Mid-Year Budget Report Introduction

This report focuses on the General Fund operations through the mid-year of the 2005 fiscal year. Both revenue and expenditure standards will be compared to a 50% reporting standard.

Projected Budget

The "Projected Budget" represents the expected receipts or expenditures to be received or incurred at a certain point in the fiscal year. This benchmark is useful in comparing the to the actual receipts or expenditures. In the Mid-Year Budget Report the "Projected Budget" equals 50% of the budget. The following example illustrates how "Projected Budget" can be used as a tool to monitor actual activity.

Benchmark: ----->> 50% Example #1

	Budget	Projected Budget	FYTD Expense	Budget Variance	Projected Bgt Var
Police Expenditures	$ 4,000,000	$ 2,000,000	$ 1,852,884	$ 2,147,116	$ 147,116

In this example, the budget of $4million should have incurred $2million of expenditures at the 50% point of the fiscal year. Actual expenditures are $1.852 million which has a positive variance of $147,116 which is approximately 8% of the projected expenditures. Let's try a different example:

Benchmark: ----->> 50% Example #2

	Budget	Projected Budget	FYTD Expense	Budget Variance	Projected Bgt Var
Police Expenditures	$ 4,000,000	$ 2,000,000	$ 2,650,000	$ 1,350,000	$ (650,000)

In this example the projected budget expenditures of $2 million are compared to actual expenditures of $2.65 million. This is a negative projected budget variance of -$650,000 or -32.50%. In this case it will be necessary to investigate why the budget is significantly over budget.

In the following budget discussion this methodology will be used to analyze the City's budget. It should be noted that preceding example #2 was for illustrative purpose only and do not represent actual activity.

Revenue Overview

The General Fund has received a total of $2,761,576 through the end of December 2004. This constitutes 30% of the Revenue Estimate. This represents 60% of the projected budget through December 2004. The 40% variance equates to $1.8 million at the mid-year point. $1 million of this variance is comprised of the "in-lieu" fees which were received in January 2005.

The "In-Lieu" fees are the Property Tax In-Lieu of VLF and the Property Tax In-Lieu of Sales Tax (the Triple Flip offset from the State). The "In-Lieu" fees constitute a key component of the City's budget. The second payment of the "In-Lieu" fees will be received in May. The two "In-Lieu" fees are summarized below.

In-Lieu:	Budget	1st Pmt	YE Total	Difference
Sales Tax	746,085	308,335	616,670	(129,415)
VLF	1,330,663	599,141	1,198,282	(132,381)
Total	2,076,748	907,476	1,814,952	(261,796)

Of the $2,076,748 budgeted from the "In-lieu" fees, the City will be short $261,796.

The major revenues include Taxes (35.8%) and Intergovernmental Revenues (10.26%). Sales Tax continues to be a strong performer; the 3rd quarter Cash Receipts Analysis show growth over the previous year of 8.9% . Other significant revenue shining stars are:

- Licenses and Permits at 61% totaling $143,944;
- Fines and Forfeitures at 75.5% totaling $61,304;
- Current Service Charges at 54.6% totaling $312,482

Other positive "ReveNews" includes:

- Property Transfer Taxes - $29,255 of a total of $46,550 or 63% of the budgetary estimate;
- Construction Permits - $131,693 of a total of $212,700 or 62% of the budget;

- ⊗ Total Fines & Forfeitures - $61,304 of a total of $81,100 – 76% of the budget estimate;
- ⊗ Recreation Revenues total $107,156 compared tot total of $259,300 or 41% (this does not include facility rentals);

Expenditure Overview

The General Fund Outflows total $4,160,670. This compares to a total budget of $10,427,500 or 39%. This is significantly below the benchmark of 50%. The projected expenditures total $5,213,750. Fiscal-Year-to-Date expenditures represent 79.80% of projected expenditures. This is a positive variance of nearly 31% and represents an overall FYTD savings of over $1,053,080. $853,337. This represents an increased level of savings from the previous month's variance of nearly $200,000—this increase represents a change of a positive 25%.

Support Services -(General Gov't)

The Support Services (General Government) Departments incurred expenditures that totaled $801,715 or 36% of their budget and this compares to $923,576 during Fiscal Year 2004; the projected budget variance is a positive $311,635 for all Support Services divisions; in other words actual expenditures represent 72% of projected budget expenditures through December, a 28% actual savings ($311,635)! The following table presents the Support Services Departments' Contributions to the overall savings at the Mid-Year:

Dept/Div	Amount	%
Council	(4,646)	(1.49%)
Manager	8,392	2.69%
Clerk	35,120	11.27%
Attorney	7,500	2.41%
Finance	111,164	35.67%
Human Resources	18,528	5.95%
MIS	28,724	9.22%
YES!/WIA	(9,506)	(3.05%)
Non-Dept	75,687	24.29%
Advertising	8,550	2.74%
City Hall	32,122	10.31%
Total	**311,635**	**100.00%**

Police

Police expenditures total $1,852,884 or 45% of their budget. Please remember that the total here is artificially low due to the PEAR retroactive pay on the new MOU not being paid until a projected date in February 2005. This compares to $1,683,290 during Fiscal Year 2004; the projected budget variance in Fiscal Year 2005 is $204,873 (9.95% of the projected budget.)

Community Development

Community Development expenditures total $166,751 or 25% of its budget and this compares to $332,063 of "Projected Budget" an overall savings through the Mid-Year of $164,997 or 49.58%.

Parks & Recreation

Parks & Recreation spent $579,518 or 41.29% of its revised budget which compares to $593,288 during Fiscal Year 2004; the project budget variance (difference between the Projected Budget and Fiscal Year-to-Date Expenditures) is $122,208 in FY 2005 as opposed to $31,446 in the prior year.

ENGINEERING-GARAGE:

Public Works has spent $239,635 or 43% of its budget which compares to $169,187 during Fiscal Year 2004. This compares to $280,503 of Projected Budgeted Expenditures. The combined divisions spent 85% of the Projected Budget Expenditures. Engineering incurred $90,732 or 29% of its approved budget and 59% of the Projected Budget. The Garage (Fleet Maintenance) incurred $94,425 or 58% of its approved budget and 117% of the Projected Budget. It should be noted that the $100,000 of estimated Garage Reimbursements has received $68,184 through December 2004; this amounts to 136% of the Projected Mid-Year estimate.

The major expenditures for the Police Department are outlined below:

Police Detail

- Investigations - $321,772 of $690,986
- Patrol - $1,040,032 of $2,140,280
- Communications - $135,805 of $323,464
- Animal Control - $88,395 of $225,518

This has been offset by Police-related revenues of $267,966 or 63.87% of its total estimate. The major revenues have been generated by:

- Proposition 172 (Public Safety Sales Tax) $62,762
- Animal Control - $47,648
- Patrol - $67,330
- School Officer - $39,059

The balance of Police expenditures of $1,584,918 were provided by the General Fund. It should also be noted that the PEAR retros have not been paid and the total payroll expenditures are therefore understated.

Parks & Recreation Detail

The Parks & Recreation Department generated $159,748 of total revenue; up from $131,035 of revenue in the prior month. This totals 44.94% of the budget estimate. The Department incurred $579,518 of expenditures or 43.18% of its budget. The difference of $419,770 62.5% of total year-to-date expenditures, was provided by the General Fund.

Total expenditures for the Department consisted of $80,403 from Administration, $193,519 from Recreation, and $305,597 from Parks Maintenance. The Recreation Division also generated $112,988 in revenues. Of this amount the bulk of the revenues came from Aquatics ($13,758); Summer Camp ($19,429); and Youth Sports ($38,937). Other programs that generated revenues during the year included Fitness ($11,651); Program Management ($5,828); and the Pre-School ($23,385). The Kerr McGee Center generated a total of $29,746 during FYTD.

Programs with Net Deficits	
Adult Sports	-$737
Aquatics	-$12,274
Program Management	-$84,221
Pre-School	-$1,511
Summer Camp	-$13,495

Programs with Net Gains	
Fitness	$8,359
Youth Programs	$23,348

The overall "loss" in Recreation is budgeted for the year at $134,792. This places the FYTD loss of $80,531 at approximately 59.7%% of the budgeted expectation. This should be compared to a projected loss of $67,396 through the end of December. This represents 119% of the Projected Net Deficit. Further information can be found in the Appendix.

OTHER FUNDS

GAS TAX:

The Gas Tax Fund which provides funding source for Street Lighting and Street Maintenance received $386,324 through December 2004. Of this amount $153,734 has come from the General Fund via transfer. This compares to an overall budget of $1,270,567. The bulk of the Gas Tax fund Inflows are Fiscal Year-End Transfers from the General Fund of $839,902. The Gas Tax Fund revenues received from the State represent 53.9% of the estimated budget.

Total Gas Tax Fund expenditures were $422,750 FYTD. Of this amount $65,994 were on Street Lights (88% of the Projected Budget for the reporting period); $183,159 was spent on Street Maintenance (57% of the Projected Budget for the reporting period) and $20,841 was spent on Street Sweeping (60% of the Projected Budget); and $129,824 was spent on reimbursement for support services to other funds via transfers. Had the overall expenditures been evenly incurred throughout the year, $680,234 would have been projected. The overall savings of $257,484 represents a savings of approximately 38% of the projected budget.

TDA TRANSIT:

Transit-related revenues during through December totaled $31,400 while expenditures were $371,849. This compares to prior year expenditures of $273,215 for the same period. The Transit Fund had a cash deficit at the end of the reporting period of $68,697. A route-by-route comparison is presented in the Appendix.

Comparative Transit Statistics		
Through December	***FY 2004***	***FY 2005***
County Contract	$27,202	$28,673
Passengers	19,898	21,275
Revenue Hours	4,182	4,676
Service Hours	5,887	10,244
Mileage	68,126	104,885
Cost Per Passenger Trip	$15.998	$15.326
Cost Per Hour	$57.83	$35.83

WASTE WATER:

Total Waste Water revenues received during the period were $922,055 or 46.75% of the budget estimate. Total Waste Water expenses during the period were $322,806 as compared to $292,027 in the prior fiscal year. Total expenses amounted to 33.47% of the annual budget. The balance of the Waste Water funding will be remitted on the County's Property Tax schedule in April and June.

SUPPORT SERVICES SELF-INSURANCE:

The Self Insurance Fund received $644,238 FYTD. This is compared to $467,231 for the same period in Fiscal Year 2004. The total receipts represent 72.46% of the annual budget estimate. Total expenditures amounted to $363,215 FYTD. This is 38% of the revised budget and is approximately $112,000 less than the projected expenditures FYTD. It should be noted that $325,685 was spent during the same period in the prior year.

RDA:

The Business development Center collected $17,526 in revenues and spent $12,268 FYTD.

The Redevelopment Fund received $254,683 and spent $412,974 FYTD. The Housing Set Aside Fund collected $21,013 and spent $17,310 FYTD. Finally, the Debt Service Fund received $2,175,871 and

spent $585,349 through the mid-year point. All Redevelopment Agency transactions were within budgetary expectations for the quarter.