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DEPARTMENT OF
FINANCE

REVENUE DIVISION

CITY OF SACRAMENTO
CALIFORNIA

August 29, 1988
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CITY HALL
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SACRAMENTO, CA
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Budget & Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: ASSESSMENT OF FY 1987/88 REVENUE FORECAST

SUMMARY

This informational only report provides the Committee with an assessment of the FY 1987/88 Revenue Forecast.

BACKGROUND

The Committee requested that staff provide quarterly assessments of the City's Revenue Forecast. This assessment examines the City's FY 1987/88 Revenue Forecast, as of June 30, 1988.

DISCUSSION

The receipts used for this analysis are unaudited and therefore are subject to adjustment. Historically the adjustments booked result in increases to the preliminary unaudited receipts.

FINANCIAL ANALYSIS

Exhibit I details the FY 1987/88 Midyear Projections and the unaudited actual receipts by fund. The following is a summary, by fund affected, of the major deviations of the unaudited actual receipts from the FY 1987/88 Midyear Revenue Projections. Funds not listed did not deviate significantly from the FY 1987/88 Midyear Revenue Projections.

GENERAL FUND

Total Revenue

Midyear \$139,985,000
Unaudited Actual \$139,202,000

The unaudited actual receipts are \$783,000 (.6%) lower than the Midyear Projections. The reduction is the net result of increases and decreases in the major revenue categories. The lower than expected receipts will adversely impact the beginning fund balance for FY 1988/89. However, this decrease may

be offset by unanticipated expenditure savings. The final audited actual receipts should be available by the FY 1988/89 Midyear Review. An explanation of each of these categories follows.

Taxes

Midyear \$104,845,000
Unaudited Actual \$102,897,000

The unaudited actual receipts are \$1,948,000 (1.9%) lower than the Midyear Projections. On August 2, 1988 Data Resources, Inc., the City's economic forecast consultant advised the Committee that the Utility Users Tax and Real Property Transfer Tax revenues would be approximately \$1,700,000 and \$700,000 respectively less than the Midyear Projections. An unidentified portion of the Utility Users Tax shortfall is attributable to untaxed gas purchases made by large gas users in the City. The City has initiated actions to collect these revenues. The \$2,400,000 shortfall is offset by higher than anticipated property tax and Sales and Use Tax revenues.

Fines and Forfeits

Midyear \$ 1,358,000
Unaudited Actual \$ 1,666,000

The unaudited actual receipts are \$308,000 (22.7%) higher than the Midyear Projections. The Midyear Projections were reduced by \$384,000 from the FY 1987/88 Approved Budget due to collection problems experienced by the County. Staff has been and will continue to explore alternative means for collecting and/or reporting this revenue source.

Use Of Money

Midyear \$ 2,886,000
Unaudited Actual \$ 2,275,000

The unaudited actual receipts are \$611,000 (21.2%) less than the Midyear Projections. The shortfall is attributable to the lower than anticipated cash available for investment. Previously, General Fund capital projects were cash financed rather than debt financed. Cash financing of capital projects results in higher cash balances available for investment. The FY 1988/89 Budget projections for the Use of Money category were reduced to compensate for the projected reduced cash available for investment.

Intergovernmental

Midyear \$ 17,828,000
Unaudited Actual \$ 17,476,000

The unaudited actual receipts are \$352,000(2.0%) lower than the Midyear Projections. State Homeowners Property Tax Relief revenue was \$133,738 lower than anticipated. State Motor Vehicle In Lieu Tax revenue exceeded the estimate by \$161,613. Projected revenue totalling \$109,000 for reimbursable work performed at the Community Center was reclassified as expenditure reduction rather than revenue. Additionally, \$227,240 paid by Regional Transit for police services was credited as miscellaneous revenue.

Charges, Fees and Services

Midyear \$ 9,030,000
Unaudited Actual \$ 10,672,000

The unaudited receipts are \$1,642,000 (19.5%) higher than the Midyear Projections. The increase is primarily attributable to reimbursement for engineering design and construction work performed by the Public Works and General Services Departments.

Other Revenues

Midyear \$ 822,000
Unaudited Actual \$ 982,000

The unaudited actual receipts are \$160,000 (19.5%) higher than the Midyear Projections. The increase is primarily attributable to the reclassification of \$227,240 paid by Regional Transit for police services from intergovernmental revenue to miscellaneous revenue. This revenue category is difficult to project due to the nonrecurring nature of the revenue sources.

OTHER GOVERNMENTAL FUNDSCDBG Fund

Midyear \$ 851,000
Unaudited Actual \$ 1,354,000

The variance between the unaudited actual receipts and the Midyear Projections is due to the multiyear nature of the grants. The total grant is projected in the year the grant is anticipated. The actual receipts may be received in several fiscal years.

SHRA Fund

Midyear \$ 2,800,000
Unaudited Actual \$ 1,501,000

The variance between the unaudited actual receipts and the Midyear Projections is due to the multiyear nature of the grants. The total grant is projected in the year the grant is anticipated. The actual receipts may be received in several fiscal years.

Traffic Safety Fund

Midyear \$ 1,053,000
Unaudited Actual \$ 1,209,000

The unaudited actual receipts are \$156,000 (14.8%) higher than the Midyear Projections. The FY 1987/88 projections for this revenue source were less than the audited actual receipts for FY 1986/87. The lower projection was due to the erratic payment cycle followed by the County. The increased revenue is attributable to a forecasting error.

Special Recreation Fund

Midyear \$ 1,541,000
Unaudited Actual \$ 1,676,000

The unaudited actual receipts are \$135,000 (8.8%) higher than the Midyear Projections. Program participation was higher than expected. Child care fee revenue increased by \$85,000.

South Natomas Community Improvement Fund

Midyear \$ 272,000
Unaudited Actual \$ 65,000

The unaudited actual receipts are \$207,000 (70.8%) lower than the Midyear Projections. This revenue source is dependent upon new construction in the South Natomas area, which has been delayed.

ENTERPRISE FUNDSParking Fund

Midyear \$ 8,361,000
Unaudited Actual \$ 8,189,000

The unaudited actual receipts are \$172,000 (2.1%) less than the Midyear Projections. Interest income was \$225,000 lower than projected due to lower than anticipated daily cash balances. Increased parking fee revenue totalling 53,000 partially offset the lower interest income.

Water Fund

Midyear \$ 18,554,000
Unaudited Actual \$ 17,011,000

The unaudited actual receipts are \$1,543,000 (8.3%) lower than the Midyear Projections. State law mandated an accounting change for the \$2,000,000 water development fees revenue included in the Midyear Projections. State law requires that these monies must be accounted for as trust deposits, not revenue, until the fees are budgeted for a specific project. The reduction due to the accounting change offset higher than projected interest and water service fee revenues of \$126,000 and \$405,000 respectively. The higher than anticipated water service fee revenue is due to an estimating error.

Sewer Fund

Midyear \$ 6,221,000
Unaudited Actual \$ 6,677,000

The unaudited actual receipts are \$456,000 (7.3%) higher than the Midyear Projections. State law mandated an accounting change for the \$126,000 Sewer Development fee revenue included in the Midyear Projections. These monies must be accounted for as trust deposits, not revenue, until the fees are budgeted for a specific project. The revenue increase is due to higher than anticipated sewer fee revenue totalling \$771,000. The higher than anticipated sewer fee revenue is due to an estimating error.

Solid Waste Fund

Midyear \$ 22,265,000
Unaudited Actual \$ 22,833,000

The unaudited actual receipts are \$568,000 (2.6%) higher than the Midyear Projections. The revenue increase is due to higher than anticipated solid waste service fee revenue totalling \$710,000. The higher than anticipated solid waste service fee revenue is due to an estimating error.

Boat Harbor Fund

Midyear \$ 804,000
Unaudited Actual \$ 645,000

The unaudited actual receipts are \$159,000 (19.8%) lower than the Midyear Projections. The shortfall is due to the lack of funding for a \$183,000 state grant. The grant application is still pending and may be approved in FY 1988/89.

Community Center Fund

Midyear \$ 6,899,000
Unaudited Actual \$ 9,740,000

The unaudited actual receipts are \$2,841,000 (41.2%) higher than the Midyear Projections. The sale and leaseback of the Community Center resulted in one time gains totalling \$3,067,203. The defeasance of the 1971 bond issue with lower interest debt resulted in a one time accounting gain of \$2,017,203. In addition, the elimination of the Community Center Authority resulted in a one time accounting gain of interest income totalling \$1,050,000. These gains were partially offset by lower than anticipated Transient Occupancy Tax revenues totalling \$234,000.

Storm Drainage Fund

Midyear \$ 9,706,000
Unaudited Actual \$ 10,669,000

The unaudited actual receipts are \$963,000 (9.9%) higher than the Midyear Projections. The increase is due to higher than anticipated storm drainage service fees totalling \$712,000 and interest income totalling \$149,000. The higher than anticipated storm drainage service fee revenue is due to an estimating error.

INTERNAL SERVICE FUNDSFleet Management Fund

Midyear \$ 636,000
Unaudited Actual \$ 1,095,000

The unaudited actual receipts are \$459,000 (72.2%) higher than the Midyear Projections. Higher than anticipated cash balances resulted in \$417,000 of additional interest income.

Risk Management Fund

Midyear \$ 1,543,000
Unaudited Actual \$ 2,026,000

The unaudited actual receipts are \$483,000 (31.3%) higher than the Midyear Projections. Higher than anticipated cash balances resulted in \$526,000 of additional interest income.

RECOMMENDATION

This report is informational only and does not require Budget and Finance Committee action.

Respectfully submitted,



Michael L. Medema
Revenue Manager

APPROVED FOR COMMITTEE INFORMATION:



JACK R. CRIST
Deputy City Manager

Attachment

CITY OF SACRAMENTO
REVENUE ANALYSIS
Fiscal Year 1987-88

	1987-88 UNAUDITED	1987-88 ACCRUAL	1987-88 TOTAL	1987-88 MIDYEAR	VARIANCE
GENERAL FUND					
Property Taxes	\$33,175	\$2,159	\$35,334	\$34,771	\$563
Sales and Use Taxes	30,301	2,264	32,565	32,424	141
Utility Users Taxes	22,417	2,439	24,856	26,563	(1,707)
Business Operations Taxes	2,928		2,928	3,109	(181)
Real Property Transfer Taxes	2,852		2,852	3,647	(795)
Residential Construction Taxes	939		939	1,133	(194)
Debt Service Override	914	59	973	842	131
In-Lieu Enterprise	730		730	679	51
Property Supplemental	1,065	655	1,720	1,677	43
Licenses and Permits	3,234		3,234	3,216	18
Fines and Forfeits	1,500	166	1,666	1,358	308
Use of Money	1,329	946	2,275	2,886	(611)
Intrergovernmental	15,495	1,981	17,476	17,828	(352)
Charges, Fees and Services	10,866	(194)	10,672	9,030	1,642
Other Revenues	865	117	982	822	160
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al General Fund	\$128,610	\$10,592	\$139,202	\$139,985	(\$783)
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OTHER GOVERNMENTAL FUNDS					
Gas Taxes	\$4,883	\$67	\$4,950	\$4,914	\$36
CDBG	1,354	0	1,354	851	503
SHRA	1,501	0	1,501	2,800	(1,299)
Traffic Safety	1,102	107	1,209	1,053	156
Major Street Construction	2,295		2,295	2,271	24
Downtown District Maintenance	45	1	46	47	(1)
Old Sacramento Dist. Maintenance	54	2	56	60	(4)
Assessment Bond Registration	57	2	59	55	4
Transportation Development	182	10	192	237	(45)
Pocket Area Trunk Sewer	66	21	87	78	9
Capital Grants	895	0	895	6,020	(5,125)
Bridge Construction	87	9	96	43	53
Operating Grants	989	0	989	970	19
Animal Acquisition	15	1	16	10	6
Cable Fund	72	2	74	64	10
Citation I-5 Maintenance	11	4	15	43	(28)

	1987-88 UNAUDITED	1987-88 ACCRUAL	1987-88 TOTAL	1987-88 MIDYEAR	VARIANCE
Special Recreation	1,676		1,676	1,541	135
Sports Complex	214	3	217	246	(29)
Narcotics Task Force	102	5	107	70	37
Fairytale Town	385		385	398	(13)
Florin Road Storm and Sanitation	4	1	5	5	0
Quimby Act	968	85	1,053	1,024	29
Flood and Drainage	168	6	174	149	25
Citation I-5 Improvement	10	3	13	34	(21)
S. Natomas Community Improvement	50	15	65	272	(207)
S. Natomas Fac. Benefit	3	1	4	0	4
Sacramento History Inc-Endowment	18	6	24	21	3
S. Natomas I-5 Dev. Improvement	18	5	23	65	(42)
Total Other Govern- mental Funds	\$17,224	\$356	\$17,580	\$23,341	(\$5,761)
ENTERPRISE FUNDS					
Parking	\$8,025	\$164	\$8,189	\$8,361	(\$171)
Water	15,702	1,309	17,011	18,554	(1,543)
Sewer	6,230	447	6,677	6,221	456
Solid Waste	21,294	1,539	22,833	22,265	568
Boat Harbor	619	26	645	804	(159)
Golf	3,148	49	3,197	3,146	51
Community Center	8,280	1,460	9,740	6,899	2,841
Camp Sacramento	218	4	222	211	11
Storm Drainage	9,904	765	10,669	9,706	963
Total Enterprise Funds	\$73,420	\$5,763	\$79,183	\$76,167	\$3,016
INTERNAL SERVICE FUNDS					
Fleet Management	\$946	\$ 149	\$1,095	\$ 636	\$459
Risk Management	987	1,039	2,026	1,543	483
Total Internal Service Funds	\$1,933	\$1,188	\$3,121	\$2,179	\$942
TOTAL ALL CITY FUNDS	\$221,187	\$17,899	\$239,086	\$241,672	(\$2,586)