

City of Bowling Green, Kentucky
Monthly Financial Memorandum
December 2011

This report is to be used for informational purposes only and is only a snapshot of the City’s general ledger as of the last day of each month. Therefore, anomalies may occur from time to time given the irregularity in some of the revenue and expenditure categories. Please refer to the CFO Commentary section for summary analysis at the end of each report.

RESOURCES IN:

GENERAL FUND

Operating revenue through December as collected and reported by the Treasury Division:

<u>FY11-YTD</u>	<u>FY12-YTD</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
\$22,358,000	\$22,912,000	+\$554,000	+2.5%*

***This is in comparison to FY11 year-to-date which was +2.2% through December last year. Please read CFO commentary for further explanation.**

General Fund operating receipts totaled \$5,024,000 for the month, totaling \$22,912,000 for the year, up \$554,000 (+2.5%) from last year. Last month showed a +10.2% increase. The FY12 adopted budget for General Fund operating revenue is \$50,710,000, which represents a 6.4% increase over the FY11 adopted budget and a 1.7% increase from FY11 actual revenues. The year-to-date collections now stand at 45.2% of our FY12 adopted budget figure. The major revenue categories are listed below:

Property tax receipts total \$2,524,000 for the month, bringing the total to \$4,327,000, down \$624,000 (-12.6%) compared to last year. Last month’s percentage was +7.6%. Revenues in this category include real and personal property taxes, motor vehicle & boat taxes, franchise taxes, and payments in lieu of taxes. Our adopted revenue budget for this category is \$10,094,000, representing an increase of 3.5% from last year’s actual revenues, and a 1.4% decline compared to the FY11 budget. The year-to-date collection stands at 42.9% of FY12 budget.

Insurance premium taxes are paid on a quarterly basis, with \$0 in receipts processed this month, the FY12 total remaining at \$742,000, up \$62,000 (+9.1%) from last year. Last month’s report also showed a +9.1% increase. The adopted budget for this revenue source is \$1,385,000, which is a 6.7% decrease from the FY11 budget, and a 1.1% decrease from FY11 actual revenues. So far, we have collected 53.6% of budget.

Net profit fees totaled \$591,000, down \$518,000 (-46.7%) from last year. Last month’s report reflected a 123.7% increase through five months. The FY12 adopted budget has been set at \$6,377,000, which is a 19.2% increase from FY11 original budget and a 0.7% increase from FY11 actual revenues. To date, collections in this category total 9.3% of budget. (For FY12, the applicable service enhancement fee portion (.35%) has been included in this category to reflect the full 1.85% occupational tax rate and adjustments for comparisons to FY11 have been made.)

Employee withholding fees collected this month total \$2,280,000, for a grand total of \$15,327,000, up \$1,338,000 (+9.6%) from last year. Last month showed a 5.8% increase. The adopted budget for this, the single most important revenue source to the City, is \$29,376,000, which represents a 7.5% increase over the FY11 budget but only a 1.8% increase over FY11 actual revenues. So far, we have collected 52.2% of budget. (For FY12, the applicable service

enhancement fee portion (.35%) has been included in this category to reflect the full 1.85% occupational tax rate and adjustments for comparisons to FY11 have been made.)

Building fees received this month were \$44,000, bringing the total to \$333,000, up \$81,000 (+32.1%) compared to last fiscal year. Last month's percentage was +38.9%. The adopted budget for this revenue source is \$547,000, which is an increase of 29.3% from the FY11 original budget but a decrease of 4.4% over last year's actual revenue, which included some unusually large permit receipts. So far, we have collected 60.9% of budget for this category.

Cemetery operation receipts for the month were \$20,000, totaling \$100,000 for FY12, which is down \$5,000 (-4.8%) compared with this point in FY11. Last month's report reflected a decrease of -10.1%. Our adopted budget estimate is \$249,000, representing a 6.4% increase from FY11 adopted budget and a 12.7% increase over FY11 actual revenues. To date, collections in this category total 40.2% of budget.

Parks & Recreation receipts this month were \$3,000, for a grand total of \$180,000, which is down \$9,000 (-4.8%) as compared to this time last year. Last month's report showed a increase of 11.3% equated to the FY11 y-t-d total. The adopted budget for Parks receipts is \$366,000, a decrease of -3.7% from last year's actual but a 1.7% increase from the FY11 budget. Collections for this category now total 49.2% of budget.

Interest Earnings collections were \$4,000 for the month, which brings the FY12 total to \$21,000, up +21,000 on last year. We have projected \$148,000 for the FY12 adopted budget due to historically low interest rates and the timing of longer maturities. The budget represents an 80.5% increase from the FY11 adopted budget and a 66.3% increase compared to FY11 actual revenues. Collections for interest earnings total 14.2% for the fiscal year.

LIQUID FUEL TAX FUND

Liquid Fuel Tax State Grant receipts received this month were \$97,000, totaling \$580,000, up +\$30,000 (+5.5%) from last year. Last month's percentage was up +5.0%. This is the major source of revenue for funding the City's annual street overlay and maintenance and is anticipated to bring in \$940,000 this year, a decrease of -11.8% from actual FY11 revenues but a 5.6% increase over the FY11 budget. To date, collections in this category total 61.7% of budget.

FIRE IMPROVEMENT FUND

Insurance premium taxes are collected on a quarterly basis with \$0 in receipts being processed this month, totaling \$854,000, down \$7,000 (-0.8%) over last year. Last month's total was the same -0.8%. This is the major source of revenue to the Fire Improvement Fund, and is anticipated to produce \$1,790,000 this year, an increase of 6.0% over actual revenues for FY11 but a 1.6% decrease from the FY11 budget. Collections in this category now stand at 47.7% of the budget.

RESOURCES OUT:

GENERAL FUND

Operating expenditures through December as reported by Wilma Brown, Comptroller:

<u>FY11YTD</u>	<u>FY12YTD</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
\$22,854,000	\$23,748,000	+\$895,000	+3.9%

General Fund operating expenditures totaled \$4,856,000 for the month of December, bringing the fiscal year total to \$23,748,000, which is up \$895,000 (+3.9%) over last year and compared to an increase of \$344,000 (+1.9%) reported last month. The FY12 adjusted budget for General Fund operating expenditures is \$55,208,000; of which 43.0% has been utilized through the current month. Details for the major expenditure categories are listed below.

Personnel service costs totaled \$2,319,000 for the month, bringing the fiscal year total to \$14,477,000, up \$401,000 (+2.9%) over last year and compared to an increase of \$350,000 (+3.0%) reported last month. The adjusted budget for personnel costs is \$31,877,000 and through this month, 45.4% has been consumed.

Full-time and part-time wages total \$8,057,000 for this fiscal year, which is up \$118,000 (+1.5%) over last year and compared to an increase of \$88,000 (+1.3%) reported last month. Overtime costs total \$1,128,000 for the fiscal year, up \$19,000 (+1.7%) over last year and compared to an increase of \$10,000 (+1.1%) last month. Recall time through the month of December totals \$166,000, down \$56,000 (-25.4%) from last year and compared to a decrease of \$28,000 (-15.2%) last month.

Other fringe benefits, including Health Insurance, FICA, Medicare and Retirement total \$5,127,000 for the fiscal year, up \$320,000 (+6.7%) over last year and compared to an increase of \$280,000 (+6.9%) on last month's report.

Contractual service costs for the month totaled \$955,000 and \$4,694,000 for the fiscal year, up \$213,000 (+4.8%) over last year. Through last month, this cost category was down \$21,000 (-0.6%) from the previous fiscal year. The adjusted budget for this expenditure is \$9,128,000, of which 51.4% has currently been expended.

Supplies totaled \$260,000 for the month and \$734,000 for the fiscal year, which represents an increase of \$197,000 (+36.7%) over last year. Last month's report reflected an increase of \$21,000 or +4.6% compared to the previous fiscal year. The increase in supply spending for December is related to the purchase of new fitness equipment for the Parks and Recreation Fitness Center. The adjusted budget for this category is \$1,767,000 and through December, 41.5% has been utilized.

Subsidies and assistance totaled \$425,000 for the month, which contributes to a fiscal year total of \$1,159,000, up \$35,000 (+3.1%) over last fiscal year. Last month, this category reported an increase of \$64,000 or +9.5% over last fiscal year. The increase in current year spending compared to last fiscal year is due to the one-time payout to the Humane Society for improvements to the animal shelter. The amount budgeted for this cost category is \$2,023,000; thus far 57.3% has been consumed.

Property and fixed assets category purchases totaled \$6,000 for the month and \$55,000 for the fiscal year, down \$102,000 (-65.0%) from this point last December. Current year asset purchases include a 10 ton replacement HVAC roof top unit for the City Hall Annex. The budget for this expenditure category is set at \$122,000; through December 44.9% has been utilized.

Fund transfers totaled \$891,000 for the month and \$2,630,000 for the fiscal year, which is up \$150,000 or +6.1% over this point last fiscal year. The budget for this category is \$10,069,000 with 26.1% utilized through this month.

Contingency for transfers shows a remaining budget to date amount of \$214,000. The above expenditure categories will utilize this amount as necessary.

EMPLOYEE HEALTH TRUST FUND

Health insurance claims paid in December totaled \$544,000; which includes \$455,000 paid for medical and vision, \$65,000 for prescriptions and \$24,000 for dental claims. The paid claims cost for the fiscal year total \$1,772,000, which is down \$68,000 (-3.7%) compared to last year. The budget for all claims expense is \$3,915,000 of which 45.3% has been spent. Total costs for FY12 in the Health Care Trust Fund total \$2,224,000, up \$8,000 or +0.4% from this point in FY11. The adjusted budget for this fund is \$4,883,000 of which 45.5% has been expended

ENTERPRISE FUNDS:

GOLF ENTERPRISE FUND

Golf Course operating receipts this month were \$35,500, totaling \$667,000 for the fiscal year, up \$41,000 (+6.5%) compared to last year. Last month showed a +3.1% increase. CrossWinds is up \$1,000 (+0.2%), Riverview increased \$4,000 (+4.7%), and Paul Walker is up \$35,000 (+32.1%) compared to last year. The operating revenue adopted budget for this Fund is \$1,436,013, which represents a 12.5% increase from last year's actual operating revenue, but a decrease of -7.6% from FY11 adopted budget. Our percentage of actual money collected of adopted budget figures for the year stands at 46.4%. Non-operating receipts, which includes Transfers-In, were \$265,000 for the month, the fiscal year total being \$676,000. This year's total revenue adopted budget is \$2,592,178. To date, total collections for the Golf Fund total 52.5% of budget.

Golf Course operating expenses through December total \$1,167,000, which is up \$105,000 (+9.9%) compared to last year. The Crosswinds course has expended \$706,000 this fiscal year, up \$65,000 (+10.1%); Paul Walker year-to-date expenses total \$219,000, an increase of \$23,000 (+11.8%); and the Riverview course expenses total \$243,000, up \$17,000 (+7.6%) over this point last year. The Crosswinds course expenditures are up over last fiscal year as a result of the purchase of a Reel Grinder and a Bed Knife Sharpener. The total expenditure budget for the Golf Fund is \$3,073,000 of which 38.0% has been utilized.

AQUATICS ENTERPRISE FUND

Aquatics operating receipts were \$0 this month, keeping FY12's total at \$275,000, which is up +\$32,000 (+13.5%) from last year. Last month showed a +14.7% increase. The 2011 swimming season at Sims Aquatic Center, which runs from May to September, reflects a decrease of \$27,000 (-5.2%) from the 2010 season. The total FY12 operating revenue adopted budget for this fund is \$515,000, which is an increase of +2.5% compared to FY11 actual operating revenue and a 3.0% increase from the FY11 operating budget. Our percentage of actual money collected of adopted budget figures for the year stands at 53.4%. Non-operating revenue, including Transfers-In, were \$0 for the month, keeping our total at \$60,000 this year. Total collections for the Aquatics Fund now stand at 35.9% of the budget.

Aquatics operating expenses total \$9,000 this month and \$321,000 for the fiscal year, which is up \$51,000 (+18.9%) over last year. Last month this enterprise fund's costs were up \$44,000 or +16.6% compared to last fiscal year. The increase in FY2012 spending is due to the purchase of new pool funbrella's and rising utility and repair costs. The adjusted budget for the Aquatics Fund is \$1,082,000 of which 29.6% has been spent.

CONVENTION CENTER ENTERPRISE FUND

Convention Center operating revenues (room rentals, catering receipts, and interest income) total \$104,000 for the year, down \$8,000 (-7.1%) from last year. Pursuant to the revised management agreement, the City now receives 12% of the room rentals, catering revenue, and audiovisual equipment rentals. This year's total operating revenue adopted budget is \$269,000 a decrease of 13.2% from actual revenues in FY11 and a 27.8% increase over the FY11 budget. Our percentage of actual money collected of adopted budget figures for operating revenues stands at 38.7% through six (6) months. Non-operating receipts (including Transient Room tax and Transfers-In) were \$160,000 for the month, raising the fiscal year total to \$579,000. This year's total adopted budget is \$1,643,900. Total collections for the Convention Center Fund now total 41.3%.

Convention Center expenses were \$14,000 this month and \$745,000 for the fiscal year, which is down \$154,000 (-17.1%) from last year. Last month's costs for this enterprise fund were down \$166,000 or -18.5% from FY2011. The adjusted budget for this fund is \$1,380,000 and through December, 54.0% has been consumed.

CFO COMMENTARY:

Revenues in the General Fund slid somewhat from last month's report, standing at +2.5% through the six months compared to FY11 y-t-d actual. Property tax receipts are down compared to last year at this time (-12.6%), but this should correct somewhat next month after the 12/31 payments are posted to the General Fund. Insurance Premium taxes in the General Fund still remain strong (+9.1%) compared to last year. In the Fire Improvement fund, the insurance premium tax revenues are still running slightly below FY11 (-0.8%). Insurance Premium taxes are collected on a quarterly basis with the bulk of collections being posted in the months of August, November, February, and May of each year. So at this point, we have completed two quarters of collection and are ahead of budget in the General Fund but slightly behind budget in the Fire Improvement Fund. As mentioned in previous reports, we have removed the Service Enhancement fees in the revenue section and are reporting the full 1.85% comparison with the Net Profit fees and Withholdings fees categories. The Net Profit fees swung back again the other when comparing to the +123.7% increase reported last month and now stand at -46.7%. This category is known for its volatility from month to month due to the timing of extended tax returns being received and refunds being issued when there are overpayments. I am not too concerned at this point due to it still being the offseason for this revenue category. The Employee Withholding fees are still the driving force behind the overall General Fund revenue growth of +10.2%. This month still remains solid at +9.6% (+\$1,338,000) compared to FY11. This year's revenue budget was a significant increase over FY11 budget but reflects marginal growth (+1.7%) in comparison to FY11 actual revenues. In terms of the overall General Fund revenue budget, we stand at 45.2% of budget through six months.

Expenditures in the General Fund increased slightly from last month's report, now standing at +3.9% compared to FY11 year-to-date total. The \$895,000 overall increase is mostly found in the Personnel category which shows an increase over FY11 of +2.9% (+\$401,000). The +2.9% increase thus far in Personnel is mostly found in the increase in fringe benefits (+\$320,000). The Personnel expenditure category makes up 60.5% of the FY12 expenditure budget which includes a 2.5% COLA along with step raises for full-time employees and \$.15 per hour increases for part-time employees. The FY12 Personnel expenditures also include increases in both the CERS Hazardous and Non-Hazardous employer contribution rates, with the Hazardous rate increasing by 7.5% and the CERS-Non Hazardous rate increasing by 12% compared to FY11. It is interesting to note that the y-t-d total for withholdings fees (largest revenue) is still tracking ahead of the y-t-d total for Personnel (largest expenditure) at this point. Contractuals and Supplies categories are the other two areas showing significant increases, but the increases have been tied to the City Hall Annex roof replacement and the replacement of fitness equipment at Parks. The total expenditure budget for FY12 was set at \$52.5 million, which is a 10.3% increase from the FY11 budget and a 6.9% increase over FY11 actual expenditures. However, the FY12 budget contains more capital expenditures than the last few budgets. In terms of the amended budget, we stand at 43% consumption.

In the Healthcare Trust Fund, claims expenditures are still tracking below last year but December was another big month. Claims expenditures however are still below last year at this point (-3.7%). In regards to the claims budget, we are still tracking well below budget at this point. Total fund expenditures are now showing a slight increase (+0.4%) compared to this time last year but still remain below budget through the first six months.

Many thanks go out to the Finance employees who compile the information contained in this report each month. If you should have questions regarding the information presented, please do not hesitate to contact me. I hope the information contained in this report is of benefit to you.

Sincerely,

Jeff Meisel
Chief Financial Officer

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