City of Birmingham
A Walkable Community

MEMORANDUM

Finance Department

DATE: **October 17, 2014**

TO: **Joseph A. Valentine, City Manager**

FROM: **B. Sharon Ostin, Director of Finance/Treasurer**

SUBJECT: **First Quarter Financial Report**

Attached is the first quarter 2014-2015 fiscal year financial report. At this point, 25% of the fiscal year has lapsed.

Revenues by Class

Total revenues in the General Fund are 72% realized at September 30, 2014, for a positive overall variance of 47%. The variance at September 30, 2013 was 46%. This large positive variance is attributable to the City receiving nearly all of its tax revenue in the first three months of the fiscal year.

The category "Taxes" includes a provision for tax losses to account for losses resulting from Michigan Tax Tribunal appeals. In the first quarter of 2013, tax losses totaled $89,989 compared to $1,156 for the first quarter of 2014. The reduction in tax losses primarily accounts for tax revenues being slightly higher than the budgeted amount at September 30, 2014.

To date, there has been no "Use of Fund Balance" accounting for the 25% negative variance in this General Fund category. Since overall revenues at the end of the first quarter exceed expenditures by approximately $14.9 million the City so far has not had a need to utilize this revenue source.

"Intergovernmental Revenue" has a negative 22% variance compared to a 22% negative variance at this time a year ago. The negative variance is attributable to the timing of the first state-shared revenue payment received from the state. The first revenue-sharing payment is received in October, which is after the end of the first quarter.

"Fines and Forfeitures" have an 18% negative variance as of September 30, 2014 compared to a 17% negative variance at September 30, 2013. This is attributable to the first payment from the 48th District Court for the fiscal year not being received until after the end of the first quarter. This payment will also be received in October.

"Interest and Rent" is showing a negative 13% variance. Investment income is the major source of revenue accounted for in this category. As of the end of September, interest on the City's investments had not been recorded for the month of September. Once the entry is made in October a large portion of the negative variance will be reversed.

Budgeted funds with negative revenue variances at September 30, 2014 include the Major Street Fund (6%), Local Street Fund (11%), Principal Shopping District Fund (17%), Community Development Block Grant Fund (22%) Corridor Improvement Authority (24%) and the Law and Drug Enforcement Fund (25%). To date a "Use of Fund Balance" is not being shown for the Major and Local Street Funds, Principal Shopping District Fund, Corridor Improvement Authority Fund or the Law and Drug Enforcement Fund. This is significantly contributing to their negative variances.

The negative variance in "Interest and Rent" showing within the various funds is attributable to interest for the month of September being recorded after the end of the first quarter. Also, lower than expected interest rates are negatively impacting investment income. The negative variance of 6% and 12% in the Major and Local Street Funds, respectively, for "Other Revenue" is attributable to special assessments. Once the special assessments are billed and collected for completed projects, this variance will be reversed. In addition, the special assessment for the Principal Shopping District is billed and collected after the beginning of the new calendar year. Therefore, at this time the special assessment has not been collected and accounts for the 25% negative variance for special assessments within this Fund.

The 22% negative variance in "Intergovernmental Revenue" within the Community Development Block Grant Fund will reverse itself during the remainder of the year as revenues are received from Oakland County to reimburse the City for projects completed under this grant program.

The large positive revenue variances in the Solid Waste Disposal Fund, Brownfield Redevelopment Fund, Baldwin Library Fund, and the Park & Recreation Debt Service Fund of 73%, 67%, 50%, and 75%, respectively, are primarily attributable, as in the General Fund, to the City receiving nearly all of its tax revenue within the first three months of the fiscal year.

Expenditures by Fund

Overall expenditures in the General Fund are showing a positive 4% variance as of September 30, 2014. This compares to a positive variance of 2% for the same period a year ago. The negative 6% variance in "Transfers Out" results from the second quarter payment to the 48th District Court being paid at the end of September instead of the beginning of the second quarter (October). As the year progresses, the negative variance will reverse itself.

There are no significant overall negative variances in any of the budgeted funds except for the Park & Recreation Debt Service Fund. The negative 57% variance in the Park & Recreation Debt Service Fund is attributable to most of the payment on the City's outstanding debt accounted for within this fund coming due prior to the end of the first quarter. As the year progresses, the variance will be reversed. The negative 4% variance in the Local Streets Fund results primarily from capital expenditures for the Mohegan and Kennesaw Avenue road reconstruction project being made during the first quarter of the year.

REVENUE REPORT FOR THE CITY OF BIRMINGHAM
PERIOD ENDING 09/30/2014
Fiscal Year Completed: 25%

	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% ESTIMATE	% BDGT USED	% VARIANCE	2013-14 AMENDED BUDGET	YTD BALANCE 09/30/2013	% ESTIMATE	% BDGT USED	% VARIANCE
Fund 101 - GENERAL FUND										
USE OF FUND BALANCE	430,029	-	25%	0%	-25%	1,128,938	-	25%	0%	-25%
TAXES	19,656,960	19,725,209	25%	100%	75%	19,098,970	19,053,690	25%	100%	75%
LICENSES AND PERMITS	2,725,260	673,214	25%	25%	0%	2,135,260	536,182	25%	25%	0%
INTERGOVERNMENTAL	1,887,720	48,920	25%	3%	-22%	1,854,570	50,881	25%	3%	-22%
CHARGES FOR SERVICES	2,825,090	638,287	25%	23%	-2%	2,707,500	620,384	25%	23%	-2%
FINES AND FORFEITURES	1,603,080	107,150	25%	7%	-18%	1,268,000	97,703	25%	8%	-17%
INTEREST AND RENT	231,600	27,651	25%	12%	-13%	258,100	28,654	25%	11%	-14%
OTHER REVENUE	110,310	75,486	25%	68%	43%	136,600	34,211	25%	25%	0%
TOTAL Revenues	**$ 29,470,049**	**$ 21,295,918**	**25%**	**72%**	**47%**	**$ 28,587,938**	**$ 20,421,706**	**25%**	**71%**	**46%**
Fund 202 - MAJOR STREETS FUND										
USE OF FUND BALANCE	2,920,279	-	25%	0%	-25%	1,289,581	-	25%	0%	-25%
INTERGOVERNMENTAL	889,760	664,190	25%	75%	50%	878,100	228,476	25%	26%	1%
INTEREST AND RENT	29,980	3,314	25%	11%	-14%	31,620	3,680	25%	12%	-13%
OTHER REVENUE	10,500	1,967	25%	19%	-6%	11,350	5,986	25%	53%	28%
TRANSFERS IN	1,200,000	300,000	25%	25%	0%	1,200,000	300,000	25%	25%	0%
TOTAL Revenues	**$ 5,050,519**	**$ 969,471**	**25%**	**19%**	**-6%**	**$ 3,410,651**	**$ 538,142**	**25%**	**16%**	**-9%**
Fund 203 - LOCAL STREETS FUND										
USE OF FUND BALANCE	1,802,405	-	25%	0%	-25%	1,809,370	-	25%	0%	-25%
INTERGOVERNMENTAL	359,040	93,867	25%	26%	1%	355,520	92,577	25%	26%	1%
INTEREST AND RENT	35,200	7,840	25%	22%	-3%	31,930	14,222	25%	45%	20%
OTHER REVENUE	96,830	12,308	25%	13%	-12%	69,870	30,220	25%	43%	18%
TRANSFERS IN	2,000,000	500,000	25%	25%	0%	2,000,000	500,000	25%	25%	0%
TOTAL Revenues	**$ 4,293,475**	**$ 614,014**	**25%**	**14%**	**-11%**	**$ 4,266,690**	**$ 637,019**	**25%**	**15%**	**-10%**
Fund 226 - SOLID WASTE FUND										
USE OF FUND BALANCE	19,580	-	25%	0%	-25%	75,387	-	25%	0%	-25%
TAXES	1,809,000	1,808,897	25%	100%	75%	1,700,000	1,692,785	25%	100%	75%
CHARGES FOR SERVICES	22,900	5,530	25%	24%	-1%	22,000	5,771	25%	26%	1%
INTEREST AND RENT	9,680	887	25%	9%	-16%	11,450	867	25%	8%	-17%
OTHER REVENUE	-	10	25%	-	-	-	-	25%	-	-
TOTAL Revenues	**$ 1,861,160**	**$ 1,815,324**	**25%**	**98%**	**73%**	**$ 1,808,837**	**$ 1,699,423**	**25%**	**94%**	**69%**
Fund 243 - BROWNFIELD REDEVELOPMENT AUTHORITY										
USE OF FUND BALANCE	-	-	25%	-	-	20,710	-	25%	0%	-25%
TAXES	219,700	219,700	25%	100%	75%	174,200	174,200	25%	100%	75%
CHARGES FOR SERVICES	-	-	25%	-	-	-	-	25%	-	-
INTEREST AND RENT	2,620	501	25%	19%	-6%	3,540	359	25%	10%	-15%
OTHER REVENUE	5,000	5,260	25%	105%	80%	5,000	-	25%	0%	-25%
TRANSFERS IN	25,000	6,250	25%	25%	0%	20,450	5,113	25%	25%	0%
TOTAL Revenues	**$ 252,320**	**$ 231,711**	**25%**	**92%**	**67%**	**$ 223,900**	**$ 179,671**	**25%**	**80%**	**55%**
Fund 247 - PRINCIPAL SHOPPING DISTRICT										
USE OF FUND BALANCE	72,338	-	25%	0%	-25%	69,350	-	25%	0%	-25%
INTEREST AND RENT	6,740	683	25%	10%	-15%	7,520	743	25%	10%	-15%
OTHER REVENUE	165,000	87,674	25%	53%	28%	175,000	98,808	25%	56%	31%
SPECIAL ASSESSMENTS	889,570	6,417	25%	1%	-24%	866,660	1,555	25%	0%	-25%
TOTAL Revenues	**$ 1,133,648**	**$ 94,773**	**25%**	**8%**	**-17%**	**$ 1,118,530**	**$ 101,106**	**25%**	**9%**	**-16%**
Fund 248 - COMMUNITY DEVELOPMENT BLOCK GRANT FUND										
INTERGOVERNMENTAL	33,010	971	25%	3%	-22%	91,302	55,975	25%	61%	36%
TOTAL Revenues	**$ 33,010**	**$ 971**	**25%**	**3%**	**-22%**	**$ 91,302**	**$ 55,975**	**25%**	**61%**	**36%**
Fund 251 - CORRIDOR IMPROVEMENT AUTHORITY FUND										
USE OF FUND BALANCE	4,680	-	25%	0%	-25%	4,850	-	25%	0%	-25%
TAXES	-	-	25%	-	-	-	-	25%	-	-
INTEREST AND RENT	320	40	25%	12%	-13%	150	35	25%	23%	-2%
TRANSFERS IN	-	-	25%	-	-	10,000	2,500	25%	25%	0%
TOTAL Revenues	**$ 5,000**	**$ 40**	**25%**	**1%**	**-24%**	**$ 15,000**	**$ 2,535**	**25%**	**17%**	**-8%**
Fund 265 - LAW AND DRUG ENFORCEMENT FUND										
USE OF FUND BALANCE	169,691	-	25%	0%	-25%	26,473	-	25%	0%	-25%
FINES AND FORFEITURES	32,500	-	25%	0%	-25%	55,000	-	25%	0%	-25%
INTEREST AND RENT	2,510	158	25%	6%	-19%	3,010	171	25%	6%	-19%
OTHER REVENUE	-	-	25%	-	-	-	-	25%	-	-
TOTAL Revenues	**$ 204,701**	**$ 158**	**25%**	**0%**	**-25%**	**$ 84,483**	**$ 171**	**25%**	**0%**	**-25%**

REVENUE REPORT FOR THE CITY OF BIRMINGHAM
PERIOD ENDING 09/30/2014
Fiscal Year Completed: 25%

	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% ESTIMATE	% BDGT USED	% VARIANCE	2013-14 AMENDED BUDGET	YTD BALANCE 09/30/2013	% ESTIMATE	% BDGT USED	% VARIANCE
Fund 271 - BALDWIN LIBRARY FUND										
USE OF FUND BALANCE	-	-	25%	-	-	-	-	25%	-	-
TAXES	2,050,990	2,075,865	25%	101%	76%	2,020,940	2,010,890	25%	100%	75%
INTERGOVERNMENTAL	883,148	183,555	25%	21%	-4%	875,180	204,408	25%	23%	-2%
CHARGES FOR SERVICES	101,920	27,368	25%	27%	2%	115,320	26,221	25%	23%	-2%
INTEREST AND RENT	16,850	1,642	25%	10%	-15%	15,900	1,696	25%	11%	-14%
TOTAL Revenues	**$ 3,052,908**	**$ 2,288,430**	**25%**	**75%**	**50%**	**$ 3,027,340**	**$ 2,243,215**	**25%**	**74%**	**49%**
Fund 308 - PARK & RECREATION BOND DEBT SERVICE FUND										
USE OF FUND BALANCE	-	-	25%	-	-	-	-	25%	-	-
TAXES	1,523,980	1,523,892	25%	100%	75%	1,454,040	1,044,175	25%	72%	47%
INTEREST AND RENT	2,300	627	25%	27%	2%	1,630	504	25%	31%	6%
OTHER REVENUE	-	-	25%	-	-	-	-	25%	-	-
TRANSFERS IN	-	-	25%	-	-	-	-	25%	-	-
TOTAL Revenues	**$ 1,526,280**	**$ 1,524,520**	**25%**	**100%**	**75%**	**$ 1,455,670**	**$ 1,044,680**	**25%**	**72%**	**47%**

EXPENDITURE REPORT FOR THE CITY OF BIRMINGHAM
PERIOD ENDING 09/30/2014
Fiscal Year Completed: 25%

	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% ESTIMATE	% BDGT USED	% VARIANCE	2013-14 AMENDED BUDGET	YTD BALANCE 09/30/2013	% ESTIMATE	% BDGT USED	% VARIANCE
Fund 101 - GENERAL FUND										
PERSONNEL SERVICES	18,599,180	3,660,381	25%	20%	5%	17,712,880	3,421,478	25%	19%	6%
SUPPLIES	600,793	142,198	25%	24%	1%	577,179	127,278	25%	22%	3%
OTHER CHARGES	4,690,484	889,736	25%	19%	6%	4,689,742	941,650	25%	20%	5%
TRANSFERS OUT	5,008,060	1,561,571	25%	31%	-6%	5,070,490	2,060,193	25%	41%	-16%
CAPITAL OUTLAY	571,532	66,439	25%	12%	13%	537,646	46,650	25%	9%	16%
TOTAL Expenditures	**$ 29,470,049**	**$ 6,320,325**	**25%**	**21%**	**4%**	**$ 28,587,937**	**$ 6,597,249**	**25%**	**23%**	**2%**
Fund 202 - MAJOR STREETS FUND										
PERSONNEL SERVICES	611,170	89,462	25%	15%	10%	533,970	83,993	25%	16%	9%
SUPPLIES	122,500	10,779	25%	9%	16%	167,700	5,094	25%	3%	22%
OTHER CHARGES	688,190	71,756	25%	10%	15%	771,998	100,061	25%	13%	12%
CAPITAL OUTLAY	3,628,659	70,834	25%	2%	23%	1,936,983	247,013	25%	13%	12%
TOTAL Expenditures	**$ 5,050,519**	**$ 242,830**	**25%**	**5%**	**20%**	**$ 3,410,651**	**$ 436,161**	**25%**	**13%**	**12%**
Fund 203 - LOCAL STREETS FUND										
PERSONNEL SERVICES	665,650	127,429	25%	19%	6%	638,560	125,018	25%	20%	5%
SUPPLIES	133,340	12,355	25%	9%	16%	103,210	13,367	25%	13%	12%
OTHER CHARGES	908,318	145,904	25%	16%	9%	952,253	173,804	25%	18%	7%
CAPITAL OUTLAY	2,586,167	950,958	25%	37%	-12%	2,572,667	492,508	25%	19%	6%
TOTAL Expenditures	**$ 4,293,475**	**$ 1,236,645**	**25%**	**29%**	**-4%**	**$ 4,266,690**	**$ 804,697**	**25%**	**19%**	**6%**
Fund 226 - SOLID WASTE FUND										
PERSONNEL SERVICES	204,890	13,171	25%	6%	19%	198,310	21,823	25%	11%	14%
SUPPLIES	8,000	810	25%	10%	15%	13,477	4,021	25%	30%	-5%
OTHER CHARGES	1,612,270	302,184	25%	19%	6%	1,584,050	295,284	25%	19%	6%
CAPITAL OUTLAY	36,000	-	25%	0%	25%	13,000	-	25%	0%	25%
TOTAL Expenditures	**$ 1,861,160**	**$ 316,165**	**25%**	**17%**	**8%**	**$ 1,808,837**	**$ 321,128**	**25%**	**18%**	**7%**
Fund 243 - BROWNFIELD REDEVELOPMENT AUTHORITY										
OTHER CHARGES	217,000	5,746	25%	3%	22%	158,150	2,133	25%	1%	24%
DEBT SERVICE	32,750	-	25%	0%	25%	65,750	-	25%	0%	25%
TOTAL Expenditures	**$ 249,750**	**$ 5,746**	**25%**	**2%**	**23%**	**$ 223,900**	**$ 2,133**	**25%**	**1%**	**24%**
Fund 247 - PRINCIPAL SHOPPING DISTRICT										
PERSONNEL SERVICES	408,210	102,339	25%	25%	0%	414,620	82,477	25%	20%	5%
SUPPLIES	6,250	1,384	25%	22%	3%	8,000	1,643	25%	21%	4%
OTHER CHARGES	719,188	183,908	25%	26%	-1%	695,910	188,072	25%	27%	-2%
TOTAL Expenditures	**$ 1,133,648**	**$ 287,630**	**25%**	**25%**	**0%**	**$ 1,118,530**	**$ 272,192**	**25%**	**24%**	**1%**
Fund 248 - COMMUNITY DEVELOPMENT BLOCK GRANT FUND										
OTHER CHARGES	33,010	971	25%	3%	22%	91,302	55,975	25%	61%	-36%
TOTAL Expenditures	**$ 33,010**	**$ 971**	**25%**	**3%**	**22%**	**$ 91,302**	**$ 55,975**	**25%**	**61%**	**-36%**
Fund 251 - CORRIDOR IMPROVEMENT AUTHORITY FUND										
OTHER CHARGES	5,000	-	25%	0%	25%	15,000	-	25%	0%	25%
TOTAL Expenditures	**$ 5,000**	**$ -**	**25%**	**0%**	**25%**	**$ 15,000**	**$ -**	**25%**	**0%**	**25%**
Fund 265 - LAW AND DRUG ENFORCEMENT FUND										
SUPPLIES	10,531	1,097	25%	10%	15%	7,380	509	25%	7%	18%
OTHER CHARGES	-	-	25%	-	-	9,300	9,300	25%	100%	-75%
CAPITAL OUTLAY	194,170	9,401	25%	5%	20%	67,803	67,731	25%	100%	-75%
TOTAL Expenditures	**$ 204,701**	**$ 10,498**	**25%**	**5%**	**20%**	**$ 84,483**	**$ 77,540**	**25%**	**92%**	**-67%**
Fund 271 - BALDWIN LIBRARY FUND										
PERSONNEL SERVICES	1,953,685	402,536	25%	21%	4%	1,933,810	415,589	25%	21%	4%
SUPPLIES	62,200	11,741	25%	19%	6%	57,500	19,047	25%	33%	-8%
OTHER CHARGES	479,320	100,094	25%	21%	4%	465,550	93,543	25%	20%	5%
CAPITAL OUTLAY	544,350	114,510	25%	21%	4%	528,750	81,494	25%	15%	10%
TOTAL Expenditures	**$ 3,039,555**	**$ 628,881**	**25%**	**21%**	**4%**	**$ 2,985,610**	**$ 609,674**	**25%**	**20%**	**5%**
Fund 308 - PARK & RECREATION BOND DEBT SERVICE FUND										
DEBT SERVICE	1,508,980	1,240,889	25%	82%	-57%	1,439,040	1,152,464	25%	80%	-55%
TOTAL Expenditures	**$ 1,508,980**	**$ 1,240,889**	**25%**	**82%**	**-57%**	**$ 1,439,040**	**$ 1,152,464**	**25%**	**80%**	**-55%**