

June 28, 2011

To: Missoula City Council

From: John Engen, Mayor

RE: Quarterly Financial Report

City of Missoula Quarterly Financial Report *Third Quarter, FY11*

"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 web site in detail. (www.ci.missoula.mt.us) At the financial reports tab, you'll find budget reports in simple-to-read formats, treasurer's reports, impact fee reports and an archive of mayor's budget reports. You can look at revenues and expenditures from 30,000 feet to hundreds of pages of details.

Third quarter revenue report:

<http://www.ci.missoula.mt.us/archives/42/Copy%20of%20FY11%203rd%20Qtr%20Revenue.pdf>

Third quarter expenditure report:

<http://www.ci.missoula.mt.us/archives/42/Copy%20of%20FY11%203rd%20Qtr%20Expenditure%20Report.pdf>

Third quarter revenue comparison report:

[http://www.ci.missoula.mt.us/archives/42/Copy%20of%20Copy%20of%20Revenue%20Comparison%20FY11%20MAR%20Revised%20\(2\).pdf](http://www.ci.missoula.mt.us/archives/42/Copy%20of%20Copy%20of%20Revenue%20Comparison%20FY11%20MAR%20Revised%20(2).pdf)

Revenue and expenditure highlights

With 75 percent of the year completed, general fund revenues are 56 percent of budget. The gap is a product of the billing cycle for property taxes and seasonal cycles for fee-based activities. Investment revenues continue to perform poorly, and while we're at only 10 percent of budgeted revenue for the year, the budget number is small at \$28,000 total. Other enterprise revenues vary dramatically, too, again because of the cyclical nature of projects and operations, especially in parks.

On the expense side of the ledger, with 75 percent of the year complete, general-fund expenditures are at 64 percent. Some of that budget savings to date is again a product of the cyclical nature of projects and operations, but we have asked departments to hold back 1 percent of their budgets to compensate for operational expenses incurred by the Street Department during, and in the wake of, a long Missoula winter. We've diverted roughly \$800,000 to manage overtime, materials and paving of streets pitted with potholes. The department is 87 percent expended at the end of the third quarter and construction season hadn't begun.

Summary

Revenues and expenses are performing as predicted and generally match historic patterns for variances based on business and operational cycles. Our significant budget challenge has been in streets, and we've managed that through budget Savings and allocation of resources to do unbudgeted maintenance and repairs.