



# Budget Report

## First Quarter – FY13/14

### Overview:

This report summarizes the City’s overall financial position for the current fiscal year through September 2013. Except as noted below, revenue and operating expenditure trends are generally on target with annual projections.

### News and Information:

- **Redevelopment Agency (RDA)/Successor Agency Update**

The State Controller’s Office recently completed an Asset Transfer Review audit of the City’s Former RDA. This review covered the period from January 1, 2011 to January 31, 2012. While the results were primarily positive, the final report concluded that the City must return \$52,313 to the Successor Agency for interest payments made on a City/RDA loan. Although the City disagrees with the report findings, the funds have been transferred back to the Successor Agency to maintain compliance. The Successor Agency and Oversight Board have applied for reinstatement of one of the City/RDA loans at a reduced interest rate through the Department of Finance’s formal process; however their decision is still pending.

This unplanned expenditure was not included in the FY 13/14 General Fund Budget; however there is sufficient fund balance to cover the payment. This payment, combined with recaptures in the prior year, means that over \$252,000 in funds that were “clawed back” as part of the dissolution process.

- **Government Finance Officers Association (GFOA) Award**

The City will be receiving the Certificate for Excellence in Financial Reporting by the GFOA for the Fiscal Year 11/12 Comprehensive Annual Financial Report (CAFR). While the City has previously received state recognition for its CAFR and the FY12/13 Adopted Budget, this is the first time the City will receive a national award. The GFOA Certificate of Achievement is the highest form of recognition for governmental accounting and financial reporting. The award is granted to organizations that produce annual reports that are in the “spirit of full disclosure” and clearly communicate financial information to statement readers.

### General Fund:

The fiscal year is 25% complete. The General Fund revenues are 13% of the annual projections, while expenditures are at 21%. While it may appear that revenues aren’t performing as projected, the negative operating difference is typical due revenue receipting patterns. First quarter revenues have increased due to stronger economic performance, the addition of Measure O receipts, and timing of revenue receipts. The City’s expenditures are primarily consistent with the number of payrolls processed through September 30, 2013.

General Fund	Budgetary Comparison			Prior Year
	Amended Budget	YTD Transactions	Percent	
Revenues	\$ 13,763,528	\$ 1,826,163	13%	\$ 1,540,277
Expenditures	13,762,574	2,822,272	21%	2,921,922
FY13/14 Operating Difference	\$ 954	\$ (996,109)		\$ (1,381,645)

An overview of the variances is provided in the following sections.

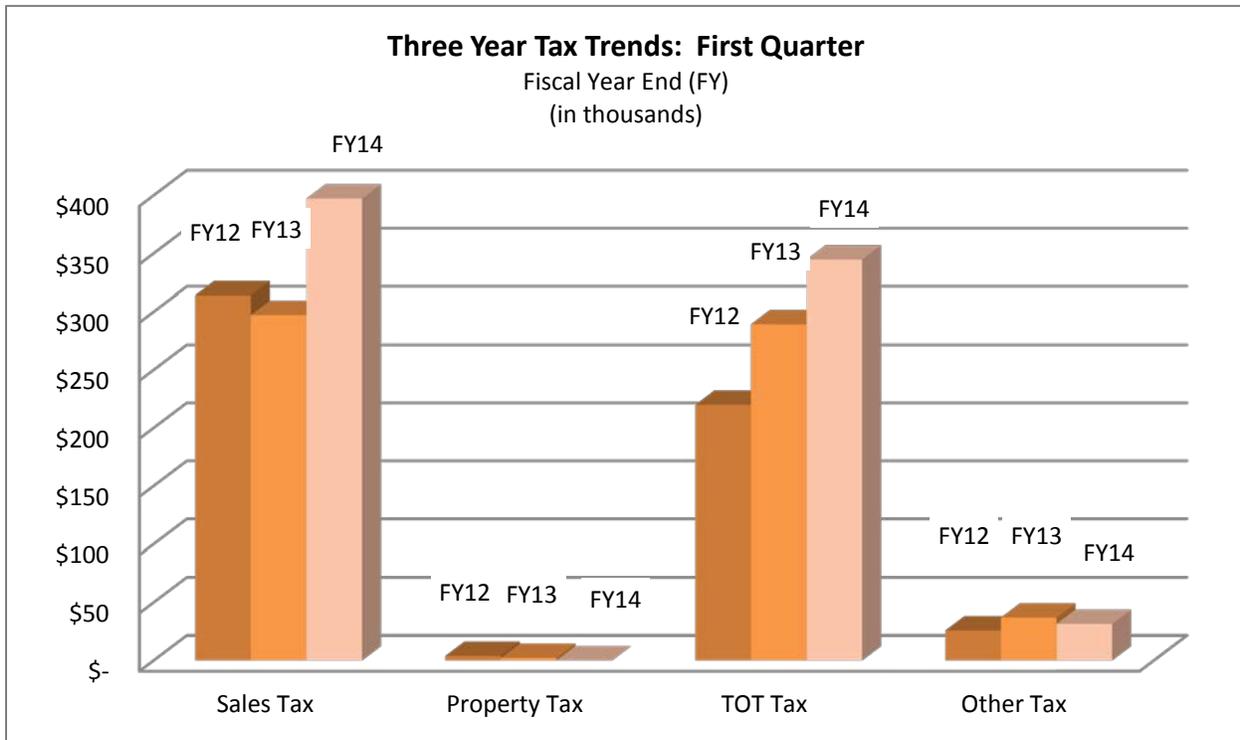
**Key Revenues:**

Revenue	Budgetary Comparison			Prior Year
	Amended Budget	YTD Transactions	% Used / Rec'd	
<b>Taxes:</b>				
Property Taxes	\$ 1,681,900	\$ -	0%	\$ 2,179
Sales and Use Tax	7,096,000	397,200	6%	297,200
Document Transfer Tax	-	5,631	-	4,911
Business License Tax	280,000	6,324	2%	12,789
Franchise Tax	479,200	19,517	4%	19,201
TOT Tax	984,300	344,614	35%	289,285
<b>Subtotal - Taxes</b>	<b>\$ 10,521,400</b>	<b>\$ 773,285</b>	<b>7%</b>	<b>\$ 625,565</b>
<b>Other:</b>				
Licenses and permits	\$ 224,600	\$ 68,538	31%	\$ 73,289
Intergovernmental revenues	236,128	21,086	9%	31,672
Charges for services	1,980,400	767,956	39%	698,104
Fines and forfeitures	707,500	154,563	22%	82,165
Use of money & property	19,300	5,678	29%	6,759
Other revenues	74,200	35,056	47%	22,725
Other financing sources	-	-	0%	-
Extraordinary Items	-	-	0%	-
<b>Subtotal - Other Revenues</b>	<b>3,242,128</b>	<b>1,052,878</b>	<b>32%</b>	<b>914,713</b>
<b>Total Revenues</b>	<b>\$ 13,763,528</b>	<b>\$ 1,826,163</b>	<b>13%</b>	<b>\$ 1,540,277</b>

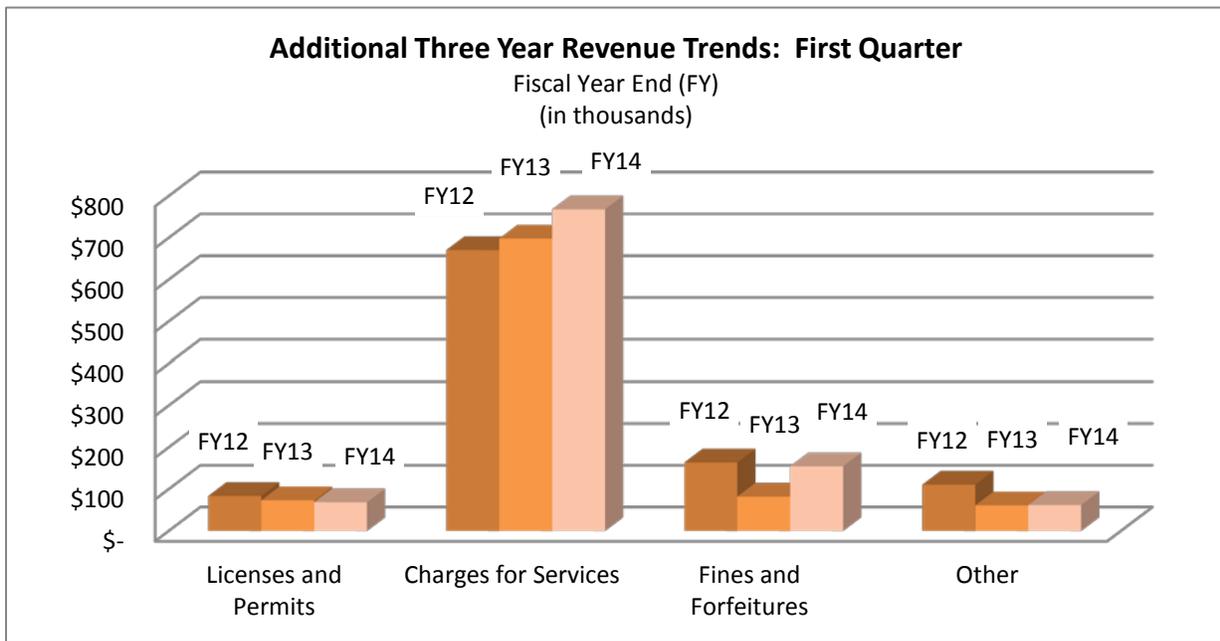
**Taxes:**

The City receives sales, property, franchise, and business license taxes on alternate schedules. Due to the year-end accruals and timing of revenue receipts, only 7% of the revenues were received in the First Quarter of FY 13/14. The 7% primarily reflects the receipt of Transient Occupancy Tax (TOT) and one month of sales tax revenues. Sales tax receipts are approximately \$100,000 greater than the prior year due to Measure O receipts of \$64,000 and improved economic performance. TOT year to date revenues are approximately \$55,000 or 19% greater than the prior year. The Finance Department is reviewing significant individual hotel increases to determine whether the increased performance represents a one-time event or ongoing improved operations.

A chart providing three-year tax trend information is provided for reference:



Additional three-year revenue trend information is presented below:



**Charges for Services** – An increase in recreation fees and the timing of classes resulted in a revenue growth of \$45,000. Due to the seasonality of major recreational programs, it may be difficult to project whether this trend will continue until the Fourth Quarter. Additional factors include an \$11,000 increase in Building Plan Check Fees and \$14,000 in parking meter revenues.

**Fines and Forfeitures** – In FY 12/13, there was a timing difference in parking citation revenues and fines. This difference in revenue receipts accounts for approximately \$50,000 in the quarterly comparisons. The additional \$17,000 difference can be primarily attributed to increased parking citation revenues.

**Expenditures:**

All expenditures are relatively consistent with the budget and prior year expenditures. The number of payperiods processed represents 21% of the year. FY 13/14 salaries may be slightly greater than the prior year due to position vacancies in FY 12/13. Additional annual variances may exist due to timing differences in contract expenditures and payment of community grants. Community grants were previously paid each quarter; however they are now paid on a semi-annual basis.

Expenditures by Category	Budgetary Comparison			Prior Year
	Amended Budget	YTD Transactions	% Used/ Rec'd	
Personnel	\$ 7,768,290	\$ 1,665,126	21%	1,637,096
Contract Services	2,527,267	725,247	29%	758,541
Training & Memberships	72,280	24,246	34%	18,599
Supplies	523,702	123,246	24%	112,959
Grants and Subsidies	254,270	-	0%	63,095
Capital Outlay	11,928	1,177	10%	-
Internal Service Fund Charges	892,925	223,231	25%	235,093
Other Financing Uses	1,711,912	60,000	4%	96,538
<b>Fund Totals: General Fund</b>	<b>\$ 13,762,574</b>	<b>\$ 2,822,272</b>	<b>21%</b>	<b>\$ 2,921,922</b>

Expenditures By Department	Budgetary Comparison			Prior Year
	Amended Budget	YTD Transactions	% Used/ Rec'd	
City Council	\$ 118,245	\$ 38,841	33%	\$ 34,046
City Manager	803,222	179,493	22%	191,956
Personnel	209,302	37,742	18%	36,703
City Attorney	195,000	29,011	15%	44,851
Finance	768,477	121,681	16%	134,603
Community Grants	254,270	-	0%	63,095
Public Safety	5,812,826	1,418,056	24%	1,421,751
Public Works	2,252,045	505,161	22%	442,982
Community Development & Building	703,842	128,593	18%	126,283
Culture and Leisure	933,433	303,693	33%	329,114
Transfers	1,711,912	60,000	4%	96,538
Expenditure Totals	\$ 13,762,574	\$ 2,822,272	21%	\$ 2,921,922

Three year expenditure trend information by category is presented in the following chart.

