

Financial Strategy Resource Team

2006 Financial Status thru 7/31/06

2005 Actuals

The 2005 actuals reflect revenues received and expenses incurred (including operating, capital, debt service). These actuals include the savings from not filling vacancies and an abnormally light winter season.

| | |
|-----------------|---------------------|
| Revenues | \$16,961,081 |
| <u>Expenses</u> | <u>\$17,020,979</u> |
| Net | (\$ 58,898) |

If the vacant positions had been filled and if the winter season was normal final year end numbers would have included the following:

| | |
|------------------------|--------------------|
| Position Expenses | \$ 600,000 |
| <u>Winter Expenses</u> | <u>\$ 30,000</u> |
| Subtotal | (\$ 630,000) |
| <u>Net</u> | <u>(\$ 58,898)</u> |
| Adjusted Net | (\$ 688,898) |

2006 Actuals Thru 7/31

The 2006 actuals reflect total revenues received and expenses incurred for operating only.

| <u>Current Year to Date</u> | <u>Last Year to Date</u> |
|-----------------------------|--------------------------|
| Revenues | \$10,565,524 |
| <u>Expenses</u> | <u>\$ 8,365,133</u> |
| Net | \$ 2,200,391 |

A 2006 year end forecast was developed built from the percent change in the year to date for 7/31/05 to 12/31/05 as applied to the 2006 figures as follows:

| <u>Projected Year End 2006</u> | |
|--------------------------------|----------------------|
| Revenues | \$ 17,600,663 |
| <u>Expenses</u> | <u>\$ 17,349,991</u> |
| Net | \$ 250,672 |

The projected 2006 figure includes the savings from not filling 11 position vacancies, a lighter than normal end of the 2005-06 winter, higher than normal interest earnings, an unexpected large estate tax gain, non-recurring grant funding and fuel purchase costs. Adjusting for these variances would result in the following adjusted net forecast for 2006:

| | |
|----------------------|------------------|
| Position Vacancies | \$ 707,000 |
| Winter Variance | \$ 175,000 |
| Interest Variance | \$ 375,000 |
| Estate Tax Variance | \$ 125,000 |
| Grant Variance | \$ 50,000 |
| <u>Fuel Variance</u> | <u>\$ 25,000</u> |
| Subtotal | \$ 1,457,000 |

| <u>Adjusted Year End 2006</u> | |
|-------------------------------|---------------------|
| Original Net | \$ 250,672 |
| <u>Variance Adjustment</u> | <u>\$ 1,457,000</u> |
| Adjusted Net | (\$ 1,206,328) |

In Summary

As noted to Council in previous discussions, the city benefited in 2005, and in the first half of 2006, from a number of factors that led to above average revenues – which when combined with continued constraints on spending (particularly freezing vacancies) resulted in smaller than predicted net deficits.

It is worth noting that the revenue factors, e.g., estate gains, interest earnings, are beyond the city's control so it is not prudent to build the city budget around those figures.

Likewise, the expense stress of freezing vacancies is being felt in all aspects of the city organization and the strain of under-funded and under-staffed services is beginning to show in the quality and effectiveness of city services.
