

February 20, 2012

To: Missoula City Council

From: John Engen, Mayor

RE: Second Quarter Financial Report – FY 2012

City of Missoula Quarterly Financial Report

Second Quarter FY12- Mid-year

“Once every three months, the Mayor shall make a full and complete statement of the financial condition of the City to the City Council”

Missoula City Charter

We fulfill that obligation monthly by publishing our financial reports on our website in detail at www.ci.missoula.mt.us. Under financial services, you will see the financial reports tab. Here you will find budget reports, treasurer's reports, impact fee reports and an archive of Mayor's quarterly reports in simple-to-read and printable formats. Click on links below:

- [Second Quarter Revenue Report](#)
- [Second Quarter Expenditure Report](#)

Revenue and expenditure highlights

With 50 percent of the year completed, General Fund revenues are at 45%, due to the seasonal receipt of property tax revenues. By the end of the fiscal year, General Fund revenues are anticipated to be close to 100% of budget. Both intergovernmental revenues, motor vehicle receipts and fines and forfeits will lag in being recognized due to the fact that they are received a month in arrears. In addition, the city's business licensing cycle doesn't start until the second half of the fiscal year, which will generate nearly \$900,000 of revenue once completed in June. All of these revenue sources are expected to meet their budgeted levels by year end. Other special revenue and enterprise revenue streams are quite cyclical in nature, with some exceeding their expected level of income at the mid year and some behind the expected level of receipts. Again, like the General Fund, by year end, all of these other funds are expected to receive their budgeted level of revenue. We have some concerns around fee revenue in OPG; the numbers

aren't big, but they're considerably off from last year despite increasing those fees for FY12. Revenue-producing planning activities appear to be approaching new lows.

On the expense side of the ledger, with 50% of the year completed, General Fund expenditures are at 47%. Other funds are on target in their operating accounts but may be over or under the 50% mark in projects that have significant construction budgets or seasonal activities. By year end, the operating budgets in most special revenue, debt service and enterprise funded accounts should be near 100% expended. Those accounts whose construction season extends past the city's fiscal year end will be underspent at year as of June 30, 2012. In those cases, the city will re-budget the remaining amount to be spent on the construction projects in the next fiscal year.

Summary

Revenues and expenditures are performing as predicted and generally match historic patterns for variances based on business and operational cycles.