



# City of San Leandro

Meeting Date: November 18, 2013

## Staff Report

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**File Number:** 13-559 **Agenda Section:** CONSENT CALENDAR

**Agenda Number:** 8.Ô.

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** David Baum  
Finance Director

**FINANCE REVIEW:** David Baum  
Finance Director

**TITLE:** Staff Report for the Quarterly Financial Report as of September 30, 2013 for the 2013-14 General Fund, Special Revenue Funds, and Enterprise Funds Budget

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### SUMMARY AND RECOMMENDATION

Staff recommends that the City Council review and accept this staff report for the Quarterly Financial Report as of September 30, 2013 for the 2013-14 General Fund, Special Revenue Funds, and Enterprise Funds Budget.

### BACKGROUND

The City Council-approved 2013-14 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, 2013 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, 2013 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 2013-14 Quarterly Financial Report as of September 30, 2013 provides the revenue and expenditure summary for the General Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds. The following discussion focuses on variances from the revenue and expenditure plans and allocations contemplated in the adopted 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 2013-14 General Fund expenditures total \$80.3 million. Expected revenues of \$79.5 million, including interdepartmental fund transfers, finance the anticipated expenditures.

The budget was approved with the operating revenues and expenditures and the use of reserves of \$1.1 million. 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 2012-13 was 11% 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 3% in 2012-13)-The current year's budget for property tax revenue is \$854,000 greater than budgeted in 2012-13. The first payment of property tax from the secured roll by Alameda County will occur about December 15, 2013.
- **Sales Tax** (9% of budget compared to 9% in 2012-13)-The current year's budget for sales tax revenue is \$3.2 million more than budgeted in the 2012-13. Anticipated revenue from approval of Measure Z represents \$4.3 million of the total sales tax estimate. First quarter revenue earned reflects an overall increase of \$390,000 primarily due to an increase in the final sales quarter from Fiscal Year 2012-13 received in September 2013.
- **Utility Users Tax** (15% of budget compared to 15% in 2012-13)- A slight increase of \$66,000 in UUT receipts is expected in 2013-14.
- **Property Transfer Tax** (11% of budget compared to 9% in 2012-13)-This quarter's revenue has increased by \$63,000 compared to 2012-13. An equal number of months covered in the two years, with an apparent increase in the valuation of property transfers reported by Alameda County in 2013-14 is the primary reason for the slight increase.
- **Licenses & Permits** (36% of budget compared to 25% in 2012-13)-License & Permits revenues reflects high value building permits issued for various construction projects including the construction of the new Preferred Freezer warehouse.

### General Fund Expenditures

- **Fire** (17% of budget compared to 17% in 2012-13)-The current year's Fire contract increased by \$554,000 or 3%. First quarter expenditures include \$100,000 for Utilities and Internal Service Fund charges.
- **Public Works** (25% of budget compared to 22% in 2012-13) -Current year expenditures show increases in the first quarter expenditures by \$192,000 due to increased costs for utilities and the filling of positions that were vacant in 2012-13.
- **Community Development** (23% of budget compared to 22% in 2012-13) - Current year expenditures include project costs for Business Development that were previously funded with Redevelopment Tax Increment revenue.
- **Non-Departmental** (49% of budget compared to 17% in 2012-13) -The Non-Departmental

Budget for 2013-14 was reduced by \$700,000 to reflect vacancy savings to balance the budget. Actual expenditures were just \$13,000 higher than last fiscal year. The Non-Departmental Budget will be adjusted as salary savings occur during the remainder of the year.

- **Debt Service (12% of budget compared to 13% last fiscal year.** - Debt service will decline in FY 13-14, due to the refinancing of the City's debt in March 2013.
- **Other/Transfers (1% of budget compared to 218% in 2012-13)** -The decrease in transfers of \$552,000 reflects a first quarter transfer made in 2012-13 for Facility Repairs from unanticipated revenue increases in 2011-12.

### **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**

- **Water Pollution Control Plant (42% of budget compared to 33% in 2012-13)**-Expenditure increases in the first quarter are primarily due to the Water Pollution Control Plant expansion project.
- **Insurance Services (22% of budget compared to 98% in 2012-13)** -Expenditures decreased by \$2.3 million in 2013-14 due to a settlement payment made to ICFG for \$2.3 million in the first quarter of 2012-13.

### **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**

- **Housing Services Funds (29% of budget compared to 11% in 2012-13)** - Expenditures increased in the first quarter of 2013-14 due to the timing of the payment for the HUD 108 Senior Center Loan.
- **Public Education & Government Fund (148% of budget compared to 2% in 2012-13)** - Expenditures reflect a higher percentage to adopted budget due to the project related to the recording of City Council meetings.

### **ATTACHMENTS**

- Quarterly Financial Report for period ending September 30, 2013

**PREPARED BY:** David Baum, Finance Director, Finance Department



# City of San Leandro

Meeting Date: November 18, 2013

## Minute Order - Council

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**File Number:** 13-562

**Agenda Section:** CONSENT CALENDAR

**Agenda Number:**

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** David Baum  
Finance Director

**FINANCE REVIEW:** David Baum  
Finance Director

**TITLE:** MOTION Accepting Staff Report for the Quarterly Financial Report as of September 30, 2013 for the 2013-14 General Fund, Special Revenue Funds, and Enterprise Funds Budget

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City of San Leandro  
Quarterly Financial Report  
As of September 30, 2013

GENERAL FUND	2013-14				2012-13				2013-14 v 2012-13	
	September 30, 2013				September 30, 2012				Yr to Yr Change (\$)	Yr to Yr Change (%)
	Adopted Budget	Adjusted Budget	YTD as of 9/30/13	% of Budget	Adopted Budget	Adjusted Budget	YTD as of 9/30/12	% of Budget		
Revenues										
GENERAL GOVERNMENT										
Property Tax	17,854	17,854	564	3%	17,004	17,004	554	3%	10	2%
Sales Tax	27,081	27,081	2,423	9%	23,892	23,892	2,033	9%	390	19%
Utility Users Tax	10,166	10,166	1,534	15%	10,100	10,100	1,534	15%	0	0%
Franchise Fees	4,185	4,185	81	2%	4,141	4,141	74	2%	7	9%
Property Transfer Tax	2,519	2,519	284	11%	2,519	2,519	221	9%	63	29%
Emergency Communication Access Fee (911)	2,700	2,700	458	17%	2,800	2,800	438	16%	20	5%
Business License Tax	4,558	4,558	160	4%	4,425	4,425	149	3%	11	7%
Other Tax	303	303	-	0%	303	303	-	0%	0	n/a
Sub Total Taxes	69,366	69,366	5,504	8%	65,184	65,184	5,003	8%	501	10%
Charges for Services	2,541	2,541	713	28%	2,661	2,676	762	29%	(49)	-6%
Interest & Property Income	1,205	1,205	189	16%	1,051	1,051	89	8%	100	112%
Fines, Fees & Forfeitures	1,340	1,340	119	9%	1,240	1,240	113	9%	6	5%
Intergovernmental	1,021	1,033	695	68%	917	917	632	69%	63	10%
Licenses & Permits	1,575	1,575	572	36%	1,596	1,596	405	25%	167	41%
Interdepartmental	2,002	2,002	501	25%	2,002	2,002	501	25%	0	0%
Other	443	443	120	27%	447	492	259	58%	(139)	-54%
Sub Total Other	10,127	10,139	2,909	29%	9,914	9,974	2,761	28%	148	5%
Total Revenues	79,493	79,505	8,413	11%	75,098	75,158	7,764	10%	649	8%
Expenditures										
General Administration Council, Clerk, City Attorney, City Manager and Human Resources	4,212	4,225	792	19%	3,871	3,886	853	22%	(61)	-7%
Finance	2,375	2,393	529	22%	2,299	2,308	505	22%	24	5%
Police	27,133	27,247	6,294	23%	25,331	25,571	6,247	25%	47	1%
Fire	20,006	20,006	3,352	17%	18,889	18,889	3,184	17%	168	5%
Recreation & Human Services	4,364	4,364	1,124	26%	3,990	4,040	1,109	28%	15	1%
Engineering & Transportation	2,602	2,602	653	25%	2,461	2,461	596	24%	57	10%
Library	4,709	4,709	1,166	25%	4,680	4,775	1,131	24%	35	3%
Public Works	4,541	4,642	1,139	25%	4,292	4,386	947	22%	192	20%
Community Development	4,299	4,324	993	23%	3,851	3,859	837	22%	156	19%
Non-Departmental	475	478	234	49%	1,302	1,240	221	17%	13	6%
Debt Service	4,510	4,510	524	12%	4,866	4,866	618	13%	(94)	-15%
Other/Transfers	768	776	8	1%	257	817	560	218%	(552)	-99%
Total Expenditures	79,994	80,276	16,808	21%	76,089	77,098	16,808	22%	0	0%

City of San Leandro  
Quarterly Financial Report  
As of September 30, 2013

**ENTERPRISES & INTERNAL  
SERVICE FUNDS**

	2013-14				2012-13				2013-14 v 2012-13	
	September 30, 2013				September 30, 2012				Yr to Yr Change (\$)	Yr to Yr Change (%)
	Adopted Budget	Adjusted Budget	YTD as of 9/30/13	% of Budget	Adopted Budget	Adjusted Budget	YTD as of 9/30/12	% of Budget		
Water Pollution Control Plant										
Revenue	11,954	11,954	7,446	62%	12,339	12,339	6,964	56%	482	7%
Expenditure	8,654	32,841	3,621	42%	9,175	49,310	3,048	33%	573	19%
Environmental Services										
Revenue	983	983	123	13%	1,167	1,167	75	6%	48	64%
Expenditures	1,146	1,092	233	20%	1,404	1,404	280	20%	(47)	-17%
Shoreline Enterprise										
Revenue	2,239	2,239	432	19%	2,130	2,130	426	20%	6	1%
Expenditure	2,271	2,283	286	13%	2,116	2,388	309	15%	(23)	-7%
Storm Water										
Revenue	1,081	2,081	1,071	99%	1,075	1,075	1,064	99%	7	1%
Expenditure	1,130	1,130	229	20%	1,155	1,155	293	25%	(64)	-22%
Facilities Maintenance										
Revenue	2,899	2,899	722	25%	2,864	3,404	1,255	44%	(533)	-42%
Expenditure	3,456	3,999	569	16%	2,864	3,426	591	21%	(22)	-4%
Information Technology										
Revenue	3,764	3,857	1,033	27%	3,674	3,674	914	25%	119	13%
Expenditure	3,763	4,341	1,148	31%	3,674	3,886	924	25%	224	24%
Insurance Services										
Revenue	3,739	3,739	920	25%	3,500	3,500	852	24%	68	8%
Expenditure	3,727	3,727	836	22%	3,240	5,547	3,191	98%	(2,355)	-74%
Equipment Maintenance										
Revenue	2,057	2,057	500	24%	1,731	1,731	426	25%	74	17%
Expenditure	2,057	2,116	415	20%	1,731	1,731	401	23%	14	3%

City of San Leandro  
Quarterly Financial Report  
As of September 30, 2013

**SPECIAL REVENUE FUNDS  
OPERATING**

	2013-14				2012-13				2013-14 v 2012-13	
	September 30, 2013				September 30, 2012				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	250	250	61	24%	275	275	49	18%	12	24%
Expenditure	316	316	76	24%	320	320	67	21%	9	13%
Gas Tax - Street Maintenance										
Revenue	2,055	2,055	107	5%	1,268	1,268	221	17%	(114)	-52%
Expenditures	1,973	2,054	400	20%	1,931	2,209	361	19%	39	11%
Asset Seizure Fund										
Revenue	6	6	1	17%	6	6	1	17%	0	0%
Expenditure	0	44	0	n/a	0	74	50	n/a	(50)	-100%
Heron Bay Maintenance										
Revenue	360	360	1	0%	330	330	275	83%	(274)	-100%
Expenditure	369	759	54	15%	438	711	57	13%	(3)	-5%
Housing Services										
Revenue	734	734	0	0%	702	702	328	47%	(328)	-100%
Expenditure	656	991	191	29%	680	982	78	11%	113	145%
Business Improvement District										
Revenue	298	298	29	10%	298	298	0	0%	29	n/a
Expenditure	297	297	70	24%	297	297	50	17%	20	40%
Public Education & Government Access										
Revenue	150	150	0	0%	150	150	0	0%	0	N/A
Expenditure	33	482	49	148%	149	167	3	2%	46	N/A