

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: James CameronAgenda Item No. 0-1Reviewed By: City Manager: [Signature]City Attorney: [Signature]Finance: [Signature]

Other (Specify) _____

DATE: September 19, 2012**TO:** City Council**FROM:** James Cameron, Chief Financial Officer
Finance DepartmentJames Cameron**SUBJECT:** Fiscal Year 2011-12 Preliminary Year-End Financial Update**RECOMMENDATION**

That City Council receive a preliminary year-end update for Fiscal Year (FY) 2011-12.

DISCUSSION

In March of 2012, City Council received an update of the FY 2011-12 General Fund budget. At that time, a \$3.3 million deficit was projected, including a \$1 million revenue shortfall and \$2.3 million revenue deficit. Since that time, the various taxes and fees have exceeded expectations, resulting in a \$0.5 million revenue surplus. Property and sales taxes were approximately \$1 million higher than previously reported and other charges and fees added \$0.5 million, primarily business license fees. As previously reported, the vehicle license fee take-away resulted in a \$0.7 million reduction with reductions of \$0.3 million in various accounts. The General Fund expenditure deficit was resolved through salary and benefit savings, as well as reduced purchases of supplies and materials.

The major street and traffic funds used for ongoing operating and capital needs, Gas Tax and Traffic Circulation Fees also had positive results. Gas Tax revenues exceeded expenditures by \$1.9 million, while Traffic Circulation Fees of \$2.6 million covered the \$2.5 million in capital expenditures, such as the Rice-Highway 101 Interchange project and the Intelligent Traffic System.

Enterprise funds were mixed, with Water and Environmental Resources ending the year with positive balances, while Wastewater, Golf, and the PACC operating revenues were not adequate to cover expenses. Water Operating revenues exceeded expenditures by \$0.6 million, with non-operating fees adding \$1.7 million in net revenues. The Environmental Resources operating balance was \$0.7 million, with an additional \$0.3 million from other sources. Wastewater operating expenditures exceeded revenues by \$3.6 million. However, because net revenues from non-operating fees were \$5.2 million, it is expected that debt coverage requirements will have been met. Approved rate adjustments are projected to meet future operating needs. The PACC operating deficit was \$0.1 million and Golf experienced a \$1.3 million shortfall.

FINANCIAL IMPACT

This report is based on unaudited preliminary results which may vary as the audit process is completed.

- Attachment #1 - FY 2011-12 General Fund Budget Summary
- #2 - FY 2011-12 Street and Traffic Funds Budget Summary
- #3 - FY 2011-12 Enterprise Utility Funds Budget Summary
- #4 - FY 2011-12 PACC and Golf Funds Budget Summary

PRELIMINARY

FY 2011-12

General Fund

Budget Summary (Unaudited)

Revenues

Original Budget	\$ 107,066,000	
less elimination of CDC S-T Loan payment	<u>(1,030,000)</u>	
Adjusted Budget		\$ 106,036,000
Actual Revenues		<u>106,517,000</u>
Change		<u>\$ 481,000</u>

Explanation of Revenue Change

Vehicle License Fee take-away	(709,000)	
Net revenue revisions (March 2012)	(103,000)	
Property Taxes	655,000	
Sales Tax	374,000	
Other Charges and Fees	477,000	
Interfund Transfers	(41,000)	
Other	<u>(172,000)</u>	
Total Revenue Change		<u>\$ 481,000</u>

Expenditures

Preliminary Budget Variance		
Salary and Benefits	\$ 569,000	
Overtime	(365,000)	
Fuel & Equip. Maint.	(808,000)	
Animal Shelter	(177,000)	
ISF Rate Adjustment	840,000	
CDC Successor Agency Administration	(238,000)	
Deferred Supplies and material Purchases	287,000	
Other	<u>(147,000)</u>	
Total Expenditure Surplus/(Deficit)		<u>\$ (39,000)</u>

Total Surplus/(Deficit)		<u>\$ 442,000</u>
Less approved use of fund balance		(233,000)
Less prior year adjustment for SCE Payment		<u>(252,000)</u>
Change in fund balance		<u>(43,000)</u>

PRELIMINARY

FY 2011-12
Street & Traffic Funds
Budget Summary (Unaudited)

Gas Tax

Operating		
Revenues		6,201,000
Expenditures		4,296,000
Capital		-
Balance		<u>1,905,000</u>
Non-Operating		
From Fiscal Agent	1,173,000	
Debt Service	<u>1,173,000</u>	
		-

Traffic Circulation Fees

Non-Operating		
Revenues		2,606,000
Expenditures		
Capital	2,541,000	
Developer Reimbursements	<u>536,000</u>	
		<u>3,077,000</u>
Balance (from reserves)		<u>(471,000)</u>

Note: An additional \$1 million expended from Measure O

PRELIMINARY

FY 2011-12
Enterprise Utility Funds
Budget Summary (Unaudited)

Water Funds		
Operating		
Revenues		46,764,000
Expenditures		
Operations	29,376,000	
Debt Service	14,108,000	
		43,484,000
Debt Coverage	1.24	
Capital		2,676,000
Balance		604,000
Non-Operating		
Revenues	2,505,000	
Expenditures	745,000	
		1,760,000
Water Bonds		14,964,000
Wastewater Funds		
Operating		
Revenues		24,983,000
Expenditures		
Operations	16,937,000	
Debt Service	11,278,000	
		28,215,000
Debt Coverage*	1.11	
Capital		329,000
Balance		(3,561,000)
Non-Operating		
Revenues	6,638,000	
Expenditures	1,395,000	
		5,243,000
Environmental Resources Funds		
Operating		
Revenues		44,129,000
Expenditures		
Operations	38,934,000	
Debt Service	4,496,000	
		43,430,000
Debt Coverage	1.16	
Capital		-
Balance		699,000
Non-Operating		
Revenues	270,000	
Expenditures	-	
		270,000

* Wastewater debt coverage includes eligible non-operating revenues from development fees.

PRELIMINARY

FY 2011-12
PACC & Golf Funds
Budget Summary (Unaudited)

PACC

Operating		
Revenues		
Operations	538,000	
General Fund Subsidy	<u>948,000</u>	
		1,486,000
Expenditures		
		1,578,000
Capital		
		<u>-</u>
Balance		<u><u>(92,000)</u></u>

Golf

Operating		
Revenues		
		4,059,000
Expenditures		
Operations	4,269,000	
Debt Service	<u>1,133,000</u>	
		5,402,000
Capital		
		<u>-</u>
Balance		<u><u>(1,343,000)</u></u>
Non-Operating		
Transfer from General Fund	1,299,000	
Debt Service on Property Repurchase	<u>1,310,000</u>	
		(11,000)