



First Quarter Report FY2015-16

TO: Mayor and Town Council

FROM: Jeanne Blackman, Town Manager
James Alcantar, Chief Financial Officer

SUBJECT: Fiscal Year 2015-16 First Quarter Report

We are pleased to present to you a comprehensive fiscal year 2015-16 (FY16) first quarter financial report. This report will include a financial status summarization for the General Fund and Highway User Revenue Fund (HURF), a description of major revenue categories, and a comparison to the first quarter year-to-date (YTD) of fiscal year 2014-15 (FY15) to first quarter YTD FY16. We have not included a FY16 year-end financial projection because the data is susceptible to volatility in the first quarter.

We have used one or more of the following in our analysis in order to assess the fund status and projections for fiscal year end:

- ◆ 2015-16 Actual revenue/expenditure to date and as a percentage of budget
- ◆ Comparison of first quarter actual for FY 2015-16 as compared to first quarter actual for FY 2014-15

In looking at monthly collections of revenues or expenditures within a fiscal year, if both occur equally each month, the Town would receive 8.33% of budgeted revenues and/or expenditures each month for a total of 25% received and/or expended by the first quarter of the fiscal year. In reality, revenues such as sales tax or fees normally do not follow that pattern nor do expenditures. This is especially the case in the first quarter because some large expenditures are incurred during July. However, for tracking purposes, if revenues do not equal at least 25% for the first quarter, or expenditures exceed 25%, it is important to research and document the variances to determine if it may have an impact on the financial position by fiscal year end.

The General Fund's first quarter YTD revenue for FY2015-16 totals \$838,300 (Table A), which is approximately a 5.24% increase above the same period last year (\$41,705). Revenue categories are discussed in further detail in the report. This increase over the prior year first quarter indicates both the state and local economies continue to improve.

Table A

		FY 16	FY 15	VARIANCE	% VARIANCE
4311	Town Sales Tax	354,228	345,196	9,032	2.62%
4321	Utility Franchise Fees	45,119	44,734	385	0.86%
4322	Occupational License	10,695	9,345	1,350	14.45%
4323	Building Permits	6,682	6,208	474	7.63%
4326	Audit Payments-Town Sales Tax	935	-	935	0.00%
4332	Urban Revenue Sharing	185,295	186,305	(1,010)	-0.54%
4333	State Sales Tax	141,777	132,954	8,823	6.64%
4334	Vehicle License Tax	61,531	49,248	12,283	24.94%
4350	Recreation Fees	1,143	2,324	(1,181)	-50.82%
4352	Library Revenue	318	540	(222)	-41.10%
4369	Court Enhancement Fund	4,093	-	4,093	0.00%
4370	Judicial Collection Enhancemen	278	-	278	0.00%
4371	Court Revenue	12,271	12,186	85	0.70%
4372	Court/Fill-the-Gap	302	415	(113)	-27.22%
4373	Interest/Local Govt Inv Pool	576	627	(51)	-8.07%
4374	Interest-Englewood Dev	1,512	2,395	(883)	-36.87%
4375	Agua Fria Ranch CFD O&M	298	162	137	84.35%
4385	Donations	1,000	3,000	(2,000)	-66.67%
4389	Miscellaneous	10,247	957	9,291	971.35%
	Total Revenue	838,300	796,595	41,705	5.24%

Table B on the following page shows the General Fund’s first quarter expenses total \$637,578 which is approximately 14.55% less than what was expended the first quarter YTD in FY15. Over \$216,900 or 34% of the \$637,578 in expenses is for salaries and benefits with the remainder for operational costs.

The Percent of Variance column is comparing the FY15 to FY16 first quarter YTD expenditures as the amount of increase or decrease. For example, expenditures for the General Government department are down 21.82% in FY16 from the same time period (July-September) in FY15. The Community Development department budget was eliminated toward the end of FY15 and is only shown to make the totals accurate.



Table B

	FY 16	FY 15	VARIANCE	% VARIANCE
01 GENERAL GOVERNMENT	198,530	253,955	(55,425)	-21.82%
03 PARKS	34,942	40,309	(5,368)	-13.32%
05 COURTS	41,951	61,132	(19,181)	-31.38%
06 BUILDINGS	29,877	38,543	(8,666)	-22.48%
16 LIBRARY	24,026	30,320	(6,295)	-20.76%
18 BUILDING SAFETY	18,252	2,542	15,710	618.10%
19 CODE ENFORCEMENT	290,001	269,380	20,621	7.65%
20 COMMUNITY DEVELOPMENT	-	49,938	(49,938)	-100.00%
Total Expenditure	637,578	746,119	(108,541)	-14.55%

Table C

	ACTUAL YTD	BUDGET	REMAINING	% OF BUDGET
Town Sales Tax	354,228	1,361,730	(1,007,502)	26.01%
Utility Franchise Fees	45,119	175,000	(129,881)	25.78%
Occupational License	10,695	32,000	(21,305)	33.42%
Building Permits	6,682	22,000	(15,318)	30.37%
Audit Payments-Town Sales Tax	935	15,000	(14,065)	6.24%
Urban Revenue Sharing	185,295	741,182	(555,887)	25.00%
State Sales Tax	141,777	588,102	(446,325)	24.11%
Vehicle License Tax	61,531	243,305	(181,774)	25.29%
Recreation Fees	1,143	6,000	(4,857)	19.05%
Library Revenue	318	1,200	(882)	26.52%
Court Enhancement Fund	4,093	50,341	(46,248)	8.13%
Judicial Collection Enhancement	278	2,000	(1,722)	13.88%
Court Revenue	12,271	75,000	(62,729)	16.36%
Court/Fill-the-Gap	302	7,000	(6,698)	4.32%
Interest/Local Govt Inv Pool	576	2,753	(2,177)	20.93%
Interest-Englewood Dev	1,512	6,600	(5,088)	22.91%
Agua Fria Ranch CFD O&M	298	20,013	(19,715)	1.49%
Donations	1,000	6,100	(5,100)	16.39%
Miscellaneous	10,247	1,000	9,247	1024.75%
Sale/Rental Town Property	-	1,000	(1,000)	0.00%
Total Revenue	838,300	3,357,326	(2,519,026)	24.97%



TABLES A & C -GENERAL FUND REVENUES

General Fund- Major Revenue Categories

On page 3 of this report Table C presents the FY16 General Fund actual revenue collections to budget for the first quarter (July 1, 2015 through September 30, 2015). The remaining column illustrates what needs to be collected through the remaining 9 months of the year to realize the budget projections. The collections near 25% are on target to reach the budgeted figures. As shown in the table, the total collections for the quarter are at 24.97% of what was budgeted for the year. This puts total revenue almost exactly at 8.33% each month.

The Court revenues are below projections because of a decrease in citations issued within Youngtown town limits. The Agua Fria Ranch Community Facilities District collections have traditionally been cyclical (see Table A) and tend to increase as the year goes on. If a certain budget item does realize less than was budgeted, other items are on track to over realize, making up the difference. Total Revenue is the most important row in Table C.

Local Sales Tax – In Table A, first quarter local sales tax collections increased 2.62% over the first quarter of FY15. In Table C, the local sales tax received through the first quarter of FY16 is 26% of the budget projection.

State Shared Revenues - These revenues include the Town's portion of the State Urban Revenue Sharing (Income Tax), State-Shared Sales Tax, and Vehicle License Tax. These collections are all near the 25% target YTD. Combined, the state shared revenues also are exceeding first quarter FY 15 receipts by almost \$20,100.

GENERAL FUND – EXPENDITURES

As noted earlier in this report, Table B shoes the General Fund spent \$637,578 for the first quarter of fiscal year 2015-16. This is approximately 14.55% less than what was expended by September 30 of last fiscal year. Table D shows approximately 15.16% of the FY16 budget for all departments has been spent. The largest for the low percentage of General Government department expenditures for the 1st Quarter of FY16 is vacant positions that will be filled later in the fiscal year. However, it is important to note that likewise with revenues, there will be deviations from the 8.33% per month expenditures since items are purchased or projects are completed throughout the fiscal year. At this point, it is fair to assume there will be overall savings to the General Fund however.

Table D

	ACTUAL YTD	BUDGET	REMAINING	% OF BUDGET
GENERAL GOVERNMENT	198,530	2,151,480	1,952,950	9.23%
COURTS	41,951	182,573	140,622	22.98%
BUILDINGS	29,877	238,521	208,644	12.53%
LIBRARY	24,026	121,856	97,830	19.72%
BUILDING SAFETY	18,252	134,396	116,144	13.58%
CODE ENFORCEMENT	290,001	1,226,724	936,723	23.64%
Total Expenditure	637,578	4,204,291	3,566,713	15.16%

GENERAL FUND SUMMARY

Overall, based on revenue and expenditure analysis of fiscal year 2015 year to date versus fiscal year 2016 year to date, Youngtown should meet the annual budget projections of revenues and be below for expenditures. The economy is improving as seen in the increases in local sales taxes and state shared revenues. Also, the department heads are spending conservatively within their budget limitations and are currently below budget expectations.

HURF SUMMARY

HURF REVENUES

The Highway User Revenue Fund (HURF) is what is referred to as the gasoline tax. HURF monies are only to be used for street related purposes. The Town maintains the HURF revenues and expenditures in a separate fund to ensure this. Table E is a summary of the HURF revenues collected through the first quarter of FY16 as compared to the FY15. The HURF has currently received \$4,891 or 5.39% more revenue than at this point in FY 15. Table F is a comparison of revenues compared to the FY 16 budget. As of the end of the first quarter, HURF has received 24.99% of its budgeted revenues. Highway User Revenues are coming in slightly higher than anticipated. The Regional Public Transportation Association (RPTA) grant is based on an expenditure reimbursement basis so the amount will be realized by fiscal year end. HURF revenue is on the rise due to the increase in gas sales throughout Arizona. Lower gas prices lead consumers to purchase more gasoline which generates more revenue.



Table E

		FY 16	FY 15	VARIANCE	% VARIANCE
4346	Highway User Revenue	96,965	92,129	4,836	5.25%
4373	Interest/Local Govt Inv Pool	291	156	135	86.16%
	Total Revenue	97,256	92,285	4,971	5.39%

Table F

	ACTUAL YTD	BUDGET	REMAINING	% OF BUDGET
Highway User Revenue	96,965	370,234	(273,269)	26.19%
RPTA Grants	-	18,164	(18,164)	0.00%
Interest/Local Govt Inv Pool	291	726	(435)	40.10%
Total Revenue	97,256	389,124	(291,868)	24.99%

Table G

		FY 16	FY 15	VARIANCE	% VARIANCE
6110	Salaries, Regular	12,636	14,273	(1,636)	-11.46%
6210	Employer Fica & Medicare Exp	988	1,077	(89)	-8.28%
6230	Az State Retirement System	1,499	1,656	(156)	-9.44%
6250	Group Health Insurance	1,418	1,701	(284)	-16.67%
6255	Life Insurance AD&D	24	28	(5)	-16.67%
6257	Dental Insurance	114	137	(23)	-16.64%
6258	Vision Insurance	27	32	(5)	-16.64%
7305	Supplies	157	314	(157)	-50.02%
7351	Equipment Repair & Maintenance	-	368	(368)	-100.00%
7352	Vehicle Repair & Maintenance	85	45	40	88.36%
7354	Streets Repair	3,600	80,795	(77,195)	-95.54%
7356	Street Sweeping	-	2,000	(2,000)	-100.00%
7505	Telephone	52	99	(47)	-47.55%
7507	Cell Phone	-	103	(103)	-100.00%
7520	Internet Service Provider	39	9	29	315.11%
7575	Gas and Oil	766	437	329	75.38%
7672	Insurance, General	-	3,115	(3,115)	-100.00%
7755	ADEZ MS4 Permit	2,500	2,500	-	0.00%
7923	Storm Water & Erosion	-	1,000	(1,000)	-100.00%
7926	RPTA Grant Transit Amenities	-	(210)	210	-100.00%
7975	MAG-LOCAL MATCH	250	8,200	(7,950)	-96.95%
	Total Expenditure	24,155	117,678	(93,524)	-79.47%

HURF EXPENDITURES

Table G shows the first quarter FY 16 YTD HURF expenditures compared to FY 15. Over \$16,700 or 69% of the \$24,155 in expenses is for salaries and benefits with the remainder for operational costs. HURF expenditures are 79.47% lower than they were this time last year. The major difference comes from the street repair projects that were funded in early FY 15. Table H compares the quarter YTD to the budget. Total HURF expenditures YTD are about 5% of what was budgeted for the year. As is the case with the General Fund, HURF expenditures fluctuate throughout the year. At this rate HURF should be under budget for the year however.

Table H

	ACTUAL YTD	BUDGET	REMAINING	% OF BUDGET
Salaries, Regular	12,636	58,061	45,425	21.76%
Salaries, Overtime	-	205	205	0.00%
Employer Fica & Medicare Exp	988	4,457	3,469	22.17%
Az State Retirement System	1,499	6,683	5,184	22.44%
Workman's Compensation	-	5,629	5,629	0.00%
Group Health Insurance	1,418	6,804	5,386	20.84%
Life Insurance AD&D	24	113	89	20.84%
Dental Insurance	114	549	435	20.85%
Vision Insurance	27	88	61	30.45%
Unemployment Insurance	-	350	350	0.00%
Supplies	157	600	443	26.13%
Legal Advertising	-	200	200	0.00%
Equipment Repair & Maintenance	-	1,500	1,500	0.00%
Vehicle Repair & Maintenance	85	2,000	1,915	4.24%
Streets Repair	3,600	200,000	196,400	1.80%
Street Sweeping	-	14,220	14,220	0.00%
Weed Control	-	1,700	1,700	0.00%
Minor Tools and Equipment	-	200	200	0.00%
Telephone	52	450	398	11.58%
Cell Phone	-	250	250	0.00%
Internet Service Provider	39	65	26	59.58%
Gas and Oil	766	2,500	1,734	30.64%
Equipment Rentals	-	250	250	0.00%
Insurance, General	-	3,115	3,115	0.00%
Accounting/Auditing	-	8,000	8,000	0.00%
Legal Expense, Hwy Users Fund	-	300	300	0.00%
ADEZ MS4 Permit	2,500	2,500	-	100.00%
Training	-	300	300	0.00%
Employee Related Testing	-	200	200	0.00%
Contingency	-	37,083	37,083	0.00%
Storm Water & Erosion	-	2,000	2,000	0.00%
RPTA Grant Transit Amenities	-	18,164	18,164	0.00%
Equipment	-	5,000	5,000	0.00%
Street Improvement Project	-	15,691	15,691	0.00%
MAG-LOCAL MATCH	250	100,000	99,750	0.25%
Total Expenditure	24,155	499,227	475,072	4.84%