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LANSING CITY CLERK

Virg Bernero, Mayor

TO: City Clerk Chris Swope

FROM: Mayor Virg Bernero

DATE: April 30, 2014

RE: FY 2014 3rd Quarter General Fund Status Report

Pursuant to Section 7-110 of the City Charter, attached please find the General Fund Status Report for the third quarter of Fiscal Year 2014.

General Fund Status Report – FY 2014 3rd Quarter

Please see accompanying summary detail (page 3)

Revenues

In total, General Fund revenues collected through the second quarter of Fiscal Year 2014 (July – March) were on par with the average of the past three years' second quarter collection rates, as a percentage of year-end amounts, at 63% compared to 63% as adjusted (see footnote 2 on the accompanying summary).

- The vast majority of **Property Taxes** are collected in the first month of the fiscal year. At the end of the third quarter, they were were generally on par, as a percentage of budget, compared to the average of the past three year's second quarter collection rates, at 97.5% compared to 97.1%. Property taxes comprise 32% of General Fund revenues.

- As a percentage of budget, **Income Tax** collections were higher than the average collection rate for the past three years, at 60.4% of budget, compared to 56.0%. It should be noted that income tax revenues fluctuate from previous trends due to timing differences in remittances; however, they have shown sustained strength this fiscal year. Income taxes make up 25% of General Fund revenues.

- **State Revenue Sharing** and Fire Protection/Bad Driver Fees are higher than the March 31 target, at 57.2% compared to 51.0%, due to increased collections of State sales tax. The City has complied with the October 1 Economic Vitality Program (EVIP) deadline for the Accountability and Transparency submission and the February 1 deadline for consolidation of services. State revenue accounts for 13% of General Fund revenues.

- **Charges for Services** were lower as a percentage of year-end totals for the average of the same period for the last three years, at 60.3% of budget compared to 67.8% in prior years, but improved from last year. The lower percentage is primarily attributed to ambulance revenues. Charges for service comprise about 8% of General Fund revenues.

- In total, **Licenses and Permits** revenues were slightly lower than the average collection rate of the same period for the last three years as a percentage of year-end totals, at 48.3% of budget, compared to 50.3%. Licenses and permits make up only 1.5% of General Fund revenues.

- Collection rates for **Fines and Forfeiture** were lower as a percentage of year-end totals for the average of the last three years, at 63.6% of the budget compared to 67.8%. Fines and Forfeiture revenue makes up 2% of General Fund revenues

- The City's **Return on Equity** payment from the Board of Water and Light (BWL), was higher as a percentage of year-end totals for the average of the last three years (49.7% compared to 1.4%), due to a change in the new contract payment schedule. Payments are now received semi-annually, where they were previously received annually at the end of the fiscal year. Return on equity payments account for 18% of General Fund.

- **Interest** revenue is posted as investments mature, the timing of which varies from year-to-year.

Expenditures

In total, taking into account the vacancy factor, expenditures for General Fund operating departments (excluding debt service and transfers to other funds) were under the budget target -- at 68.9% as of March 31, compared to a budgetary target of 70.5%. Due to the December and January storms, spring flood preparedness, and Human Service needs, the Public Service and Human Relations & Community Services budgets exceeded third quarter targets and will likely require budget amendments.

Summary

Through March 31, General Fund revenues and expenditures, in total, are on track.

General Fund Status Report – FY 2014 March 31, 2014

Revenues	Annual Budget	Actual as of 3/31/14	Percent of Budget	Avg. Percent of Year-End Actuals as of March 31 FY 2011 - 2013
Property Taxes	$ 37,519,000	$ 36,571,655	97.5%	97.1%
Income Taxes	29,130,000	17,589,786	60.4%	56.0%
Revenue Sharing	14,568,300	8,331,687	57.2%	51.0%
Licenses & Permits	1,563,700	755,425	48.3%	50.3%
Charges for Services	9,002,000	5,428,653	60.3%	67.8%
Fines & Forfeitures	2,595,400	1,651,484	63.6%	67.8%
Interest & Rent	60,000	41,799	69.7%	86.3%
Return on Equity	21,000,000	10,445,735	49.7% (2)	1.4%
Other Revenue	276,144	325,945	118.0%	41.7%
Total Revenues	$ 115,714,544	$ 81,142,169 (1)	**70.1%** (2)	**63.6%**

Expenditures	Annual Budget	Actual as of 3/31/14	Percent of Budget	Target, Including Vacancy Factor
Council	$ 631,600	$ 428,558	67.9%	
Internal Audit	184,460	121,778	66.0%	
Courts	5,608,490	3,805,742	67.9%	
Mayor's Office	792,470	571,622	72.1%	
Media Center	334,250	233,045	69.7%	
Clerk's Office	880,400	622,662	70.7%	
Planning & Neighborhood Development	845,050	568,034	67.2%	
Finance	4,895,100	3,254,016	66.5%	
Human Resources	1,612,670	982,395	60.9%	
Attorney's Office	1,452,640	1,012,309	69.7%	
Vacancy Factor	(600,000)	-	0.0%	
Police	35,525,605	24,494,828	68.9%	
Fire	31,704,800	21,197,887	66.9%	
Public Service	9,442,090	7,019,869	74.3%	
Human Relations & Community Service	869,910	722,181	83.0%	
Parks & Recreation	7,048,750	4,560,985	64.7%	
Human Services & City Supported Agencies	1,860,607	1,413,038	75.9%	
	$ 103,088,892	$ 71,008,948	**68.9%**	**70.5%**
Library Lease	$ 155,000	$ 116,959	75.5%	
Debt Service	1,106,620	526,396	47.6%	
Transfers	11,513,850	9,638,580	83.7%	
	$ 115,864,362	$ 81,290,882 (1)		

Please see Pages 1 and 2 for an explanation of revenues and expenditures.

(1) **Note: Year-to-date revenue is always greater than expenditures at this time of year as property taxes, accounting for 32% of General Fund revenues, are collected at the beginning of the year.** Property taxes include delinquent amouts that will be reimbursement by the counties upon settlemei

(2) Variance from budget target is due to a change in payment timing for the Board of Water and Light return on equity payment. Previously, the payment was made annually at the end of the year. Starting this year, payments will be received semi-annually. Excluding this payment, total General Fund revenues in line with budgetary expectations, at 63% as of March 31, 2014.