

CITY OF SAN LEANDRO

MEMORANDUM

DATE: October 21, 2011

TO: Finance Committee

FROM: Lianne Marshall, Interim City Manager

BY: Jim O'Leary, Interim Finance Director

SUBJECT: Receive Quarterly Financial Report as of September 30, 2011 for the 2011-12 General Fund, Special Revenue Funds, and Enterprise Funds Budget

SUMMARY AND RECOMMENDATION

Staff recommends that the Finance Committee review and approve the Quarterly Financial Report as of September 30, 2011 for the 2011-12 General Fund, Special Revenue Funds, and Enterprise Funds Budget.

BACKGROUND

The City Council-approved 2011-12 General Fund, Special Revenue Funds, and Enterprise Funds Budget is the annual plan and resource allocation that guides and ensures implementation of City Council policies and priorities. The budget implements the vision and direction for the broad range of services that meet the needs of the community in accordance with City Council policy. This financial review as of September 30, 2011 provides the first quarterly budget update to the City Council for the new fiscal year. Analysis of the revenues collected and all expenditures through September 30, 2011 measures the budget's adherence to the established resource allocation plan.

DISCUSSION

The adopted budget incorporates the estimated revenues and planned expenditures for all funds. The attached 2011-12 Quarterly Financial Report as of September 30, 2011 provides the revenue and expenditure summary for the General Fund, Redevelopment Agency, Enterprise Funds, and Internal Service Funds. The following discussion focuses on variances from the revenue and expenditure plans and allocations contemplated in the budgets.

General Fund

The General Fund finances the operations of the City that have no special or dedicated revenue sources and pays for basic municipal services. Projected 2011-12 General Fund expenditures total \$71,692,500. Expected revenues of \$71,760,500, including interdepartmental fund transfers, finance the anticipated expenditures.

The budget was approved with the operating revenues and expenditures in balance, without the use of reserves or one-time revenues, for the first time since 2007-08. Revenue data from only a fiscal year's first quarter is not a clear indicator for year-end actual revenue. Total revenue for the first quarter of 2011-12 was 10% of the budget, slightly higher than the percentage at the same time last year. Receipts from a number of revenue sources, including property tax, sales tax, interest earnings, and planning and building permit fees, historically correlate with changes in regional and state economic conditions.

General Fund Revenue

- **Property Tax** (3% of budget compared to 4% in 2010-11)—The current year's budget for property tax revenue is \$100,000 greater than budgeted in 2010-11. The first payment of property tax from the secured roll by Alameda County will occur about December 15, 2011.
- **Sales Tax** (7% of budget compared to 7% in 2010-11)—The current year's budget for sales tax revenue is \$5,260,000 more than budgeted in the 2010-11. Anticipated revenue from approval of Measure Z represents \$3,800,000 of the increase. First quarter revenue earned in the prior year amounts to \$419,000. The state has delayed payments for August and September, with the August payment in the amount of \$900,000 received in October.
- **Utility Users Tax** (10% of budget compared to 15% in 2010-11)—Revenue lower in 2011-12 with the delay in payment by PG&E on Augusts' receipts. A total payment of \$451,700 was received after September 30, 2011.
- **Property Transfer Tax** (12% of budget compared to 16% in 2010-11)—This quarter's revenue has dropped \$98,300 compared to 2010-11. An equal number of months covered in the two years, with an apparent decline in the valuation of property transfers reported by Alameda County in 2011-12.
- **Charges for Services** (43% of budget compared to 27% in 2010-11)—Charges for services higher in 2011-12 based on payments from Kaiser Hospital for fire review and inspection fees. Also, the reimbursement for Police service fees by the Nike store are reflected in 2011-12 but not in 2010-11.
- **Licenses & Permits** (58% of budget compared to 19% in 2010-11)—License & Permits revenues reflect Kaiser Hospital permit fees of \$500,000 in 2011-12. Additional high value building permits were issued for the Water Pollution Control Plant project and for work at the transfer station by Waste Management.

General Fund Expenditures

- **Police** (25% of budget compared to 25% in 2010-11)—The current year's Police expenditure budget is \$781,000 greater than budgeted in 2010-11. First quarter expenditures include charges of \$80,000 related to the Nike store and Century Theaters not included in the first quarter of 2010-11.

Redevelopment Agency

The Agency's 2011-12 operating budget appropriates revenues of \$8,406,700 and expenditures of \$7,740,000 for the three project areas. The Low/Moderate Income Housing budget projects revenues at \$2,648,700 and expenditures at \$1,665,400. The first payment of tax increment from

the secured roll by Alameda County will occur around December 15, 2011. The state Supreme Court is scheduled to rule on the constitutionality of the state's actions limiting redevelopment agency operations at about the same time.

Enterprise & Internal Service Funds

Four Enterprise Funds make up the City's business type operations. The Water Pollution Control Plant Fund, Environmental Services Fund, Shoreline Enterprise Fund, and the Storm Water Fund are City municipal operations designed to fully recover costs through user fees. Internal Service Funds also operate as business activities, exclusively supporting the City's internal operations. Facilities Maintenance, Information Technology, Insurance Services, and Equipment Maintenance make up these funds.

Enterprise & Internal Service Fund Revenues

- **Environmental Services** (10% of budget compared to 20% in 2010-11)—Revenue in the first-quarter of 2010-11 included a one-time settlement payment by Shell UST of \$100,000.

Special Revenue Funds

Revenues and expenses for the City's operating Special Revenue Funds are included in the report. Revenues and expenditures for the Parking Fund, Gas Tax Fund, Heron Bay Maintenance Fund, Housing Services Funds, Business Improvement District Fund, and the Public Education & Government Access Fund are provided.

Special Revenue Funds Revenues

- **Parking Fund** (21% of budget compared to 45% in 2010-11)—Quarterly billing for parking has decreased by \$16,000 since the closing of the Estudillo Parking Garage. Parking meter receipts in 2011-12 cover only two months, since September receipts were not posted until October.

CONCLUSION

Staff recommends that the Finance Committee accept and approve the Quarterly Financial Report as of September 30, 2011 for the 2011-12 General Fund, Special Revenue Funds, and Enterprise Funds Budget.

City of San Leandro
Quarterly Financial Report
As of September 30, 2011

GENERAL FUND	2011-12			2010-11			2011-12 v 2010-11	
	September 30, 2011			September 30, 2010			Yr to Yr Change (\$)	Yr to Yr Change (%)
	Budget	YTD as of 9/30/11	% of Budget	Budget	YTD as of 9/30/10	% of Budget		
Revenues								
GENERAL GOVERNMENT								
Property Tax	15,400,000	536,740	3%	15,300,000	539,050	4%	(2,310)	0%
Sales Tax	23,110,000	1,668,104	7%	17,850,000	1,188,714	7%	479,390	40%
Utility Users Tax	9,847,900	989,933	10%	9,635,000	1,470,862	15%	(480,929)	-33%
Franchise Fees	3,983,000	61,439	2%	3,940,000	62,226	2%	(787)	-1%
Property Transfer Tax	2,444,000	286,928	12%	2,444,000	385,207	16%	(98,279)	-26%
Emergency Communication Access Fee (911)	2,700,000	438,001	16%	2,500,000	426,286	17%	11,715	3%
Business License Tax	4,225,000	235,819	6%	3,964,745	246,117	6%	(10,298)	-4%
Other Tax	277,100	270	0%	259,161	540	0%	(270)	-50%
Sub Total Taxes	61,987,000	4,217,234	7%	55,892,906	4,319,002	8%	(101,768)	-2%
Charges for Services	2,381,000	1,019,069	43%	2,251,940	604,587	27%	414,482	69%
Interest & Property Income	1,017,764	155,634	15%	1,219,270	114,982	9%	40,652	35%
Fines, Fees & Forfeitures	1,190,000	207,876	17%	1,300,000	184,331	14%	23,545	13%
Intergovernmental	1,064,050	125,325	12%	1,146,252	56,371	5%	68,954	122%
Licenses & Permits	1,560,155	907,447	58%	1,610,255	307,377	19%	600,070	195%
Interdepartmental	2,295,294	573,823	25%	2,295,294	573,823	25%	0	0%
Other	265,233	66,928	25%	816,000	61,177	7%	5,751	9%
Sub Total Other	9,773,496	3,056,102	31%	10,639,011	1,902,648	18%	1,153,454	61%
Total Revenues	71,760,496	7,273,336	10%	66,531,917	6,221,650	9%	1,051,686	17%
Expenditures								
General Administration	3,342,231	845,750	25%	3,313,539	784,162	24%	61,588	8%
Council, Clerk, Treasurer, City Attorney City Manager and Human Resources								
Finance	2,183,945	469,867	22%	1,955,568	435,404	22%	34,463	8%
Police	26,085,580	6,497,149	25%	25,304,094	6,332,558	25%	164,591	3%
Fire	18,193,855	3,078,623	17%	17,880,223	3,021,242	17%	57,381	2%
Recreation & Human Services	3,796,701	1,006,177	27%	3,434,901	919,425	27%	86,752	9%
Engineering & Transportation	2,276,869	568,479	25%	2,171,042	527,142	24%	41,337	8%
Library	4,464,194	1,176,229	26%	4,358,312	1,106,612	25%	69,617	6%
Public Works	4,080,766	906,848	22%	3,937,086	869,508	22%	37,340	4%
Community Development	2,811,787	677,016	24%	2,647,272	583,425	22%	93,591	16%
Non-Departmental	1,475,278	312,093	21%	1,628,207	279,327	17%	32,766	12%
Debt Service	2,981,348	719,415	24%	2,980,447	719,740	24%	(325)	0%
Total Expenditures	71,692,554	16,257,646	23%	69,610,691	15,578,545	22%	679,101	4%

City of San Leandro
 Quarterly Financial Report
 As of September 30, 2011

**REDEVELOPMENT AGENCY
 FUNDS**

	2011-12			2010-11			2011-12 v 2010-11	
	September 30, 2011			September 30, 2010			Yr to Yr Change (\$)	Yr to Yr Change (%)
	Budget	YTD as of 9/30/11	% of Budget	Budget	YTD as of 9/30/10	% of Budget		
Redevelopment Agencies								
Revenue	8,406,718	50,935	1%	8,868,783	74,851	1%	(23,916)	-32%
Expenditure	7,739,979	829,470	11%	8,830,008	582,857	7%	246,613	42%
Low/Moderate Income Housing								
Revenue	2,648,666	17,210	1%	2,630,974	51,721	2%	(34,511)	-67%
Expenditure	1,665,383	188,279	11%	1,742,721	559,901	32%	(371,622)	-66%

City of San Leandro
Quarterly Financial Report
As of September 30, 2011

**ENTERPRISES & INTERNAL
SERVICE FUNDS**

	2011-12			2010-11			2011-12 v 2010-11	
	September 30, 2010			September 30, 2010			Yr to Yr Change (\$)	Yr to Yr Change (%)
	Budget	YTD as of 9/30/11	% of Budget	Budget	YTD as of 9/30/10	% of Budget		
Water Pollution Control Plant								
Revenue	11,921,500	1,248,855	10%	10,793,506	1,017,046	9%	231,809	23%
Expenditure	7,534,847	2,301,762	31%	7,570,581	2,503,418	33%	(201,656)	-8%
Environmental Services								
Revenue	1,191,900	122,593	10%	1,123,581	227,100	20%	(104,507)	-46%
Expenditures	1,397,073	301,299	22%	1,503,466	310,514	21%	(9,215)	-3%
Shoreline Enterprise								
Revenue	2,113,856	418,748	20%	2,095,753	443,405	21%	(24,657)	-6%
Expenditure	2,230,524	285,051	13%	2,301,758	501,567	22%	(216,516)	-43%
Storm Water								
Revenue	1,101,000	0	0%	1,070,000	222	0%	(222)	-100%
Expenditure	1,114,152	185,912	17%	1,070,000	174,304	16%	11,608	7%
Facilities Maintenance								
Revenue	2,730,681	680,675	25%	2,694,553	724,386	27%	(43,711)	-6%
Expenditure	2,730,306	555,700	20%	2,685,106	535,181	20%	20,519	4%
Information Technology								
Revenue	3,461,408	860,497	25%	3,592,230	906,893	25%	(46,396)	-5%
Expenditure	3,564,514	992,133	28%	3,588,546	1,005,434	28%	(13,301)	-1%
Insurance Services								
Revenue	2,751,793	658,351	24%	2,316,452	633,176	27%	25,175	4%
Expenditure	2,751,564	816,909	30%	3,315,799	1,313,760	40%	(496,851)	-38%
Equipment Maintenance								
Revenue	1,494,186	364,912	24%	1,434,795	356,326	25%	8,586	2%
Expenditure	1,599,615	394,013	25%	1,425,011	318,951	22%	75,062	24%

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As of September 30, 2011

**SPECIAL REVENUE FUNDS
OPERATING**

	2011-12			2010-11			32,766	
	September 30, 2011			September 30, 2010			Yr to Yr Change (\$)	Yr to Yr Change (%)
	Budget	YTD as of 9/30/11	% of Budget	Budget	YTD as of 9/30/10	% of Budget		
Parking								
Revenue	194,840	41,394	21%	148,819	67,397	45%	(26,003)	-39%
Expenditure	238,590	51,123	21%	241,039	51,989	22%	(866)	-2%
Gas Tax - Street Maintenance								
Revenue	1,318,454	237,438	18%	1,602,414	1,479	0%	235,959	15954%
Expenditures	1,784,965	390,951	22%	1,860,540	445,145	24%	(54,194)	-12%
Heron Bay Maintenance								
Revenue	323,440	0	0%	323,440	1,750	1%	(1,750)	-100%
Expenditure	474,483	48,013	10%	321,908	41,909	13%	6,104	15%
Housing Services								
Revenue	1,119,586	204,421	18%	1,060,164	337,895	32%	(133,474)	-40%
Expenditure	1,116,752	237,408	21%	1,059,626	74,986	7%	162,422	217%
Business Improvement District								
Revenue	341,000	22,625	7%	353,060	1,255	0%	21,370	1703%
Expenditure	365,000	36,679	10%	365,000	13,500	4%	23,179	172%
Public Education & Government Access								
Revenue	150,000	0	0%	7,000	0	0%	0	N/A
Expenditure	150,000	5,912	4%	28,625	0	0%	5,912	N/A