
113									
114	Other Tax, Fee & Assessment Supported Funds								
117									
118	Resort Tax Operating Cash Balance	\$2,148,585		\$2,221,186		\$2,008,450		(\$212,736)	-10%
119	Resort Tax Collections	\$706,903	41%	\$800,698	41%	\$844,710	40%	\$44,012	5%
120	Resort Tax Investment Earnings	\$1,713	11%	\$984	16%	\$1,184	24%	\$200	20%
121	Resort Tax Expenditures and Transfers	\$983,012	34%	\$722,717	24%	\$698,221	22%	(\$24,496)	-3%
122	Revenues less Expenditures	(\$274,396)		\$78,965		\$147,673		\$68,708	87%
123									
124	Street and Alley Operating Cash Balance	\$746,433		\$957,507		\$1,156,395		\$198,889	21%
125	Street and Alley Revenues	\$254,799	19%	\$259,346	20%	\$296,376	22%	\$37,030	14%
126	Street and Alley Expenditures	\$388,209	23%	\$329,242	19%	\$234,141	11%	(\$95,101)	-29%
127	Revenues less Expenditures	(\$133,410)		(\$69,896)		\$62,236		\$132,131	189%
128									
129	Tax Increment Operating Cash Balance	\$1,217,004		\$1,731,975		\$1,919,356		\$187,381	11%
130	Tax Increment Property Taxes, Penalty & Interest	\$783,862	19%	\$745,131	17%	\$852,921	18%	\$107,790	14%
131	Tax Increment Total Revenues	\$791,045	18%	\$752,894	16%	\$860,049	17%	\$107,155	14%
132	Tax Increment Expenditures & Transfers	\$1,647,822	26%	\$879,675	16%	\$940,259	15%	\$60,585	7%
133	Revenues less Expenditures	(\$856,777)		(\$126,780)		(\$80,210)		\$46,570	37%
134									
135	Impact Fees Cash Balance	\$304,477		\$559,229		\$747,965		\$188,736	34%
136	Impact Fee Collections - Revenues	\$54,277	43%	\$132,794	103%	\$83,403	36%	(\$49,391)	-37%
138									
139	Street Lighting #1 Operating Cash Balance	\$40,093		\$59,547		\$42,348		(\$17,199)	-29%
140	Street Lighting District #1 (Rsdntl) Revenues	\$8,828	13%	\$9,547	12%	\$12,442	16%	\$2,895	30%
141	Street Lighting District #1 (Rsdntl) Exp.	\$11,363	11%	\$13,374	14%	\$14,520	17%	\$1,145	9%
142	Revenues less Expenditures	(\$2,535)		(\$3,827)		(\$2,077)		\$1,750	46%
143									
144	Street Lighting #4 Operating Cash Balance	\$67,474		\$64,167		\$26,749		(\$37,419)	-58%
145	Street Lighting District #4 (Cmmrcial) Revenues	\$10,621	19%	\$11,439	19%	\$11,504	17%	\$65	1%
146	Street Lighting District #4 (Cmmrcial) Exp.	\$13,583	15%	\$13,064	10%	\$15,091	17%	\$2,027	16%
147	Revenues less Expenditures	(\$2,962)		(\$1,625)		(\$3,587)		(\$1,961)	-121%

	A	D	E	F	G	H	I	J	K
148		YTD		YTD		YTD			
153	Enterprise Funds	Sep 30, 2012		Sep 30, 2013		Sep 30, 2014			
154		Dollars	% of Budget	Dollars	% of Budget			Chng Prev YR	% Chng Prev Yr
155									
156	Water Operating Cash Balance	\$1,667,347		\$1,149,313		\$1,604,795		\$455,482	40%
157	Water - Metered Water Sales	\$813,807	35%	\$890,164	37%	\$893,197	36%	\$3,033	0.3%
158	Water - Operating Revenues	\$898,447	36%	\$995,617	38%	\$1,006,130	36%	\$10,513	1%
159	Water - Operating Expenditures	\$346,798	22%	\$346,028	21%	\$393,350	23%	\$47,322	14%
160	Operating Revenues less Expenditures	\$551,649		\$649,589		\$612,780		(\$36,809)	-6%
161	Net Opr. Rev Required by Year End	\$740,841		\$740,841		\$681,808			
162									
163	Non Operating Revenue	\$204,473	20%	\$400	16%	\$259	52%	(\$141)	-35%
164	Water Capital Expenditures	\$420,919	16%	\$95,039	7%	\$226,884	13%	\$131,845	139%
165	Water Debt Service	\$0	0%	\$0	0%	\$0	0%	\$0	0%
166									
167									
168	Wastewater Operating Cash Balance	\$709,323		\$684,458		\$729,826		\$45,368	7%
169	Wastewater - Sewer Service Charges	\$578,779	30%	\$609,674	29%	\$631,623	30%	\$21,949	4%
170	Wastewater - Operating Revenues	\$657,917	35%	\$680,097	31%	\$732,766	32%	\$52,669	8%
171	Wastewater - Operating Expenditures	\$356,324	22%	\$284,798	17%	\$328,062	16%	\$43,264	15%
172	Operating Revenues less Expenditures	\$301,593		\$395,299		\$404,704		\$9,405	2%
173	Net Opr. Rev Required by Year End	\$338,000		\$288,733		\$288,733			
174									
175	Non Operating Revenue	\$6,027	1%	\$0	0%	\$112	0%	\$112	100%
176	Wastewater Capital Expenditures	\$3,744	1%	\$54,648	3%	\$427,526	17%	\$372,878	682%
177	Wastewater Debt Service	\$0	0%	\$0	0%	\$0	0%	\$0	0%
178									
179									
180	Solid Waste Operating Cash Balance	\$53,453		\$139,820		\$122,098		(\$17,722)	-13%
181	Solid Waste Revenues	\$188,875	25%	\$193,709	26%	\$204,382	27%	\$10,673	6%
182	Solid Waste Expenditures	\$173,762	23%	\$127,247	17%	\$189,197	25%	\$61,950	49%
183	Revenues less Expenditures	\$15,113		\$66,462		\$15,184		(\$51,278)	-77%