



Budget Report

Third Quarter – FY12/13

Overview:

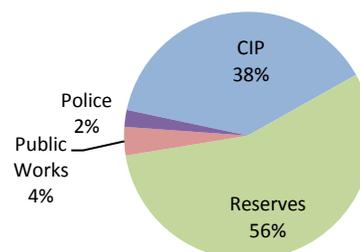
This report summarizes the City's overall financial position for the current fiscal year through March 2013.

News and Information:

- **Mid-Year Budget Presentation**

An overview of the City's financial status was provided at the Mid-Year Budget Presentation on February 21, 2013. This included a surplus operating budget of \$86,103; with 100% of all FY 12/13 Measure O revenues allocated to the ballot's stated priorities. The corresponding chart illustrates the single quarter's distribution of sales tax receipts. The City Council also approved the transfer of \$350,000 in unassigned fund balance to the Contingency and Emergency reserves.

Measure O Allocation: \$245,600



- **Reserve Increases**

On March 14, 2013, the City Council approved amending the City's Financial Management Policies to increase the Contingency and Emergency Reserve funds to 15% and 10%, respectively. This will increase the City's ability to meet short-term cash flow requirements, as well as provide additional insulation from unpredictable emergency events.

- **Proposed Budget**

The Proposed Budget is scheduled to be distributed on May 10th, with budget hearings beginning on May 23rd.

General Fund:

The fiscal year is 75% complete, with General Fund revenues performing at 62% of the mid-year projections, and operating expenditures trending at 67% of their estimated amounts. While the General Fund revenues aren't increasing at the same rate as expenditures, this is consistent with revenue receipting patterns and prior year trends.

The following numbers represent preliminary year-to-date transactions, along with related budget adjustments. The net operating difference varies from the mid-year report due to timing. The Amended Budget includes the following additional transfers from the General Fund's fund balance: \$350,000 transfer to reserves, \$152,520 in Department of Finance "clawbacks" related to the dissolution of the Redevelopment Agency. These items are presented on separate line for reference.

General Fund	Amended Budget	YTD Transactions	Percent
Revenues	\$ 12,628,054	\$ 7,779,980	62%
Expenditures	13,077,081	8,523,971	65%
Less: Mid-Year Transfers/RDA recapture	502,520	152,520	
Net Operating Expenditures	12,574,561	8,371,451	67%
Net Operating Difference	53,493	(591,471)	

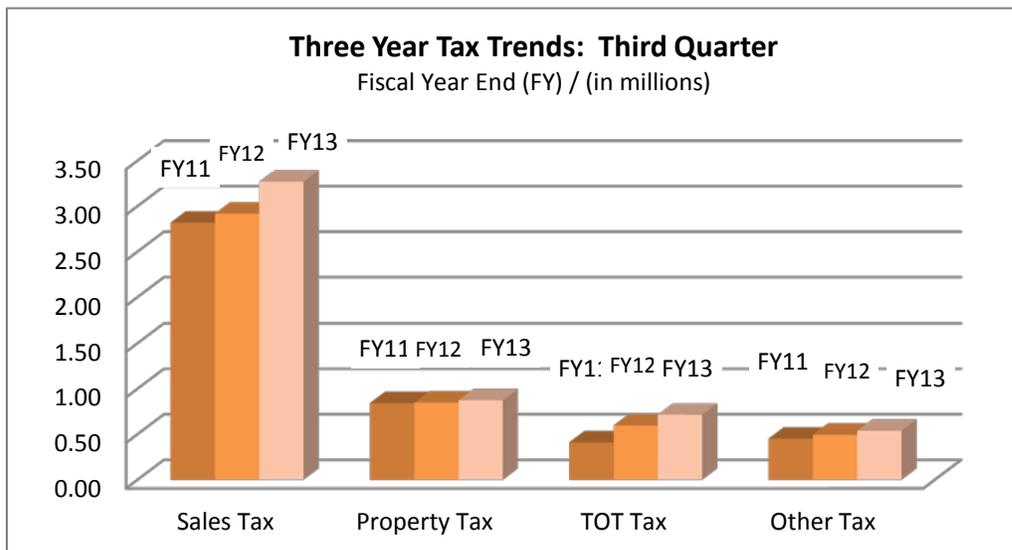
An overview of the variances is provided in the following sections.

Key Revenues:

Revenue	Amended Budget	YTD Transactions	% Used / Rec'd
Taxes:			
Property Taxes	\$ 1,700,610	\$ 874,046	51%
Sales and Use Tax	5,890,800	3,269,585	56%
Document Transfer Tax	35,000	39,171	-
Business License Tax	270,000	282,818	105%
Franchise Tax	478,200	216,759	45%
TOT Tax	922,000	715,408	78%
Total Taxes	\$ 9,296,610	\$ 5,397,788	58%
Other:			
Licenses and permits	\$ 144,800	\$ 198,763	137%
Intergovernmental revenues	370,244	133,191	36%
Charges for services	1,906,800	1,410,112	74%
Fines and forfeitures	707,000	443,614	63%
Use of money & property	22,800	14,642	64%
Other revenues	94,800	180,870	191%
Other financing sources	85,000	1,000	1%
Other Revenues	3,331,444	2,382,192	72%
Total Revenues	\$ 12,628,054	\$ 7,779,980	62%

Taxes: Due to timing of sales tax receipts, the table presented above includes approximately two and a half quarters of sales tax revenues. The first two quarter receipts represent an increase of 3% or \$50,000 over the original budget. As a result of the increased performance, the FY 12/13 estimates were adjusted by approximately \$100,000. TOT revenues have also benefited from general economic improvement and a one-time internal hotel adjustment of \$48,300. The year to date revenues reflects a \$118,000 or 17% increase over the prior year.

Three-year tax trend information is presented in the following charts:

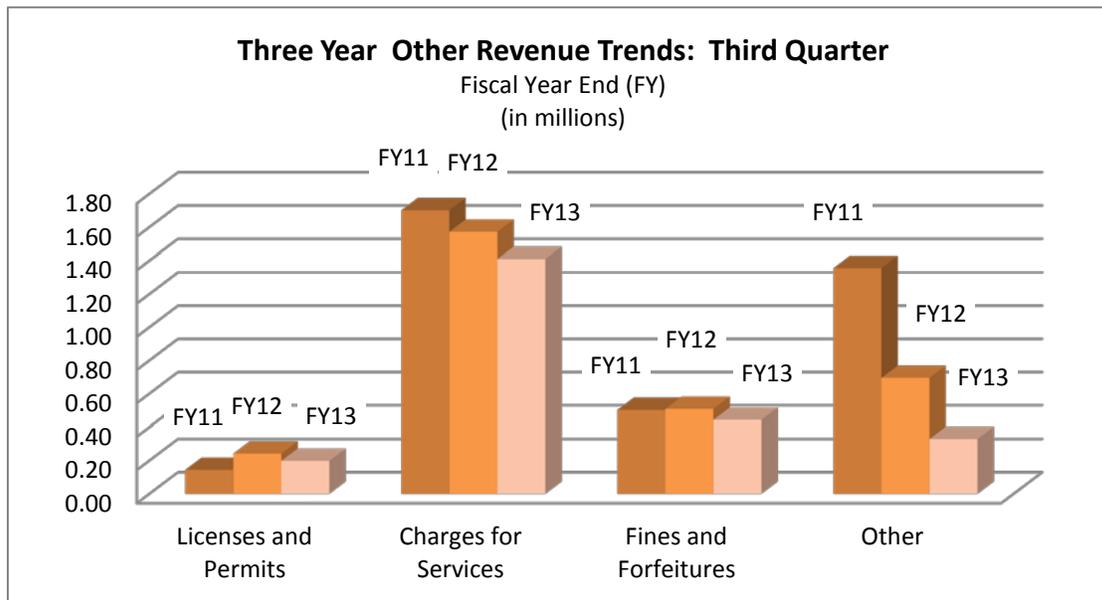


Other:

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

Other Revenues – In FY 12/13, the City received an additional \$108,800 from a Property Tax Administrative Fee settlement. These one-time proceeds were partially used to fund a \$78,000 Parking Meter Retrofit Project.

In the chart presented below, City/RDA loans of approximately \$152,000 and rent receipts of \$130,000 from the Pacific Cove Mobile Home Park were included in the FY 10/11 and FY 11/12 revenues. Due to the dissolution of the RDA and the mobile home park closure, these revenues were no longer available in FY 12/13.



Expenditures:

Salaries – As of March 31, approximately 71% of all salary expenses have been processed. The amounts presented are relatively consistent with projections. As part of the budget study sessions, 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.

Expenditures by Category	Amended Budget	YTD Transactions	% Used/ Rec'd
Personnel	\$ 7,343,867	\$ 5,056,281	69%
Contract Services	2,647,402	1,802,447	68%
Training & Memberships	62,835	55,270	88%
Supplies	521,765	323,347	62%
Grants and Subsidies	249,561	194,080	78%
Capital Outlay	10,842	-	-
Internal Service Fund Charges	940,373	705,280	75%
Other Financing Uses	1,300,436	387,266	30%
Fund Totals: General Fund	\$ 13,077,081	\$ 8,523,971	65%

Expenditures By Department	Amended Budget	YTD Transactions	% Used/ Rec'd
City Council	\$ 126,401	\$ 79,573	63%
City Manager	759,220	589,413	78%
Personnel	211,300	118,677	56%
City Attorney	291,600	244,035	84%
Finance	771,330	464,314	60%
Community Grants	249,561	194,080	78%
Public Safety	5,848,699	4,091,183	70%
Public Works	2,023,584	1,360,177	67%
Community Development & Building	558,860	342,856	61%
Culture and Leisure	936,090	652,397	70%
Transfers	1,300,436	387,266	30%
Estimated Annual Salary Savings	-	-	\$ -
Expenditure Totals	\$ 13,077,081	\$ 8,523,971	65%

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

