

Overview
Variance Report
For the Year Ended 9/30/09

Overview:

This report compares the preliminary year end balances as of 9/30/09 to the balances that were projected during the budget process. Year ending fund balances are projected during the budget process to establish an estimated beginning fund balance for the upcoming year. Projections are made conservatively, in order to provide assurance that the upcoming budget will begin with a fund balance that will support the new year.

Variance Explanations: The following information provides explanations to the variances in the projected fund balances .

- **General Fund:**

Overall, the General Fund's balance is \$397,938 higher than projected in the budget. Revenues ended the year with 14.2% overall higher than 2007/08, primarily due to the new property in the tax base as well as increased revenues from the expansion of the Recreation Center. Development and building activity was 31.7% lower than prior year. The decrease is due to the slowdown in the economy and overall housing market. Expenditures were lower than anticipated in all areas except Transportation. This variance relates to the timing of street projects.

- **Other Major Funds:**

The Electric Fund working capital is \$3.4 million higher than anticipated. While the revenues were within 1% of projections, costs were lower than anticipated, primarily due to purchased power contract savings.

Water revenue was 3% higher than projected, while Wastewater revenues were within 1% of projections. Tap fee revenue, however, was over \$497,000 lower than originally projected due to housing starts. The working capital balance for the Water Services Fund is \$4.5 million higher than anticipated, primarily due to the timing of capital projects. A budget amendment will be needed for projects from the prior year that need funding in the current year, including the San Gabriel parallel line and the Southlake Water Treatment Plan r project.

- **Internal Service Funds:**

The Facilities and Fleet internal service funds both had operational savings resulting in slightly higher working capital balances. The Information Services fund working capital was \$93,386 lower than anticipated, resulting from the timing of network improvement

projects that were able to start earlier than anticipated. The Joint Services fund working capital is \$125,172 less than anticipated, due to reduced allocation revenue from lower departmental costs.

- **CVB Fund:**

Hotel Occupancy Tax revenue was over \$64,204 less than the prior year, however was over \$50K more than projected. This resulted in a higher fund balance than anticipated. Ending fund balance was \$446,749.

- **Airport Fund:**

The Airport Fund working capital balance is \$28,993 higher than anticipated, primarily due to the expense savings, as well as the timing of the capital improvements partially funded through state grants.

Issues, comments, and concerns:

A 2009/10 budget amendment is expected to be proposed in January 2010 for capital roll-forwards and project timing.