



Budget Report Second Quarter – FY12-13

Overview:

This report summarizes the City's overall financial position for the current fiscal year through December 2012. This report does not reflect any adjustments as part of the mid-year process.

News and Information:

- **Department of Finance – Decision on City/RDA loans**

The California Department of Finance recently denied the City's request to allow payment of a prorated share of interest payments on City/RDA loans. As a result, the City will have to transfer \$152,520 back to the Successor Agency. As part of the mid-year budget process, additional funds will need to be appropriated to cover this payment.

- **Mid-Year Budget Report**

The City's Mid-Year Budget report is scheduled on February 21, 2012 at 6:00 pm in the City Council Chambers. During this meeting the Council will receive an overview on the City's financial status and establish Budget Principles for the FY13-14 Budget process.

General Fund:

The following numbers represent preliminary year-to-date transactions. An additional report may be published to reflect budget amendments, Measure O funding, and the City/RDA interest adjustment.

The fiscal year is 50% complete. General Fund revenues are at 42% of the annual projections, while expenditures are at 44%. While the General Fund revenues aren't increasing at the same rate as expenditures, this is consistent with prior year patterns. Some revenues are not received evenly throughout the year.

The Amended Budget indicates a net operating deficit of \$115,691. This is primarily the result of a \$120,000 transfer to the CIP Fund for the Noble Gulch Pipeline Repair Project. An additional appropriation from fund balance, along with partial funding from an alternative revenue source will be reviewed as part of the mid-year budget process.

General Fund	Amended Budget	YTD Transactions	Percent
Revenues	\$ 12,304,694	\$ 5,170,685	42%
Expenditures	12,420,385	5,512,326	44%
FY12/13 Operating Difference	\$ (115,691)	\$ (341,641)	

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

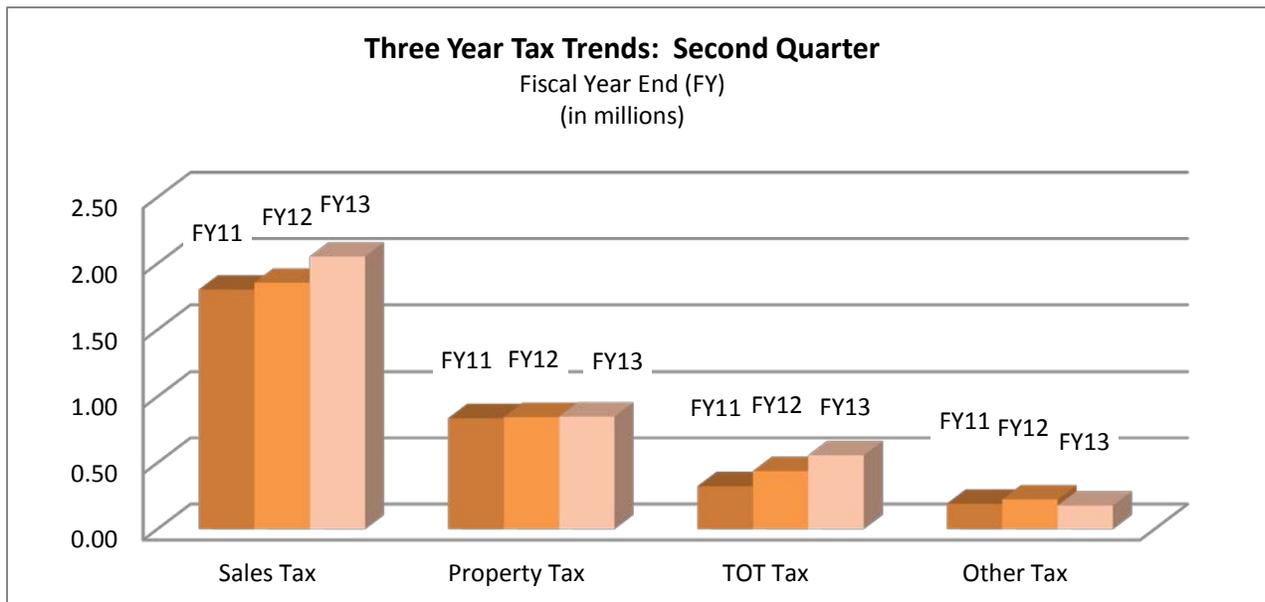
Key Revenues:

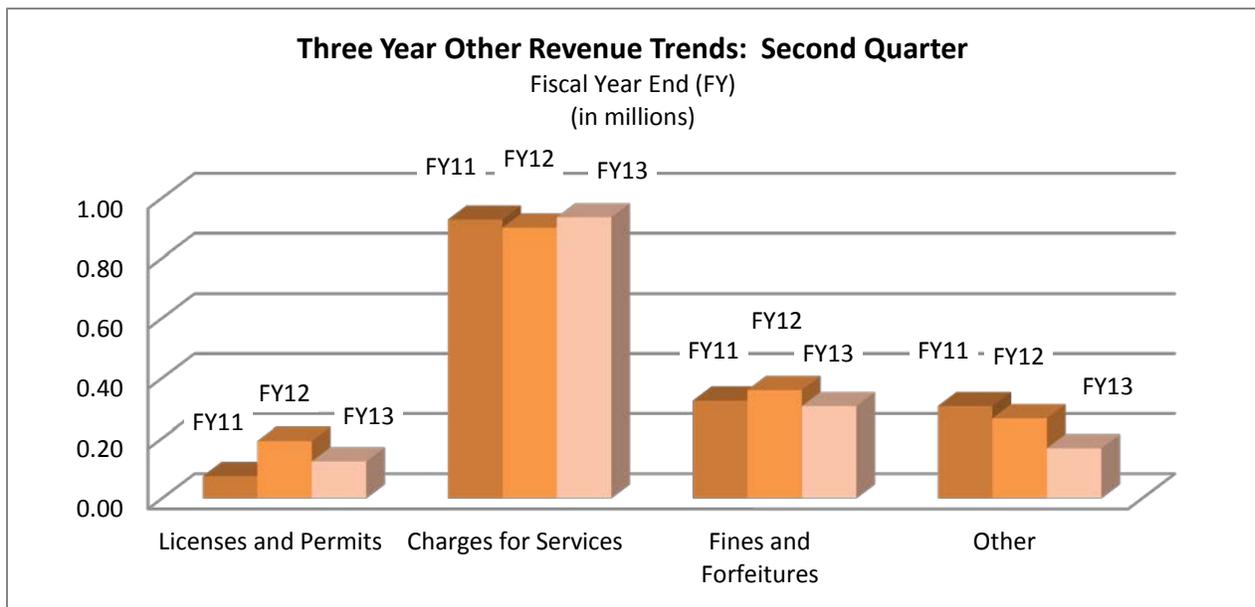
Revenue	Amended Budget	YTD Transactions	% Used / Rec'd
Taxes:			
Property Taxes	\$ 1,650,000	\$ 849,198	51%
Sales and Use Tax	5,524,400	2,053,730	37%
Document Transfer Tax	-	31,741	-
Business License Tax	270,000	35,602	13%
Franchise Tax	482,200	110,592	23%
TOT Tax	890,000	557,816	63%
Total Taxes	\$ 8,816,600	\$ 3,638,679	41%
Other:			
Licenses and permits	\$ 186,700	\$ 123,330	66%
Intergovernmental revenues	340,194	81,824	24%
Charges for services	2,068,200	935,456	45%
Fines and forfeitures	707,000	306,296	43%
Use of money & property	12,600	12,457	99%
Other revenues	88,400	72,643	82%
Other financing sources	85,000	-	0%
Other Revenues	3,488,094	1,532,006	44%
Total Revenues	\$ 12,304,694	\$ 5,170,685	42%

Taxes: Due to timing of revenue receipts, only the first and partial second quarter sales tax receipts are included in this amount. Sales tax receipts have increased by \$198,200 or 10.7% over the prior year. This is primarily the result of the addition of major retailer and signs of economic recovery. TOT revenues are also performing better than anticipated. TOT has increased by \$120,143 over the prior year or 27.5%. This is primarily the result of increased performance and a one-time internal hotel adjustment of \$48,300.

Intergovernmental Revenues - The largest share of intergovernmental revenues reflect Federal and State Grant reimbursements. Additional revenues will be recognized as reimbursements are requested.

Three year trends by major categories are presented below for reference.





Licenses and Permits – In FY12, revenues increased due to a major retail development project

Other – In FY11 and FY12, the City received interest from City/RDA loans of approximately \$152,000 and rent receipts of approximately \$130,000 from the Pacific Cove Mobile Home Park. Due to the dissolution of the RDA and the closure of the mobile home, these revenues will not be available in FY13.

Expenditures:

Expenditures by Category	Amended Budget	YTD Transactions	% Used/ Rec'd
Personnel	\$ 7,458,400	\$ 3,424,928	46%
Contract Services	2,630,303	1,154,498	44%
Training & Memberships	51,050	40,545	79%
Supplies	546,150	196,898	36%
Grants and Subsidies	249,561	128,733	52%
Capital Outlay	5,842	-	-
Internal Service Fund Charges	940,373	470,187	50%
Other Financing Uses	538,706	96,538	18%
Fund Totals: General Fund	\$ 12,420,385	\$ 5,512,326	44%

Expenditures By Department	Amended Budget	YTD Transactions	% Used/ Rec'd
City Council	\$ 126,150	\$ 51,398	41%
City Manager	761,178	378,914	50%
Personnel	215,300	76,788	36%
City Attorney	183,600	100,819	55%
Finance	703,475	318,868	45%
Community Grants	249,561	128,733	52%
Public Safety	6,073,511	2,683,957	44%
Public Works	2,104,444	904,962	43%
Community Development & Building	593,560	267,239	45%
Culture and Leisure	964,900	504,112	52%
Transfers	538,706	96,538	18%
Estimated Annual Salary Savings	(94,000)	-	\$ -
Expenditure Totals	\$ 12,420,385	\$ 5,512,326	44%

Salaries – As of December 31, approximately 48% of all salary expenses have been processed. The amounts presented are relatively consistent with projections. As part of the mid-year process, the salary budget may be amended to reflect additional projected savings.

Other Financing Uses – Transfers and other financing uses are processed during different times of the year. It is anticipated that all Other Financing Uses will be consistent with the budget.

Three year trend information is presented in the following chart.

