

STAFF REPORT

DATE: November 10, 2009
TO: City Council
FROM: Kelly Fletcher, Budget Manager
SUBJECT: FY 2009/10 First Quarter Budget Update

Recommendation

As an informational report, no action is requested on this item.

Fiscal Impact

This informational item presents unaudited year-end revenue and expenditure results for the fiscal year ended June 30, 2009 (FY2008/09), as well as revenue and expenditure results through the first three periods of FY2009/10.

Summary

This report summarizes the final, unaudited year-end All Funds revenue and expenditure results for FY2008/09, and presents All Funds revenue and expenditure results through the first three periods of FY2009/10. In addition, the report highlights General Fund revenue and expenditure results in comparison to estimates used in the development of the current FY2009/10 budget.

Highlights of the reported results include:

- *All Funds Revenues for the year ended June 30, 2009 were \$144,224,580 as compared to an Adjusted Budget of \$156,467,679. The variance in FY2008/09 citywide revenues is related to declining revenues in all funds, also a significant decrease in the amount of expenditures related to the Water Storage Tanks project in the water enterprise funds than planned, resulting in reduced offsetting revenues (DWR loan proceeds) required. (See Attachment A – Table 1).*
- *Through the first quarter of the current fiscal year, All Funds Revenues stood at \$25,030,209, or roughly 17.2% of the Adjusted Budget figure of \$145,330,645. In general, revenues derived from fees (Enterprise Funds and Internal Service Funds) and monthly billings (selected Special Revenue Funds) appear to be tracking in-line with budget projections. However, several major sources of tax revenues (Property Tax, Sales Tax, Parks Maintenance and Open Space) are paid in installments and result in overall revenues appearing below budget through the first quarter. (See Attachment A – Table 2).*
- *All Funds Expenditures for FY2008/09 were \$132,374,235, which represents 90.1% of the Adjusted Budget of \$146,848,407. Personnel costs represent \$51,094,927 of the FY 2008/09 expenditures (38.6%). All Funds Expenditures through the first quarter of FY2009/10 stand at \$34,831,734, or 22.9% of the All Funds Budget of \$151,963,796. (See Attachment A – Tables 3,5,7).*

- *As of October 26, the City has documented a current vacancy list of 17 regular full time and 3 regular part time positions. These vacancies represent a 4.2% shortfall in our current work force, in relation to our 445.25 budgeted Full Time Equivalent permanent positions. In the adoption of the FY 2009/10 final budget there were also 6 positions that were defunded and will remain unfilled until a funding source can be identified. (See Attachment A – Table 9)*

- *On a budgetary basis, the unaudited General Fund Unreserved Fund Balance as of June 30, 2009 is projected to be \$5,166,826. While this is slightly (\$141,000) below the City’s 15% reserve policy level, it represents a favorable result when compared to both the year-end fund balance estimate of \$4.89 million (13.9%) provided with the Proposed Budget in May, and the implied fund balance of \$4.54 million (13.0%) based on the down-graded revenue estimates made in late June, just prior to budget adoption. The year-end Unreserved Fund Balance as of June 30, 2009 represents 14.6% of General Fund revenues. The FY2009/10 Adopted Budget assumed a year-end reserve level of 14.4%. (See Attachment B).*
 - *Final results for FY2008/09 reflect a General Fund operating deficit of \$1.5 million. This result is in comparison to the expected draw down of \$417,924 thousand assumed in the development of the FY2008/09.*
 - *General Fund revenues ended FY2008/09 at \$37.67 million, which is \$510,780, or 1.4% above the estimate of \$37.16 million. (See Attachment C).*
 - *General Fund expenditures ended FY2008/09 at \$39.22 million, which was \$1,302,767 below the final adjusted budget, and \$12,762 (.03%) above the expenditure estimate assumed in the development of this year’s budget. However, of the year-end savings, \$333,456 in unexpended, uncommitted funding has previously been re-appropriated as carry-overs into the current fiscal year, representing allocations for specific projects that were not completed as of June 30, 2009. (See Attachment D).*

- *Year-to-date FY2009/10 General Fund revenues through the first three months of the fiscal year were \$4.96 million, or 13.3% of the \$37.18 million adjusted revenue budget.*
 - *In FY2008/09, overall Property Tax revenue increased slightly (0.1%) over prior year results, as total assessed valuations did experience a small rate of growth. The FY2008/09 year-end property tax result of \$14.33 million was \$528,388 (3.6%) below the revenue estimate used in the development of the FY2009/10 budget. The variance is attributable primarily to decreased Supplemental Property Tax revenue than originally predicted, which is generated as properties are re-assessed upon resale. The first installment of current-year property tax revenues is not expected until early January. However, information received from Yolo County on citywide assessed valuations indicates growth in citywide assessed value of 2.5% compared to the budget estimate of 0%. Properties outside the Redevelopment Agency grew at a lower rate (2.5%) than those within the Redevelopment Project Area (3.63%). While property tax revenues will not be known until January, these growth figures will likely result in an increase to our property tax revenue estimates at that time for the City’s General Fund and Redevelopment Agency, respectively.*

- *Sales Tax revenue ended FY2008/09 at \$7.84 million, just slightly above our budget forecast, and first quarter results for FY2009/10 stand at \$1.10 million, or 14% of the annual budget figure of \$7.84 million. Typically, Sales Tax revenue forecasts are not updated on the basis of results from one quarter; and this year's results through the first of October do not warrant any early revisions to the forecast. Staff will be monitoring sales tax activity closely throughout the year.*
- *Service Fee and Permit revenue collected in FY2008/09 totaled \$4.22 million, \$55,792 below our budget projections. While the Planning and Building and Public Works departments had higher than predicted revenues, these gains were offset by lower than predicted revenues in Community Services and Parks and General Services.*
- *Through September (Period 3), FY2009/10 General Fund expenditures (including encumbrances) were \$10.83 million, or 29.2% of the adjusted budget of \$37.14 million. Citywide personnel expenditures appear within budget, with 22% expended through four periods. Departmental expenditure projections will be evaluated with the FY2009/10 Mid-Year Budget Update, including an analysis of personnel costs in relation to the budgeted target savings level built-into the FY2009/10 budget. (See Attachment D)*
- *Based on preliminary, unaudited, FY2008/09 year-end results, as well as the projected levels of revenues and expenditures for FY2009/10, in the absence of corrective measures, the General Fund would end FY2009/10 with a fund balance of \$5.21 million, representing 14.9 % of General Fund revenues. This level of fund balance would provide a deficit of \$18,259 below the level required to maintain the Council's 15% reserve policy.*
- *The City's FY2009-10 Adopted Budget provides all funds appropriations totaling \$119,826,400, and General Fund appropriations totaling \$36,683,832, and incorporates a budget-balancing plan designed to address an estimated \$3.4 million structural budget deficit for this fiscal year. The budget-balancing plan included a number of assumptions related to both potential revenues and cost-savings measures that require ongoing monitoring in order to ensure that the city's budget remains in-balance. (See attachment F)*
- *The State Budget once again poses imminent threat to local revenues since measures adopted by the Legislature to balance the State budget do not fully address the state's structural budget problems, implying that significant budget deficits continue loom. While it is anticipated that the State will face an additional budget deficit in excess of \$10-15 billion FY2010/11, it is very possible that the current year budget will develop a sizeable shortfall before the end of the fiscal year. If this occurs, the State may be forced to take additional budget-balancing steps in the current fiscal year. One scenario that is currently being contemplated – for example – is that the Legislature's legal challenge to the Governor's line-item vetoes could result in the Legislature revisiting local transportation funding as a means to close emerging gaps in the State's FY2009/10 budget prior to the end of this year*
- *The FY 2010/11 annual budget is in the planning stages and will be initially developed consistent with the FY2009/10 baseline budget as well as existing City Council budget policies. The City Council has scheduled its Fall/Winter Budget Workshop on December 10, 2009 to preview the FY2009/10 baseline budget forecast, discuss funding priorities and*

budget balancing measures. The Council will also resume discussions over long-range financial planning issues to include strategies for renewal of the ½ Sales Tax (Measure P).

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Attachments

Attachment A – All Funds Revenues and Expenditures

Attachment B – Summary of General Fund Operations

Attachment C – General Fund Revenues

Attachment D – General Fund Expenditures

Attachment E – FY 2009/10 Contingency Planning

Attachment A

ALL FUNDS REVENUES AND EXPENDITURES

Table 1 – All Funds FY2008/09 Revenues

	FY08-09 Revenues		Unaudited	
	Original Budget	Adjusted Budget	Actual	%
General Fund	39,759,832	40,279,005	37,667,007	93.5%
Special Revenue Funds	23,284,553	27,568,607	26,129,134	94.8%
Debt Service	3,427,470	3,427,470	3,320,748	96.9%
Capital Projects Funds	3,898,677	4,322,883	2,380,066	55.1%
Trust Funds	1,649	11,652	11,213	96.2%
Enterprise Funds	42,080,851	57,603,002	50,980,538	88.5%
Internal Service Funds	11,897,182	11,722,372	12,427,747	106.0%
Redevelopment Funds	11,467,462	11,532,688	11,308,127	98.1%
Total All Funds	135,817,676	156,467,679	144,224,580	92.2%

- All Funds Revenues ended FY2008/09 at \$144.22 million, or 92.2% of the adjusted budget of \$156.47 million.
- This result is due primarily to decreased development impact fees, (Capital Projects Funds), decreased DWR loan proceeds related to the Water Storage Tank project (Enterprise Funds), and decreased Sales Tax revenue (General Fund). In the case of the Enterprise Funds, the adjusted budget includes \$14.0 million of DWR loan proceeds, and only \$7.6 was accrued to offset project expenditures during the year. Internal Service Funds actual is greater than adjusted budget due to higher amounts collected for Retiree Medical in the Self Insurance Fund, for which the budget was not adjusted correspondingly.
- General Fund revenues ended the fiscal year at \$37.67 million, or 6.5% below the adjusted budget.

Table 2 – All Funds FY2009/10 Revenues

	FY09/10 Revenues		Year-To-Date	
	Original Budget	Adjusted Budget	Actual	%
General Fund	37,161,320	37,184,234	4,959,993	13.3%
Special Revenue Funds	23,396,977	23,510,164	4,435,373	18.9%
Debt Service	3,391,462	3,391,462	-	0.0%
Capital Projects Funds	2,110,392	2,110,392	-	0.0%
Trust Funds	2,006	2,006	-	0.0%
Enterprise Funds	41,752,076	55,151,102	11,924,089	21.6%
Internal Service Funds	12,228,723	12,228,723	3,524,312	28.8%
Redevelopment Funds	11,752,562	11,752,562	186,442	1.6%
Total All Funds	131,795,518	145,330,645	25,030,209	17.2%

- All Funds revenues through the first quarter of FY2009/10 stood at \$25.03 million, or 17.2% of the adjusted budget. General Fund revenues were \$4.6 million or 13.3% of the adjusted budget, with many of the City’s major tax revenues yet to be collected.
- The budget in the Enterprise Funds has been increased to reflect the planned receipt of \$13.4 million of loan proceeds to be used for the Wastewater Treatment plant.

Attachment A

Table 3 – All Funds FY2008/09 Expenditures

	FY08/09 Expenditures		Unaudited	
	Original Budget	Adjusted Budget	Actual	%
General Fund	40,177,756	40,522,337	39,219,570	96.8%
Special Revenue Funds	22,982,463	25,400,974	24,040,256	94.6%
Debt Service	3,050,870	2,881,778	2,987,942	103.7%
Capital Projects Funds	2,784,224	2,962,703	2,410,484	81.4%
Trust Funds	-	15,003	15,003	-
Enterprise Funds	40,192,760	50,527,477	46,184,983	91.4%
Internal Service Funds	11,219,630	11,304,289	10,328,774	91.4%
Redevelopment Funds	13,648,752	13,233,846	7,187,223	54.3%
Total All Funds	134,056,455	146,848,407	132,374,235	90.1%

- All Funds Expenditures for FY2008/09 were \$132.37 million, or 90.1% of the adjusted budget of \$146.85 million. Most funds were under budget (ranging from 54.3% to 96.8%). The largest of the unspent funds was within Redevelopment as a result of delays in the Core Parking Project.
- General Fund expenditures ended the year at \$39.22 million, or 3.2% under budget.

Table 4 – All Funds FY2008/09 Expenditures by Department

	FY08/09 Expenditures		Unaudited	
	Original Budget	Adjusted Budget	Actual	%
City Council	136,741	135,222	124,305	91.9%
City Attorney	577,967	627,236	561,421	89.5%
City Manager	8,839,645	8,770,569	8,020,084	91.4%
Community Development	3,797,500	3,764,666	3,371,198	89.5%
Community Services	16,996,805	18,633,955	17,518,401	94.0%
Fire	9,783,354	10,083,300	9,491,925	94.1%
Police	15,046,900	15,230,429	14,526,463	95.4%
Parks & General Services	15,761,623	15,933,655	14,705,205	92.3%
Public Works	33,399,821	37,385,643	34,115,871	91.3%
Capital Improvements	19,079,302	25,411,609	18,146,127	71.4%
Debt Service	5,535,876	5,701,649	5,553,063	97.4%
Redevelopment	6,806,283	6,926,046	6,152,184	88.8%
Redevelopment Housing	86,724	86,724	87,988	101.5%
Other	(1,792,086)	(1,842,296)	-	0.0%
Total All Funds	134,056,455	146,848,407	132,374,235	90.1%

- All Funds Expenditures across departments were within or at budget for 2008/09.
- The more significant savings in the Community Development Department comes from salary savings attained through position vacancies in the building division. Due to the continued slowing of building activity, several of these positions were eliminated in the FY 2009/10 budget.
- Capital Improvement projects also showed a decline in planned expenditures reflecting the deferral of projects due to timing and staff capacity. The majority of these deferrals are related to parking projects (Core Parking and Richards Parking), enterprise projects (Water Main Replacement, Anode Installation, 3rd Street Improvements).

Table 5 – All Funds FY2009/10 Expenditures by Fund

	FY09/10 Expenditures		Year-To-Date	
	Original Budget	Adjusted Budget	Actual	%
General Fund	36,683,832	37,139,192	10,827,439	29.2%
Special Revenue Funds	23,307,890	28,436,296	6,052,689	21.3%
Debt Service	2,972,909	2,972,909	2,907,157	97.8%
Capital Projects Funds	1,169,927	3,977,669	65,771	1.7%
Trust Funds	-	-	-	-
Enterprise Funds	37,137,216	59,720,826	8,607,087	14.4%
Internal Service Funds	11,087,667	11,156,667	4,541,023	40.7%
Redevelopment Funds	7,466,959	8,560,237	1,830,568	21.4%
Total All Funds	119,826,400	151,963,796	34,831,734	22.9%

- Year-to-date expenditures through the first quarter of FY2009/10 appear within budget across all fund categories and departments. Actual expenditures (including encumbrances totaled \$34.83 million, or 22.9% of the adjusted budget.
- Operating expenditures within the General Fund and Special Revenue funds are tracking with the budget at 29.2% and 21.3% respectively.
- Debt Service Funds reflect expenditures at 97.8% of budget, as a result of annual debt payments due in the first quarter of the fiscal year.
- Internal Service Funds appear to be tracking ahead of budget (at 40.7%), however this results reflects up-front insurance premium payments made within the City’s Self-Insurance Fund.

Table 6 – All Funds FY2009/10 Expenditures by Department

	FY09/10 Expenditures		Year-To-Date	
	Original Budget	Adjusted Budget	Actual	%
City Council	133,138	133,138	29,705	22.3%
City Attorney	512,967	512,967	35,476	6.9%
City Manager	8,469,393	8,593,957	3,150,367	36.7%
Community Development	3,062,260	3,072,260	681,484	22.2%
Community Services	17,355,588	17,649,298	3,805,169	21.6%
Fire	9,699,661	9,902,839	2,294,751	23.2%
Parks & General Services	15,365,678	15,434,727	4,963,527	32.2%
Police	15,077,143	15,086,489	3,819,473	25.3%
Public Works	34,600,917	37,385,460	7,965,610	21.3%
Capital Improvements	6,363,792	34,881,798	3,103,414	8.9%
Debt Service	5,513,397	5,513,397	4,442,340	80.6%
Redevelopment	6,695,391	6,695,391	1,544,410	23.1%
Redevelopment Housing	-	-	1,317	100.0%
Other	(3,022,925)	(2,897,925)	-	0.0%
Total All Funds	119,826,400	151,963,796	35,837,043	23.6%

- The significant changes from the adopted FY 2009/10 budget to the current adjusted budget are in relation to prior year budget carryovers from FY 2008/09 to FY 2009/10. A sampling of the carryovers included: Public Works – Street Maintenance & Repair Contracts 2.3 million, and Capital Improvement Projects; WWTP Facility Plan – 13.6 million; East Are Tank – 4.8 million; Parks & Open Space Acquisition – 3.3 million.

Personnel Analysis

Table 7 – All Funds FY2008/09 Year-End Results and FY 2009/10 Year-to-Date Personnel Expenditures

All Funds Personnel Expenditures - Table 7								
FY2007/08 Year-End Results and FY2008/09 Year-to-Date								
Expenditure by Department	FY2008/2009 Adjusted Budget	FY2008/09 UNAUDITED Actuals	Variance	% Exp.	FY2009/10 Adopted Budget	FY2009/10 Adjusted Budget	FY2009/10 Year-to-Date Actuals	% Exp.
City Council	79,584	77,222	2,362	97%	80,295	80,295	17,491	22%
City Manager	3,341,801	3,194,558	147,243	96%	3,146,941	3,146,941	673,614	21%
Community Development	2,922,638	2,659,711	262,927	91%	2,377,399	2,377,399	533,929	22%
Community Services	5,995,080	5,793,014	-	0%	5,937,544	5,964,884	1,527,646	26%
Fire	8,546,349	8,099,865	446,484	95%	8,139,136	8,139,136	1,952,462	24%
Police	12,018,845	11,548,423	470,422	96%	12,304,758	12,304,758	2,768,963	23%
Parks & General Services	8,007,789	7,449,514	-	0%	7,673,477	7,673,477	1,608,936	21%
Public Works	11,479,418	10,435,796	1,043,622	91%	11,437,960	11,437,960	2,319,077	20%
Capital Improvements/Debt	1,462,031	1,406,241	55,790	96%	1,507,316	1,507,316	350,108	23%
Redevelopment	376,744	430,583	(53,839)	114%	583,077	583,077	125,916	22%
Total	\$ 54,230,279	\$ 51,094,927	\$ 2,375,011	94%	\$ 53,187,903	\$ 53,215,243	\$ 11,878,142	22%

- FY2008/09 personnel expenditures ended the year at \$54.1 million, or \$2,375,011 (6%) under the final budget of \$54.23 million.

- On a citywide basis, the All Funds Personnel costs represented 38.5% of total city expenditures of \$132.37 million.
- FY2009/10 personnel expenditures are currently tracking at 22%, which is consistent with budgeted projections.

Table 8 summarizes the FY2008/09 overtime results, as well as the FY 2009/10 budget, by department. In review of the table below, it is important to note that overtime is only one component of total human resource costs. Although the table indicates some departments having exceeded their overtime allocations, they have continued to maintain total personnel within budget as reflected in the table above.

OVERTIME SUMMARY	FY 2008-09			FY 2009-10		
	Original Budget	Adjusted Budget	Unaudited Actual	Original Budget	Adjusted Budget	Year-To-Date Actual
OVERTIME SALARIES & WAGES						
City Manager's Office	3,310	10,458	11,845	2,074	2,074	1,306
Community Development	6,078	6,078	1,795	6,078	6,078	2,553
Community Services	6,737	6,737	22,899	6,608	6,608	2,631
Fire	418,949	728,230	533,478 *	318,949	318,949	240,526 *
Police	514,957	555,309	463,154	464,957	464,957	120,711
Parks & General Services	38,856	38,856	26,415	38,856	38,856	6,909
Public Works	143,914	143,914	124,526	143,914	143,914	28,628
Capital Improvement Projects	10,691	10,691	3,545	10,691	10,691	2,008
Redevelopment	-	-	1,023	-	-	2
TOTAL OVERTIME	\$ 1,143,492	\$ 1,500,273	\$ 1,188,680	\$ 992,127	\$ 992,127	\$ 405,274

* The portion of overtime related to Strike Teams is reimburseable through State or Federal Funding. In FY08/09 this amounted to \$310,386 and FY 09/10 YTD \$204,025.

- On an all funds basis, total actual overtime in the FY2008/09 was \$1.19 million, and FY2009/10 budgeted overtime is \$992,127.
 - When evaluating the results of overtime usage, it should be noted that the most significant fluctuations in budget versus actual overtime are largely comprised of overtime requirements for emergency services, such as Fire Strike Teams, Citywide Power Outage and other weather related events. Overtime related to strike teams is offset by reimbursements through State or Federal Emergency Funds.
- *As of October 26, the City has documented a current vacancy list of 17 regular full time and 3 regular part time positions. These vacancies represent a 4.2% shortfall in our current work force, in relation to our 445.25 budgeted Full Time Equivalent permanent positions. In addition to the current vacancies, 4 regular full time vacant positions have been recruited and filled in FY 2009/10. Of the current vacancies, there are 5 positions which are being backfilled with either TPT staff or special assignment pay to current staff for supplemental work assignments. In the adoption of the FY 2009/10 final budget there were also 6 positions that were defunded and will remain unfilled until a funding source can be identified. (See Table 9)*

The FY 2009/10 adopted budget included a personnel savings factor, representing an assumed 3.5% annual savings due to vacancies achieved through turn-over and attrition. This savings assumption will require the continuation of a citywide selective “hiring freeze.” Staff will provide regular monitoring of the vacancies and an additional update to the Council as part of our mid year budget update.

Position Vacancy Listing

The following *table 9* presents a listing of vacant positions as of October 26, 2009, as well as updated information on previous reported vacancies hired since July 1, 2009.

Vacant Positions as of October 26, 2009				
Dept	Position Title	Division	Funding Source	Status
CMO	Deputy City Clerk I (50%)	20	General Fund	Vacant as of 7/1/09
CMO	Financial Associate	28	General Fund	Vacant as of 8/28/09
CDD	Senior Office Assistant - Conf	31	Various Funds	Vacant as of 7/1/09
CDD	Building Inspector	33	Building Fund	Backfilling in Public Works for Inspector
CS	Social Services Supervisor	42	General Fund	Underfilled with Social Services Coordinator
CS	Child Care Financial Asst (50%)	43	Child Care Fund	Vacant as of 3/09
CS	Program Aide (75%)	47	General Fund	Vacant as of 7/26/09
PD	Police Officer (COPS Funded)	56	Special Funded COPS Grant	Vacant 7/1/09
PD	Police Officer (COPS Funded)	57	Special Funded COPS Grant	Vacant 7/1/09
PD	Lead Public Safety Dispatcher	58	General Fund	Vacant 7/1/09 Underfill with PS Dispatcher II, step 5
PD	Lead Public Safety Dispatcher	58	General Fund	Vacant 7/1/09 Underfill with PS Dispatcher II, step 5
PGS	Parks Manager	64	General Fund	Vacant 6/29/09 Backfilled with TPT
PGS	Urban Forest Supervisor	64	General Fund	Vacant 9/4/09
PGS	Park Maintenance Worker I	64	General Fund	Vacant 8/21/09
PGS	MIS Senior System Analyst	68	IS Fund	Vacant 12/31/08
PW	Electrician	72	Various Funds	Vacant 9/30/09
PW	Public Works Crew Supv	72	Various Funds	Vacant 6/29/09
PW	Public Works Maint Wrk I/II	72	Various Funds	Vacant 2/20/09
PW	Public Works Maint Wrk I/II	72	Various Funds	Vacant 9/18/09
PW	WWTP Senior Operator	73	Various Funds	Vacant 7/1/09
PW	Environmental Compliance Coord	73	Various Funds	Vacant 7/1/09 Backfill with Assistant Planner
PW	Engineering Assistant	73	Various Funds	Vacant 7/1/09
PW	Senior Office Assistant - Conf	75	Various Funds	Vacant 10/9/09
PW	PW Inspector	76	Various Funds	Vacant 7/1/09 Backfill with Building Inspector
Positions Hired				
Dept	Position Title		Funding Source	Hire Date
CMO	Human Resources Technician	22	Various	Underfilled 7/1-8/10/09 Hired 8/10/09
PGS	Equipment Mechanic II	69	Fleet Services Fund	TPT Backfill Hired 8/17/08
PD	Public Safety Dispatcher I	58	General Fund	Hired 8/24/09
CS	Paratransit Vehicle Operator	42	Transportation Funds	Vacant 7/31/09 (start PPD 17-09) Hired 10/5
Defunded Positions				
Dept	Position Title			
CDD	Residential Resale Inspector II	33		
CDD	Building Planning Tech I	33		
PD	Police Sergeant	58		
PD	Parking Enforcement Officer	59		
PGS	Facilities Manager	65		
PW	Admin Aide	71		

Attachment B

Summary of General Fund Operations

Table 1 presents a summary of the City’s General Fund results through the year ended June 30, 2009 as well as year-to-date results through the first three months of FY2009/10:

<i>Table 1: General Fund Summary FY2008/09 Results and FY2009/10 Year-to-Date Results</i>							
Description	FY2008/09 Adjusted Budget	FY2008/09 Budget Projection	FY2008/09 UNAUDITED Actual Results	FY2009/10 Adopted Budget	FY2009/10 Adjusted Budget	FY2009/2010 Year-to-Date Results	FY2009/10 Year-end Projection
<i>Beginning Unreserved Fund Balance</i>	\$6,307,155	\$6,307,155	\$6,307,155	\$4,540,030	\$5,166,826	n/a	\$5,166,826
Revenues	40,279,005	37,156,227	37,667,007	37,161,320	37,184,234	4,959,993	37,184,234
Expenditures	(40,522,337)	(39,206,808)	(39,219,570)	(36,683,832)	(37,139,192)	(10,827,439)	(37,139,192)
Transfers	0	0	0				
Change in Reserved Fund Balance **	0	0	103,778	0	0	0	0
Position Savings/Adjustments							
Audited Unreserved Fund Balance	\$6,063,823	\$4,256,574	\$4,858,370	\$5,017,518	\$5,211,868	n/a	\$5,211,868
Unencumbered Carry-over Appropriations		283,456	333,456				0
Public Safety Staffing Reserve			(25,000)				
Ending Unreserved Fund Balance	\$6,063,823	\$4,540,030	\$5,166,826	\$5,017,518	\$5,211,868	n/a	\$5,211,868
Percentage (E.U.F.B./Revenues)	16.0%	13.0%	14.6%	14.4%	14.9%	n/a	14.9%
Reserve Policy \$	\$5,699,787	\$5,231,371	\$5,307,988	\$5,226,690	\$5,230,127		\$5,230,127
Reserve Policy	15%	15%	15%	15%	15%		15%
<i>"Excess" Fund Balance (over Reserve Target)</i>		\$ (691,341)	\$ (141,162)	\$ (209,172)	\$ (18,259)	n/a	\$ (18,259)
** This line item is included to link the Audited Financial Statements with Budget Estimates and also includes changes in encumbrance balances.							

FY2008/09

The General Fund’s Unreserved Fund Balance as of June 30, 2009 was \$5.17 million, equal to 14.6% of General Fund revenues, and reflects a favorable variance of \$626,796 as compared to the reserve level assumed in the development of the FY2009/10 budget. The FY2009/10 Adopted Budget assumed a year-end reserve level of 14.4%.

FY2009/10

The Adopted FY2009/10 budget was developed such that the resulting General Fund unreserved Fund Balance at June 30, 2010 would be \$5.01 million, or 14.4% of General Fund revenues. This assumed a beginning fund balance of \$4.54 million and an anticipated shortfall of fund balance reserve totaling (\$209,172).

Final year-end results for FY2008/09 provide an updated projection for the General Fund reserve expected at June 30, 2009. Assuming current year results consistent with the budget - would yield a projected year-end fund balance of \$5.21 million, or 14.9% of General Fund revenues. This would yield a deficit fund balance on June 30, 2010 of roughly (18,259) below the reserve requirement.

Attachment C

General Fund Revenues

Table 2a & b presents a summary of major General Fund revenue sources. FY 2008/09 revenues were \$37.67 million which was \$2,611,998 (6.5%) below the Adjusted Budget, and increased to \$510,780 (1.4%) above the revenue estimate used in the development of the FY 2009/10 budget.

Revenue by Source	FY2008/09 Adjusted Budget	FY2008/09 Estimate	FY2008/09 Actual	Variance Favorable / (Unfavorable)	Variance Percentage
Property Taxes	\$15,341,810	\$14,857,900	\$14,329,512	(\$528,388)	-3.6%
Sales & Use Tax	\$9,354,200	\$7,844,000	\$7,844,919	\$919	0.0%
Motor Vehicle In Lieu	\$302,000	\$302,000	\$288,026	(\$13,974)	-4.6%
Transient Occupancy Tax	\$1,212,200	\$1,079,100	\$1,031,031	(\$48,069)	-4.5%
Property Transfer Tax	\$236,000	\$154,000	\$121,909	(\$32,091)	-20.8%
Business License Tax	\$1,322,000	\$1,330,000	\$1,351,827	\$21,827	1.6%
Municipal Services Tax	\$2,243,500	\$2,249,100	\$2,239,758	(\$9,342)	-0.4%
Franchise Fees (PG&E)	\$562,600	\$559,926	\$570,637	\$10,711	1.9%
Planning & Building Inspec	\$551,804	\$583,382	\$594,372	\$10,990	1.9%
Parks/Community Services	\$2,364,220	\$2,197,260	\$2,282,865	\$85,605	3.9%
Other Depts (Fire, PD, PW)	\$1,361,414	\$1,441,004	\$1,518,116	\$77,112	5.4%
Fines & Forfeitures	\$811,800	\$722,200	\$757,822	\$35,622	4.9%
Investment Earnings	\$350,195	\$332,944	\$96,709	(\$236,235)	-71.0%
Intra-City Revenues	\$2,280,423	\$2,280,423	\$2,280,423	\$0	0.0%
All Other Sources	\$1,984,839	\$1,222,988	\$2,359,081	\$1,136,093	92.9%
Total	\$40,279,005	\$37,156,227	\$37,667,007	\$510,780	1.4%

Revenue by Source	FY2009/10 Adopted Budget	FY2009/10 Adjusted Budget	FY2009/10 Year to Date	FY2009/10 Projection
Property Taxes	\$14,587,900	\$14,587,900	\$0	\$14,587,900
Sales & Use Tax	\$7,844,000	\$7,844,000	\$1,096,595	\$7,844,000
Motor Vehicle In Lieu	\$242,000	\$242,000	\$44,165	\$242,000
Transient Occupancy Tax	\$1,090,000	\$1,090,000	\$12,364	\$1,090,000
Property Transfer Tax	\$154,000	\$154,000	\$0	\$154,000
Business License Tax	\$1,360,000	\$1,360,000	\$17,354	\$1,360,000
Municipal Services Tax	\$2,337,600	\$2,337,600	\$959,711	\$2,337,600
Franchise Fees (PG&E)	\$571,100	\$571,100	\$0	\$571,100
Planning & Building Inspec	\$524,946	\$524,946	\$109,349	\$524,946
Parks/Community Services	\$2,257,645	\$2,260,495	\$1,153,031	\$2,260,495
Other Depts (Fire, PD, PW)	\$1,458,898	\$1,458,898	\$202,198	\$1,458,898
Fines & Forfeitures	\$728,475	\$728,475	\$149,308	\$728,475
Investment Earnings	\$332,944	\$332,944	\$278	\$332,944
Intra-City Revenues	\$2,316,719	\$2,316,719	\$579,180	\$2,316,719
All Other Sources	\$1,355,093	\$1,375,157	\$636,460	\$1,375,157
Total	\$37,161,320	\$37,184,234	\$4,959,993	\$37,184,234

- *In FY2008/09, overall Property Tax revenue increased slightly (0.1%) over prior year results, as total assessed valuations did experience a small rate of growth. The FY2008/09 year-end property tax result of \$14.33 million was \$528,388 (3.6%) below the revenue estimate used in the development of the FY2009/10 budget. The variance is attributable primarily to decreased Supplemental Property Tax revenue than originally predicted, which is generated as properties are re-assessed upon resale. The first installment of current-year property tax revenues is not expected until early January. However, information received from Yolo County on citywide assessed valuations indicates growth in citywide assessed value of 2.5% compared to the budget estimate of 0%. Properties outside the Redevelopment Agency grew at a lower rate (2.5%) than those within the Redevelopment Project Area (3.63%). While property tax revenues will not be known until January, these growth figures will likely result in an increase to our property tax revenue estimates at that time for the City's General Fund and Redevelopment Agency, respectively.*
- *Sales Tax revenue ended FY2008/09 at \$7.84 million, just slightly above our budget forecast, and first quarter results for FY2009/10 stand at \$1.10 million, or 14% of the annual budget figure of \$7.84 million. Typically, Sales Tax revenue forecasts are not updated on the basis of results from one quarter; and this year's results through the first of October do not warrant any early revisions to the forecast. Staff will be monitoring sales tax activity closely throughout the year.*
- *Service Fee and Permit revenue (Planning & Building Inspection, Parks/Community Services, Other Depts) collected in FY2008/09 totaled \$4.4 million, \$173,707 above our budget projections. Most of these gains were the result of higher than predicted revenues in Community Services and Parks and General Services.*

Attachment D

General Fund Expenditures

Table 3 summarizes General Fund expenditure results for all departments. FY2008/09 expenditures ended the year at \$39.22 million, or \$1,302,767 (3%) under the final budget of \$40.52 million.

<i>Table 3: General Fund Expenditures FY2008/09 Year-End Results and FY2009/10 Year-to-Date</i>								
Expenditure by Department	FY2008/2009 Adjusted Budget	FY2008/09 UNAUDITED Actuals	Variance	% Exp.	FY2009/10 Adopted Budget	FY2009/10 Adjusted Budget	FY2009/10 Year-to-Date Actuals	% Exp.
City Council	135,222	124,305	10,917	92%	133,138	133,138	29,705	22%
City Attorney	427,967	362,152	65,815	85%	362,967	362,967	35,476	10%
City Manager	4,262,240	3,822,612	439,628	90%	3,800,208	3,824,772	723,861	19%
Community Development	1,527,301	1,362,399	164,902	89%	1,210,144	1,210,144	284,566	24%
Community Services	4,293,974	4,023,298	270,676	0%	4,141,764	4,147,514	1,287,577	31%
Fire	8,749,775	8,299,634	450,141	95%	8,314,203	8,317,859	2,081,027	25%
Police	14,009,021	13,305,055	703,966	95%	13,534,606	13,536,006	3,551,406	26%
Parks & General Services	7,310,388	6,824,981	485,407	0%	6,889,437	6,946,597	2,430,930	35%
Public Works	973,725	779,271	194,454	80%	1,058,027	1,187,052	187,799	16%
Capital Improvements	469,152	110,205	358,947	23%	-	108,805	-	0%
Debt	205,658	205,658	-	100%	205,658	205,658	205,658	100%
Redevelopment	-	-	-	0%	56,605	56,605	9,434	17%
<i>Non-Departmental Adjustments</i>	(1,842,086)	-	(1,842,086)		(3,022,925)	(2,897,925)	-	0%
Total	\$ 40,522,337	\$ 39,219,570	\$ 1,302,767	97%	\$ 36,683,832	\$ 37,139,192	\$ 10,827,439	29%
							<i>Projected Year-end Variance</i>	

FY2008/09 General Fund expenditure results for all operating departments were within their adjusted budget, with savings ranging from 5% to 20% of budgeted expenditures.

On a citywide basis, the General Fund expenditures ended FY2008/09 at \$39.22 million, which was \$1,302,767 below the final adjusted budget. Personnel costs ended the year \$2.4 million, or 6% under budget, with realized General Fund personnel savings ending the year at just over \$1.71 million, which is above the level of General Fund salary savings incorporated into the FY2008/09 budget.

Through the first quarter of FY2009/10 General Fund expenditures (including encumbrances) were \$10.83 million, or 29% of the adjusted budget of \$37.14 million. Overall, personnel expenditures are tracking within budget through the first four periods of the fiscal year, when accounting for the seasonality of recreation program expenditures in Parks and Community Services.

Expenditures will continue to be monitored to assess whether the General Fund will realize the \$3.02 million in savings from personnel costs (\$2,272,925) and non-personnel costs (\$750,000) incorporated into the FY2009/10 budget. Expenditure projections will be presented as part of the Mid-Year Budget report in February.

Attachment E

FY 2009/10 Contingency Planning

The City's FY2009-10 Adopted Budget provides all funds appropriations totaling \$119,826,400, and General Fund appropriations totaling \$36,683,832, and incorporates a budget-balancing plan designed to address an estimated \$3.4 million structural budget deficit for this fiscal year. The budget-balancing plan included a number of assumptions related to both potential revenues and cost-savings measures that require ongoing monitoring in order to ensure that the city's budget remains in-balance.

City staff continues to refine a list of budget-balancing contingency proposals, totaling approximately \$2.0 million. This list represents potential measures that could be implemented in order to maintain a balanced-budget should one or more of the major revenue or cost-savings assumptions not be realized.

At this time, staff is preparing a supplemental document on contingency proposals to be distributed and discussed with this report on November 10th.