

completion of the audited financial statements.

Now that most of the major revenues for the fiscal year have been received and expenditures appropriately charged to last year have been posted, the Finance Department is better able to analyze year-to-date trends and year-end projections. Below is an analysis of revenues and expenditures for the General Fund and other key operating funds.

General Fund Revenue

As previously reported to the City Council, staff can report some positive net revenue adjustments based on actual receipts. In total, year-end projections indicate a net increase of General Fund revenues over the Adopted Budget projections of about \$4.9 million, primarily due to the receipt of an additional \$2.7 million in sales tax and \$600,000 in property tax. The City also received a refund from Alameda County for property tax assessment fees in the amount of \$548,000. **Please refer to Table 1 on the attached document.**

Property Tax (+\$628,000) Property tax revenues increased in 2012-13 as a direct result of the elimination of the Redevelopment Agency and the corresponding increase in property tax revenue (partially offsetting the loss of Tax Increment revenue) to the City. Information from the County Assessor indicated net land, improvements and personal property value growth as of April 2012 to be about 5%.

Sales Tax (+\$2,700,000) Sales tax represents San Leandro's largest General Fund revenue source. The overall sales tax growth for 2012-13 was estimated at approximately 3.3%. Half of this was attributed to sales tax revenue generated by Measure Z - assumed to be about \$3.8 million per year. Therefore, staff is now adjusting Sales Tax projections for the current year to \$26.6 million (11%). This reflects a \$2.7 million increase over the original estimate of \$23.9 million. Measure Z represents \$4.3 million of the total sales tax revenue received.

Utility Users Tax (UUT) (-\$212,000) 911 Tax & Other Taxes (+\$639,000) UUT revenues are comprised of taxes on energy and cable/telecom usage. Revenues for 2012-13 are \$212,000 under the adopted revenue projections. Other revenues at year end include: a decrease of \$77,000 in the 911 Tax, an increase of \$303,000 in franchise fees, an increase of \$130,000 in Business License Fees, and an increase of \$437,000 in property transfer tax.

General Fund Expenditures

The adopted General Fund expenditure budget totals \$76.1 million. The 2012-13 Adjusted Budget totals \$78.2 million and represents a \$2.1 million increase over the Adopted Budget due to encumbrance carryovers from the prior fiscal year (funded by dedicated fund balance), and one time Council approved items from unanticipated savings at the end of 2011-12.

Year-end activity by department is summarized on Table 2 of the attached document.

Unaudited payroll is 99.53% of budgeted payroll, an overall savings of \$167,000.

Summary of Year-End Expenditures

- Total net increase over the Adjusted Budget of \$996,000.
- Non-Departmental reflects the accrual of the repayment of the \$2.3 million Redevelopment loan to be made to Alameda County in 2013-14. \$2.1 million of the loan repayment is

funded by a fund designation set up in 2010-11.

- Overall departmental savings totals \$1.3 million.

General Fund Year-End Summary

The 2012-13 year-end forecast for the General Fund has improved over the Adopted Budget, largely due to an increase in projected revenues. Revised projections for 2012-13 reflect an operating increase in fund balance of \$3.2 million and a decrease in the RDA - Plaza Project Loan designation of \$2.1 million due to the dissolution of the Redevelopment Agency and the rejection of the loan repayment from the Department of Finance. Overall, staff projects a net fund balance in the General Fund of about \$15.1 million, an improvement of \$293,000 over Adopted Budget projections. ***Please refer to Table 3 on the attached document.***

All Other Funds

In addition to the City's General Fund, City operations are supported by a number of other funds. Projected savings and budget modifications are all reflected in the estimated ending fund balances. ***Please refer to Table 4 in the attached document.***

- The Parking Fund decreased \$51,000 due to the construction of the Parking Garage which opened in November 2012. Staff continues to monitor revenues and expenditures in the Parking Fund.
- The Gas Tax - Operations Fund decreased \$489,000 due to the reduction of Gas Tax revenues and increasing construction costs.
- The Self Insurance Fund decreased \$732,000 due to the ICFG settlement payment of \$2.3 million.

CONCLUSION

This report provides an update on the 2012-13 budget performance and unaudited results for the General Fund and the City's other operating funds. Better than expected sales tax, property tax and other revenue were the primary drivers in producing a positive budget balance.

Staff will present recommendations for designating portions of fund balance with the first quarter report, expected next month.

PREPARED BY: David Baum, Finance Director, Finance

Table 1

GENERAL FUND REVENUES				
<i>(in thousands)</i>	2012-13 Adopted	2012-13 Actual	\$ Variance	% Variance
Taxes:				
Property Taxes	17,004	17,632	628	3.7%
Sales Tax	23,892	26,591	2,699	11.3%
Utility Users Tax	10,100	9,888	(212)	-2.1%
Franchise Fees	4,141	4,444	303	7.3%
Document Property Transfer Tax	2,519	2,956	437	17.3%
Business Licenses	4,425	4,555	130	2.9%
911 Tax	2,800	2,723	(77)	-2.8%
Other Taxes	303	416	113	37.3%
Subtotal Taxes	65,184	69,205	4,021	6.2%
Other Revenues:				
Licenses & Permits	1,596	1,460	(136)	-8.5%
Interest & Property Income	1,051	919	(132)	-12.6%
Revenue From Other Agencies	917	966	49	5.3%
Service Charges	2,661	2,785	124	4.7%
Fines, Fees & Forfeitures	1,240	1,237	(3)	-0.2%
Other Revenue	2,449	3,416	967	39.5%
Subtotal Other Revenue	9,914	10,783	869	8.8%
Subtotal Operating Revenue	75,098	79,988	4,890	6.5%

Table 2

Year-End Activity by Department					
Department	2012-13 Adopted	2012-13 Adjusted	Actual	\$Over/ (Under)	%Over/ (Under)
General Administration Council, Clerk, City Attorney, City Manager, Human Resources	3,872	3,945	3,686	(259)	-6.6%
Community Development	3,851	4,018	3,493	(525)	-13.1%
Engineering & Transportation	2,461	2,461	2,420	(41)	-1.7%
Finance	2,299	2,308	2,244	(64)	-2.8%
Fire Contract	18,508	18,508	18,125	(383)	-2.1%
Fire Supplies & Capital Outlay	381	381	710	329	86.4%
Library	4,680	4,821	4,523	(298)	-6.2%
Police	25,331	25,586	25,281	(305)	-1.2%
Public Works	4,292	4,386	4,185	(201)	-4.6%
Recreation & Human Services	3,990	4,049	3,910	(139)	-3.4%
Non Departmental	1,302	1,282	4,369	3,087	240.8%
Debt Service	4,866	4,866	4,631	(235)	-4.8%
Subtotal Operating Expenditures	75,833	76,611	77,577	966	1.3%
Transfers	257	1,607	1,607	-	0.0%
Total Expenditures	76,090	78,218	79,184	966	1.2%

Table 3

General Fund Summary <i>(dollars in thousands)</i>	2012-13 Adopted	2012-13 Projected	Change
Major Emergencies	\$ 5,000	5,000	
Economic Uncertainty	5,796	4,947	
Community Impact	1,200	1,200	
RDA - Plaza Project Loan Repayment	2,137	-	
Internship Program	50	50	
Encumbrances	111	264	
Compensated Absences	540	467	
Total Designated Fund Balance	14,834	11,928	(2,906)
Undesignated Fund Balance	-	3,199	3,199
Total Fund Balance	14,834	15,127	293

Table 4

All Other Funds Summary
Fiscal Year 2012-13
(In Thousands)

Fund	Beginning Fund Balance	Ending Fund Balance	Net Change to Fund Balance
Parking	\$ 82	\$ 31	\$ (51)
Gas Tax - Operations	916	427	(489)
Cherrywood Maintenance District	275	296	21
Asset Seizure	699	806	107
Heron Bay Maintenance District	761	743	(18)
Housing Funds	123	181	58
Affordable Housing Asset Fund	151	470	319
Business Improvement District	55	46	(9)
Public Education & Government	304	451	147
Water Pollution Control Plant	44,994	48,837	3,843
Shoreline	(2,818)	(2,450)	368
Environmental Compliance	1,387	1,373	(14)
Storm Water	271	244	(27)
Building Maintenance	1,250	1,885	635
Information Technology	2,839	2,662	(177)
Insurance Services	1,753	1,021	(732)
Equipment Maintenance	2,879	2,823	(56)
Total Change to Fund Balance - Other Funds			\$ 3,925