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CITY OF SACRAMENTO

DEPARTMENT OF FINANCE
DIVISION OF REVENUES AND COLLECTIONS
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MICHAEL L. MEDEMA
REVENUES AND COLLECTIONS OFFICER

October 14, 1981

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: First Quarter Economic and Revenue Report

SUMMARY


The attached City Council report is being presented to the Committee due to the serious financial situation facing the City.

DISCUSSION

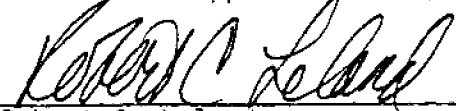
The attached report indicates that significant and immediate short and long range actions must be taken to insure a sound fiscal position for the City. As noted in the report, staff has been and is continuing to develop new avenues or alternatives to recommend to the Council in order to meet the situation.

RECOMMENDATION

This report is for informational purposes only, and does not require Committee action. Recommendations for Committee action related to this matter will be forthcoming in subsequent reports.


Michael L. Medema
Revenues & Collections Officer

Transmittal Approved:


Robert C. Leland
Assistant Director of Finance

By the City Council
Office of the City Clerk

OCT 20 1981
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MICHAEL L. MEDEMA
REVENUES AND COLLECTIONS OFFICER

City Council
Sacramento, California

October 14, 1981

Honorable Members in Session:

SUBJECT: First Quarter Economic and Revenue Report

SUMMARY

This report is the bearer of bad fiscal news. Based on current trends, the City is headed for a year-end deficit of general purpose (General and Special Revenue Funds) of over \$700,000.

The basic problem is the trend of General Fund collections, which have consistently come in under projections the first three months of the fiscal year:

Preliminary Budget Estimate of FY 1981-82 General Fund Revenue (April 1981)	<u>\$81,120,000</u>
June 1981 Revision	(509,000)
July 1981 Shortfall	(320,000)
August 1981 Shortfall	(324,000)
September 1981 Shortfall	<u>(206,000)</u>
 TOTAL SHORTFALL TO DATE WITH ONE QUARTER ELAPSED	 <u><u>(\$ 1,359,000)</u></u>

Staff believes it is reasonable to assume additional net losses may reach \$2 million over the remaining three quarters of FY 1981-82.

Therefore the Staff's present "worst case" estimate of the year-end General Fund balance is a deficit of \$1,443,000. Even after plugging in the entire estimated Revenue Sharing balance of \$710,000, there would be a net "general purpose" deficit of \$733,000. (See Exhibit 2)

It is critical to note that this analysis assumes there will be no further State assistance reductions. In fact, it is reported the State is \$300 million in the red, and that key legislative leaders are calling for a special session in which to make further State budget cuts. Such cuts could result in mid-year reductions in City revenues, which would exacerbate the present situation.

Staff is currently studying the City's funding structure to determine options for increasing budget flexibility to maximize "general purpose" resources. Staff will also be presenting to Council a package of previously-developed budget cuts for immediate Council action and will begin work on a new package of additional proposed cuts.

ECONOMIC OVERVIEW

The economic outlook for the balance of 1981 both on the national and local level is expected to produce little if any improvement. The main culprit for the poor economic showing of 1981 is the continuing high interest rates.

The economic outlook for 1982 and beyond is encouraging in terms of growth potential but uncertain. The main key to an economic rebound is a decline in the level of interest rates. The static high level interest rates (18 to 20% for the prime) throughout 1981 began a modest decline in late September. Continuation of this trend is largely dependent upon the level of future federal government borrowings and ability to balance the federal budget.

Two major California based banks have predicted a better 1982 for California and specifically the Sacramento area, premised on the gradual lowering of interest rates and the growth in the Sacramento area of the high technology industries. Sacramento is viewed as a highly desirable area for these industries due to the relatively low housing costs and the area's physical attractiveness. However, a better 1982 economic picture was qualified in terms of comparison to 1981, a very poor year for the local economy.

FY 1981-82 REVENUE PROJECTIONS

In total, the City's revenues are being received approximately as projected through the first quarter. (See Exhibit 1.) However, in this case the picture in total does not tell the entire story. Major shortfalls to date in the General Fund (\$1,359,000 below the Preliminary Budget total of \$81,120,000), Major Street Construction Fund (\$156,000 below the Preliminary Budget total of \$2,154,000), and the Park Development Fund (\$148,000 below the Preliminary Budget total of \$1,550,000) have occurred due to the poor performance of the local economy. These shortfalls are partially offset by the previously reported expected increase in the General Revenue Sharing Fund of \$403,000 which has been confirmed by the Office of Revenue Sharing, increase in parking fine revenues of \$150,000, and \$348,000 in additional interest income (TRANS issue). The shortfalls through the first quarter are not likely to be diminished during the balance of the year. In fact, further shortfalls are likely based upon the present economic outlook.

The shortfalls are attributable to:

General Fund - High interest rates have curtailed consumer purchasing (Sales Tax) and the Construction Industry (Real Estate Transfer Tax, Construction Permits, and Public Works reimbursements). Additionally, the effectiveness of energy conservation programs has caused energy consumption to decline, which affects the Utility Users Tax.

Major Street Construction Fund and Park Development Fund - Both funds are directly related to the construction industry which has been severely impacted by the high interest rates.

While the high interest rates would tend to increase interest income to the City, these higher interest rates are being applied to smaller fund balances, thus producing the same magnitude of income as previously estimated. (The General Fund balance actually goes into deficit in November and December, which was the need for the TRANS issue.)

YEAR-END FUND BALANCE

The tables in Exhibit 2 illustrate the origins of the projected deficit.

LONG-RANGE REVENUE TRENDS

An integral part of a sound fiscal policy is long-range planning. Staff has prepared an analysis (Exhibit 3) by fund or fund groups of the legal uses and expected revenue trends. The analysis assumes today's environment. Significant events, such as Proposition 13 in 1978 or the current dramatic reversal of federal fiscal policy, could drastically alter the uses of the funds or the expected revenue trends.

Highlights of Exhibit 3 are:

<u>FUNDS</u>	FY 1981-82 PRELIMINARY BUDGET TOTAL REVENUE	<u>USE</u>	<u>REVENUE TREND</u>
General	\$81.1 Mil	Any legal City purpose	Increasing but at a decreasing rate.
General Revenue Sharing	5.5 Mil	Any legal City purpose	May fall victim to Federal Budget cuts
Gas Taxes	2.8 Mil	Street and Road Construction or maintenance	Decreasing due to fuel efficient transportation although state law change may allow increased City revenues starting in 1982-83 if sufficient counties endorse tax rate hike
Traffic Safety	.9 Mil	Traffic safety items exclusive of police salaries	Stable
Major Street Construction	2.1 Mil	Street and Road improvements	Limited, dependent upon construction industry
Park Development	1.6 Mil	Park development and maintenance	Limited, dependent upon construction industry
Other Special Revenue Funds	8.1 Mil	Restricted to specific projects	Stable to Decreasing
Capital Project Funds	.4 Mil	Restricted to specific projects	Decreasing

<u>FUNDS</u>	FY 1981-82 <u>PRELIMINARY BUDGET TOTAL REVENUE</u>	<u>USE</u>	<u>REVENUE TREND</u>
Proprietary Funds	\$37.9 Mil	Maintain and operate facilities and ser- vices provided	Stable
Internal Service Funds	1.9 Mil	Maintain and operate services provided	Stable

The long range deterioration of the unrestricted monies available for City services is increasingly becoming a problem. Long range solutions are needed to increase the availability of these unrestricted monies.

RECOMMENDATION

This report is for the City Council's information only and does not require Council action.

Respectfully submitted,



Michael L. Medema
Revenues & Collections Officer



Robert C. Leland
Assistant Director of Finance

FOR COUNCIL INFORMATION ONLY



Walter J. Slipes
City Manager

Attachments

MONTHLY REVENUE STATUS REPORT

(FY 1981/82)
(000's omitted)

	UNAUDITED ACTUAL 1980/81	BUDGET 1981/82	MONTH OF SEPTEMBER			YEAR TO DATE				
			BUDGET	COLLECTIONS	OVER (UNDER)	BUDGET	% OF TOTAL BUDGET	COLLECTIONS	% OF TOTAL BUDGET	OVER (UNDER)
GOVERNMENTAL FUNDS										
GENERAL FUND										
TAXES										
Property	\$ 17,669	\$ 20,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
Debt Service Override	-0-	853	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sales and Use	18,775	21,850	1,700	1,903	203	3,900	17.8	4,004	18.3	104
Utility Users	6,882	8,384	700	592	(108)	1,350	16.1	1,146	13.7	(204)
Business Operations Tax	1,796	1,900	40	62	22	540	28.4	570	30.0	30
Franchise Tax	531	700	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Real Property Transfer	1,897	2,500	190	142	(48)	540	21.6	386	15.4	(154)
Admissions	137	150	-0-	-0-	-0-	50	33.3	18	12.2	(32)
Total Taxes	47,687	56,337	2,630	2,699	69	6,380	11.3	6,124	10.8	(256)
LICENSES AND PERMITS										
Construction Permits	1,471	1,900	200	85	(115)	540	28.4	307	16.2	(233)
Animal Licenses	130	120	3	4	1	16	13.3	12	10.0	(4)
Parking Meter Receipts	1,059	1,300	108	95	(13)	324	24.9	281	21.6	(43)
Miscellaneous	231	170	14	16	2	42	24.7	38	22.4	(4)
Total Licenses and Permits	2,891	3,490	325	200	(125)	922	26.4	638	18.2	(284)
FINES, FORFEITS, & PENALTIES, MISDEMEANOR & PARKING VIOLATIONS										
	765	816	68	122	54	68	8.3	122	15.0	54
REVENUE FROM USE OF MONEY AND PROPERTY										
Investment Earning	1,029	1,400	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Rental of Equipment & Property	173	200	16	12	(4)	32	16.0	40	20.0	8
Concessions	86	90	7	10	3	14	15.6	34	37.8	20
Miscellaneous	(33)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenues From Use of Money & Property	1,255	1,690	23	22	(1)	46	2.7	74	4.3	28
INTERGOVERNMENTAL REVENUE										
Federal	171	160	-0-	29	29	-0-	-0-	34	21.2	34
State	9,986	8,013	386	277	(109)	903	11.3	1,013	12.6	110
County	604	349	-0-	2	2	-0-	-0-	3	.8	3
Redevelopment Agency	342	233	9	-0-	(9)	27	11.6	20	8.6	(7)
Other	712	650	28	5	(23)	166	25.5	47	7.2	(114)

	UNAUDITED ACTUAL 1980/81	BUDGET 1981/82	MONTH OF SEPTEMBER			YEAR TO DATE				
			BUDGET	COLLECTIONS	OVER (UNDER)	BUDGET	% OF TOTAL BUDGET	COLLECTIONS	% OF TOTAL BUDGET	OVER (UNDER)
GOVERNMENTAL FUNDS - CONTINUED										
GENERAL FUND - CONTINUED										
INTERGOVERNMENTAL REVENUE - CONTINUED										
Total Intergovernmental Revenue	\$ 11,815	\$ 9,405	\$ 423	\$ 313	(\$ 110)	\$ 1,096	11.7%	\$ 1,117	11.9%	\$ 21
CHARGES FOR CURRENT SERVICE										
General Government	4,939	4,013	41	78	37	121	3.0	194	4.8	73
Public Safety	199	212	11	9	(2)	31	14.6	28	13.2	(3)
Public Works	1,636	2,701	226	169	(57)	674	25.0	340	12.6	(334)
Recreation & Parks	788	785	85	59	(26)	290	36.9	223	28.4	(67)
Library & Culture	59	67	6	5	(1)	18	26.9	16	23.9	(2)
Total Charges for Current Service	7,621	7,778	369	320	(49)	1,134	14.6	801	10.3	(333)
MISCELLANEOUS										
Sale of Real & Personal Property	50	100	25	-0-	(25)	25	25.0	-0-	-0-	(25)
Salvage	46	50	2	1	(1)	19	38.0	7	2.0	(18)
Public Improvement Penalties	76	165	31	(27)	(58)	91	55.2	10	6.0	(81)
Third Party Recovery	94	103	9	-0-	(9)	26	25.2	24	23.3	(2)
Other	517	677	20	69	49	60	8.9	106	15.7	46
Total Miscellaneous	783	1,095	87	43	(44)	221	20.2	141	12.9	(80)
TOTAL GENERAL FUND	\$ 72,817	\$ 80,611	\$ 3,925	\$ 3,719	(\$ 206)	\$ 9,867	12.2%	\$ 9,017	11.0%	(\$ 850)
REVENUE SHARING FUND										
Intergovernmental Revenue	\$ 4,926	\$ 5,256	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
Interest on Investments	718	775	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	14	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenue Sharing Fund	\$ 5,658	\$ 6,031	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
GAS TAX (2106) FUND										
Intergovernmental Revenue	\$ 1,368	\$ 1,280	\$ 106	\$ 62	(\$ 44)	\$ 320	25.0%	\$ 307	24.0%	(\$ 13)
Interest on Investments	440	450	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	101	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Gas Tax (2106) Fund	\$ 1,909	\$ 1,730	\$ 106	\$ 62	(\$ 44)	\$ 320	18.5%	\$ 307	17.7%	(\$ 13)
GAS TAX (2107) FUND										
Intergovernmental Revenue	\$ 1,117	\$ 1,055	\$ 88	\$ 53	(\$ 35)	\$ 264	25.0%	\$ 219	20.8%	(\$ 45)
Interest on Investments	85	50	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Gas Tax (2107) Fund	\$ 1,202	\$ 1,105	\$ 88	\$ 53	(\$ 35)	\$ 264	23.9%	\$ 219	19.8%	(\$ 45)

	UNAUDITED ACTUAL 1980/81	BUDGET 1981/82	MONTH OF SEPTEMBER			YEAR TO DATE				
			BUDGET	COLLECTIONS	OVER (UNDER)	BUDGET	% OF TOTAL BUDGET	COLLECTIONS	% OF TOTAL BUDGET	OVER (UNDER)
GOVERNMENTAL FUNDS - CONTINUED										
GAS TAX (2107.5) FUND										
Intergovernmental Revenue	\$ 10	\$ 10	\$ -0-	\$ -0-	\$ -0-	\$ -0-	100.0%	\$ 10	100.0%	\$ -0-
Interest on Investments	1	1	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Gas Tax (2107.5) Fund	\$ 11	\$ 11	\$ -0-	\$ -0-	\$ -0-	\$ -0-	90.9%	\$ 10	90.9%	\$ -0-
HOUSING & REDEVELOPMENT AGENCY FUND										
Intergovernmental Revenue	\$ 206	\$ 876	\$ -0-	\$ 328	\$ 328	\$ -0-	-0.0%	\$ 496	56.6%	\$ 496
Total Housing & Redevelopment Agency Fund	\$ 206	\$ 876	\$ -0-	\$ 328	\$ 328	\$ -0-	-0.0%	\$ 496	56.6%	\$ 496
COMMUNITY DEVELOPMENT BLOCK GRANT										
Intergovernmental Revenue	\$ 6,053	\$ 4,898	\$ 700	\$ 566	(\$ 134)	\$ 700	14.3%	\$ 566	11.6%	(\$ 134)
Miscellaneous	31	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Community Development Block Grant	\$ 6,084	\$ 4,898	\$ 700	\$ 566	(\$ 134)	\$ 700	14.3%	\$ 566	11.6%	(\$ 134)
TRAFFIC SAFETY FUND										
Fines & Forfeits	\$ 888	\$ 900	\$ 71	\$ 141	\$ 70	\$ 71	7.9%	\$ 141	15.7%	\$ 70
Interest on Investments	2	6	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Traffic Safety Fund	\$ 890	\$ 906	\$ 71	\$ 141	\$ 70	\$ 71	7.8%	\$ 141	15.6%	\$ 70
MAJOR STREET CONSTRUCTION FUND										
Taxes	\$ 1,580	\$ 1,700	\$ 142	\$ 79	(\$ 63)	\$ 426	25.1%	\$ 270	15.9%	(\$ 156)
Interest on Investments	436	454	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Major Street Construction Fund	\$ 2,016	\$ 2,154	\$ 142	\$ 79	(\$ 63)	\$ 426	19.8%	\$ 270	12.5%	(\$ 156)
SUPPLEMENTAL RETIREMENT CONTRIBUTION FUND										
Interest on Investments	\$ 283	\$ 10	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0.0%	\$ -0-	-0.0%	\$ -0-
Total Supplemental Retire. Contrib. Fund	\$ 283	\$ 10	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0.0%	\$ -0-	-0.0%	\$ -0-
URBAN DEVELOPMENT ACTION GRANT										
Intergovernmental Revenue	\$ 603	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0.0%	\$ 226	-0.0%	\$ 226
Total Urban Development Action Grant	\$ 603	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0.0%	\$ 226	-0.0%	\$ 226
POCKET AREA TRUNK SEWER MAINT. FUND										
Interest on Investments	\$ 102	\$ 94	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0.0%	\$ -0-	-0.0%	\$ -0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Pocket Area Trunk Sewer Maint. Fund	\$ 102	\$ 94	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0.0%	\$ -0-	-0.0%	\$ -0-

	UNAUDITED ACTUAL 1980/81	BUDGET 1981/82	MONTH OF SEPTEMBER			YEAR TO DATE				
			BUDGET	COLLECTIONS	OVER (UNDER)	BUDGET	% OF TOTAL BUDGET	COLLECTIONS	% OF TOTAL BUDGET	OVER (UNDER)
GOVERNMENTAL FUNDS - CONTINUED										
TRANSPORTATION DEVELOPMENT ACT BICYCLES										
Interest on Investments	\$ 38	\$ 35	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
State Gas Tax	80	84	-0-	9	9	21	25.0	31	36.9	10
Total Transport. Devel. Act Bicycles	\$ 118	\$ 119	\$ -0-	\$ 9	\$ 9	\$ 21	17.6%	\$ 31	26.0%	\$ 10
BIKEWAY FUND										
Taxes	\$ 10	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
Licenses and Permits	3	-0-	-0-	-0-	-0-	-0-	-0%	-0-	-0%	-0-
Interest on Investments	23	30	-0-	-0-	-0-	-0-	-0%	-0-	-0%	-0-
Total Bikeway Fund	\$ 36	\$ 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
PARK DEVELOPMENT FUND										
Taxes	\$ 845	\$ 1,000	\$ 108	\$ 31	\$ 77)	\$ 325	32.5%	\$ 177	17.7%	(\$ 148)
Interest on Investments	222	250	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Park Development Fund	\$ 1,067	\$ 1,250	\$ 108	\$ 31	\$ 77)	\$ 325	26.0%	\$ 177	14.2%	(\$ 148)
COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA)										
Intergovernmental Revenue	\$ 5,052	\$ 87	\$ -0-	\$ 29	\$ 29	\$ 87	100.0%	\$ 123	141.3%	\$ 36
Miscellaneous	26	-0-	-0-	-0-	-0-	-0-	-0%	-0-	-0%	-0-
Total Comprehensive Employment and Training Act (CETA)	\$ 5,078	\$ 87	\$ -0-	\$ 29	\$ 29	\$ 87	100.0%	\$ 123	141.3%	\$ 36
STATE & FEDERAL GRANTS RECREATION AND PARK FUND										
Intergovernmental Revenue State	\$ 322	\$ 2,528	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
Intergovernmental Revenue Federal	-0-	-0-	-0-	-0-	-0-	-0-	-0%	-0-	-0%	-0-
Total State & Federal Grants Recreation And Park Fund	\$ 322	\$ 2,528	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
BRIDGE CONSTRUCTION FUND										
Taxes	\$ 13	\$ 20	\$ 1	\$ -0-	(\$ 1)	\$ 5	25.0%	\$ 15	75.0%	\$ 10
Interest on Investments	61	70	-0-	-0-	-0-	-0-	-0%	-0-	-0%	-0-
Total Bridge Construction Fund	\$ 74	\$ 90	\$ 1	\$ -0-	(\$ 1)	\$ 5	5.6%	\$ 15	16.7%	\$ 10
TOTAL GOVERNMENTAL FUNDS	\$ 98,476	\$102,530	\$ 5,141	\$ 5,017	(\$ 124)	\$ 12,096	11.8%	\$ 11,598	11.3%	(\$ 498)

	UNAUDITED ACTUAL 1980/81	BUDGET 1981/82	MONTH OF SEPTEMBER			YEAR TO DATE				
			BUDGET	COLLECTIONS	OVER (UNDER)	BUDGET	% OF TOTAL BUDGET	COLLECTIONS	% OF TOTAL BUDGET	OVER (UNDER)
CAPITAL PROJECTS FUND										
1965 FLOOD & DRAINAGE FUND										
Interest on Investments	\$ 313	\$ 402	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
Total 1965 Flood & Drainage Fund	\$ 313	\$ 402	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
TOTAL CAPITAL PROJECTS FUND	\$ 313	\$ 402	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
PROPRIETARY (ENTERPRISE) FUNDS										
WATER FUND										
User Fees & Charges	\$ 7,815	\$ 7,900	\$ 660	\$ 1,051	\$ 391	\$ 1,647	20.8%	\$ 1,893	24.0%	\$ 246
Lien Collections	131	100	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Rents and Concessions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest on Investments	966	1,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Revenue From Other Agencies	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	50	-0-	-0-	11	11	-0-	-0-	-0-	-0-	-0-
Water Development Fee	161	200	20	4	(16)	20	10.0	14	10.0	14
Total Water Fund	\$ 9,123	\$ 9,200	\$ 680	\$ 1,066	\$ 386	\$ 1,667	18.1%	\$ 1,927	20.9%	\$ 260
SEWER FUND										
User Fees & Charges	\$ 2,668	\$ 3,350	\$ 279	\$ 428	\$ 149	\$ 697	20.8%	\$ 760	22.7%	\$ 63
Lien Collections	103	100	-0-	-0-	-0-	12	12.0	-0-	-0-	(12)
Charge to Regional Sanitation	2,452	1,900	158	315	157	396	20.8	315	16.6	(81)
Interest on Investments	1,067	1,140	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Revenues From Other Agencies	536	540	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	60	-0-	-0-	-0-	-0-	-0-	-0-	15	-0-	-15
Total Sewer Fund	\$ 6,886	\$ 7,030	\$ 437	\$ 743	\$ 306	\$ 1,105	15.7%	\$ 1,090	15.5%	(\$ 15)
WASTE REMOVAL FUND										
User Fees and Charges	\$ 7,190	\$ 8,871	\$ 739	\$ 1,213	\$ 474	\$ 1,848	20.8%	\$ 2,076	23.4%	\$ 228
Lien Collections	115	100	-0-	-0-	-0-	13	13.0	-0-	-0-	(13)
Interest on Investments	-0-	10	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Revenues From Other Agencies	87	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	24	10	-0-	-0-	-0-	-0-	-0-	2	20.0	2
Total Waste Removal Fund	\$ 7,416	\$ 8,991	\$ 739	\$ 1,213	\$ 474	\$ 1,861	20.7%	\$ 2,078	23.1%	\$ 217
LAWN & GARDEN REFUSE FUND										
Lawn and Garden Refuse Tax	\$ 2,126	\$ 2,184	\$ 182	\$ 271	\$ 89	\$ 455	20.8%	\$ 492	22.5%	\$ 37
Lien Collections	48	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Lawn & Garden Refuse Fund	\$ 2,174	\$ 2,184	\$ 182	\$ 271	\$ 89	\$ 455	20.8%	\$ 492	22.5%	\$ 37

	UNAUDITED ACTUAL 1980/81	BUDGET 1981/82	MONTH OF SEPTEMBER			YEAR TO DATE				
			BUDGET	COLLECTIONS	OVER (UNDER)	BUDGET	% OF TOTAL BUDGET	COLLECTIONS	% OF TOTAL BUDGET	OVER (UNDER)
PROPRIETARY (ENTERPRISE) FUND - CONTINUED										
GOLF FUND										
User Fees and Charges	\$ 1,203	\$ 1,230	\$ 125	\$ 105	(\$ 20)	\$ 425	34.6%	\$ 399	32.4%	(\$ 26)
Rents and Concessions	169	160	14	54	40	40	25.0	82	51.3	42
Interest on Investments	28	30	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Golf Fund	\$ 1,400	\$ 1,420	\$ 139	\$ 159	\$ 20	\$ 465	32.7%	\$ 481	33.9%	\$ 16
PARKING FUND										
User Fees and Charges	\$ 3,789	\$ 3,882	\$ 312	\$ 264	(\$ 48)	\$ 936	24.1%	\$ 866	22.3%	(\$ 70)
Rents and Concessions	212	220	18	27	9	50	22.7	61	27.7	11
Interest on Investments	133	400	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Revenues From Other Agencies	257	194	-0-	88	88	-0-	-0-	88	45.4	88
Miscellaneous	2	1	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Parking Fund	\$ 4,393	\$ 4,697	\$ 330	\$ 379	\$ 49	\$ 986	21.0%	\$ 1,015	21.6%	\$ 29
COMMUNITY CENTER FUND										
User Fees and Charges	\$ 206	\$ 269	\$ 18	\$ 14	(\$ 4)	\$ 36	13.4%	\$ 42	15.6%	\$ 6
Admissions Taxes	121	115	11	4	7	20	17.4	23	20.0	3
Transient Occupancy Tax	2,181	2,600	30	27	3	60	2.3	54	2.0	6
Rents and Concessions	867	922	82	46	36	184	20.0	158	17.1	26
Interest on Investments	25	10	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	20	15	1	1	-0-	2	13.3	2	13.3	-0-
Total Community Center Fund	\$ 3,420	\$ 3,931	\$ 142	\$ 92	(\$ 50)	\$ 302	7.7%	\$ 279	7.1%	(\$ 23)
BOAT HARBOR FUND										
User Fees and Charges	\$ 209	\$ 212	\$ 18	\$ 18	\$ -0-	\$ 53	25.0%	\$ 52	24.5%	(\$ 1)
Oil & Gas Sales	109	119	16	14	(2)	44	40.0	46	38.7	2
Interest on Investments	25	20	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	2	2	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Boat Harbor Fund	\$ 345	\$ 353	\$ 34	\$ 32	(\$ 2)	\$ 97	27.5%	\$ 98	27.8%	\$ 1
CAMP SACRAMENTO FUND										
User Fees and Charges	\$ 60	\$ 229	\$ -0-	\$ 8	\$ 8	\$ 170	74.2%	\$ 122	53.3%	(\$ 48)
Stores Sales	-0-	16	-0-	-0-	-0-	16	100.0	-0-	-0-	16
Miscellaneous	-0-	2	-0-	-0-	-0-	2	100.0	-0-	-0-	2
Total Camp Sacramento Fund	\$ 60	\$ 247	\$ -0-	\$ 8	\$ 8	\$ 188	76.1%	\$ 122	49.4%	(\$ 66)
TOTAL PROPRIETARY (ENTERPRISE) FUNDS	\$ 35,217	\$ 38,053	\$ 2,683	\$ 3,963	\$ 1,280	\$ 7,126	18.7%	\$ 7,582	19.9%	\$ 456

	UNAUDITED ACTUAL 1980/81	BUDGET 1981/82	MONTH OF SEPTEMBER			YEAR TO DATE				
			BUDGET	COLLECTIONS	OVER (UNDER)	BUDGET	% OF TOTAL BUDGET	COLLECTIONS	% OF TOTAL BUDGET	OVER (UNDER)
INTERNAL SERVICE FUNDS										
CENTRAL SERVICE FUND										
Miscellaneous	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ 2	-0%	\$ 2
Interest on Investments	<u>-0-</u>	<u>1</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>0</u>	<u>-0-</u>	<u>-0-</u>
Total Central Service Fund	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0%</u>	<u>\$ 2</u>	<u>-0%</u>	<u>\$ 2</u>
FLEET MANAGEMENT FUND										
Interest on Investments	\$ 289	\$ 264	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
Miscellaneous	<u>194</u>	<u>30</u>	<u>3</u>	<u>11</u>	<u>8</u>	<u>7</u>	<u>23.3</u>	<u>21</u>	<u>20.0</u>	<u>14</u>
Total Fleet Management Fund	<u>\$ 483</u>	<u>\$ 294</u>	<u>\$ 3</u>	<u>\$ 11</u>	<u>\$ 8</u>	<u>\$ 7</u>	<u>2.4%</u>	<u>\$ 21</u>	<u>7.1%</u>	<u>\$ 14</u>
RISK MANAGEMENT FUND										
Interest on Investments	\$ 1,383	\$ 1,400	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0%	\$ -0-	-0%	\$ -0-
Insurance Claims Recovery	<u>48</u>	<u>30</u>	<u>3</u>	<u>0-</u>	<u>(3)</u>	<u>7</u>	<u>23.3</u>	<u>0-</u>	<u>0-</u>	<u>(7)</u>
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Risk Management Fund	<u>\$ 1,431</u>	<u>\$ 1,430</u>	<u>\$ 3</u>	<u>\$ -0-</u>	<u>(\$ 3)</u>	<u>\$ 7</u>	<u>.5%</u>	<u>\$ -0-</u>	<u>-0%</u>	<u>(\$ 2)</u>
TOTAL INTERNAL SERVICE FUNDS	<u>\$ 1,914</u>	<u>\$ 1,725</u>	<u>\$ 6</u>	<u>\$ 11</u>	<u>\$ 5</u>	<u>\$ 14</u>	<u>.8%</u>	<u>\$ 23</u>	<u>1.3%</u>	<u>\$ 9</u>
TOTAL CITY REVENUES	<u>\$135,920</u>	<u>\$142,710</u>	<u>\$ 7,830</u>	<u>\$ 8,991</u>	<u>\$ 1,161</u>	<u>\$19,236</u>	<u>13.5%</u>	<u>\$19,203</u>	<u>13.5%</u>	<u>(\$ 33)</u>

Table 1

SUMMARY OF "GENERAL PURPOSE"
 RESOURCES AVAILABLE ON JUNE 30, 1982
 (\$ in thousands)

	<u>PRELIMINARY BUDGET ESTIMATE</u>	<u>CURRENT ESTIMATE</u>	<u>CHANGE</u>
General Fund (Table 2 Attached)	\$4,027	(\$1,443)	(\$5,470)
General Revenue Sharing Fund (Table 3 Attached)	<u>227</u>	<u>710</u>	<u>483</u>
Total General Purpose Resources Available on June 30, 1982*	<u>\$4,254</u>	<u>(\$ 733)</u>	<u>(\$4,987)</u>

* The Preliminary Budget reserved the available General Purpose resources for the "Administrative Contingency" purpose.

Table 2

GENERAL FUND
 FY 1981-82
 (\$ in thousands)

	<u>PRELIMINARY BUDGET (a)</u>	<u>ESTIMATES</u>	<u>CHANGE</u>
Beginning Balance (June 30, 1981)	\$ 4,477	\$ 196	(\$ 4,281)(b)
Revenues	<u>81,120</u>	<u>77,804</u>	(3,316)(c)
Total Resources/Inflow	<u>\$85,597</u>	<u>\$78,000</u>	<u>(\$ 7,597)</u>
Appropriations			
- Operating	62,230	62,807	(577)(d)
- Capital	<u>555</u>	<u>451</u>	<u>104 (e)</u>
Total Appropriations	62,785	63,258	(473)
Net Fund Transfers/ Other Changes	<u>18,785(f)</u>	<u>16,185</u>	<u>2,600(g)</u>
Net Total Outflow	<u>81,570</u>	<u>79,443</u>	<u>2,127</u>
Uncommitted June 30, 1982 Total (Administrative Contingency) (Table 1)	<u>\$ 4,027</u>	<u>(\$ 1,443)</u>	<u>(\$ 5,470)</u>

- Notes:
- (a) See Schedule B-IV, Preliminary FY 1981-82 Budget
 - (b) See Attachment A for detail
 - (c) See Attachment B for detail
 - (d) See Attachment C for detail
 - (e) See Attachment C for detail
 - (f) Yielded by Schedule B-IV: Net of columns 3,5,6,7,8,9,10 and 13
 - (g) See Attachment D for detail

Table 3

FY 1981-82
 GENERAL REVENUE SHARING
 -(\$ in thousands)

	PRELIMINARY (a) BUDGET ESTIMATE	CURRENT ESTIMATE	CHANGE
Beginning Balance June 30, 1981	\$ 918	\$ 918	\$-0-
Revenues	<u>5,548</u>	<u>5,951</u>	<u>403(b)</u>
Total Resources/ <u>Inflow</u>	<u>6,466</u>	<u>6,869</u>	<u>403</u>
Appropriations			
- Operating	1,688	1,688	-0-
- Capital	<u>2,145</u>	<u>2,065</u>	<u>(80)(c)</u>
Total Appropriations	3,833	3,753	(80)
Net Fund Transfers	<u>2,406</u>	<u>2,406</u>	<u>-0-</u>
Net Total <u>Outflow</u>	<u>6,239</u>	<u>6,159</u>	<u>(80)</u>
Fund Balance/Uncommitted Total on June 30, 1982 (Table 1)	<u>\$ 227</u>	<u>\$ 710</u>	<u>\$ 483</u>

- Notes:
- (a) Schedule B-IV, Preliminary Budget
 - (b) Receipt of unanticipated funds 1981-82
 - (c) Budget and Finance action to delete Police basement remodeling

ATTACHMENT "A"

REDUCTION IN BEGINNING BALANCE
(\$ in thousands)

Estimated Available Fund Balance June 30, 1981 per Preliminary Budget		\$4,477
Adjustments:		
--Revenue Shortfall	(\$2,657)	
--Under Estimates of Expenditures and Transfers	(1,053)	
Under Estimate of Administrative Contingency Balance	(<u>571</u>)	
Total Adjustments to Estimated June 30, 1981 Fund Balance		(<u>4,281</u>)
Actual Available Fund Balance June 30, 1981 (Unaudited)		<u>\$ 196</u>

ATTACHMENT "B"

FY 1981-82 REVENUE CHANGE
(\$ in thousands)

Preliminary Budget Estimate	\$81,120(a)
Shortfall through 1 st Quarter	(1,359)(b)
Additional "Worst Case" Shortfalls (10/1/81 thru 6/30/82)	(2,000)
Additional State Subvention Loss (SB 102)	(440)(c)
Parking Fine Increase	150(d)
Loss of County CETA Money (Metro Arts)	(15)(e)
TRANS Net Interest Income	<u>348(f)</u>
Current Estimate (Table 2 note c)	<u>\$77,804</u>

- Footnotes:
- (a) Per Schedule B-V, Col. 2, Preliminary Budget
 - (b) Revenues and Collections Revenue Forecast Analysis (4/8/81) of \$509,000 shortfall, plus \$850,000 additional shortfall in first quarter FY 1981-82
 - (c) Difference between \$2,800,000 budget and latest Leg. Analyst Computer Run
 - (d) Per September, 1981, Traffic Engineering Memo
 - (e) Corresponding reduction made in expenditure (Changes to Preliminary Budget)
 - (f) Preliminary Estimate

ATTACHMENT "C"

81-82 EXPENDITURE CHANGES**

1. Changes to Preliminary Budget

a. Postage	\$ 33,581
b. SHRA-Assistant City Mgr.	70,354
c. Police Crossing Guard	3,000
d. Inspection Boards	4,560
e. Metro. Arts. (Co. CETA)	(15,269)
f. Preferential Parking	19,171
g. Interim CETA	149,815
h. Group Benefit Costs	215,000
i. Treasurer Sr. Acct. Clk. (L.T.)	18,000
j. Council/Commission Raises	<u>76,200</u>
NET CHANGE	\$ 571,412

2. Amendments to Final Operating Budget

a. Manager's Hiring Freeze	(300,000) *
b. Treasurer Temp. Acct.	8,960
c. Stanford Settlement	5,700
d. Library 3 L.T. Positions	5,000
e. Building Insp. Ad. Asst. II	<u>31,500</u>
NET	\$ (248,840)

3. Amendments to Final Capital Budget

a. "K" Street Mall	\$ (104,000)
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4. Excess Wage Settlements

Assuming current settlements have a General Fund cost of \$4.3 million, the addition of a Fire settlement at a level comparable to Miscellaneous-39 would exceed salary reserve by \$255,000.

* Per "Contingency Fix", Council Action of 6/23/81 based on 6/11/81 Finance Memo.

** Recap:	<u>Operating</u>	<u>Capital</u>
(in 000)	\$ 571 Prelim. (249) Amendments <u>255 Wages</u>	\$ (104) K Street Mall (Table 2 note e)
	577 (Table 2 note d)	

ATTACHMENT "D"

CHANGES TO "NET TRANSFERS AND OTHER
CHANGES"

	<u>(000)</u>
Preliminary Budget Estimate	\$ 18,785
Transfer From Supplementary Retirement Fund	(2,000) (a)
Transfer from Risk Management	(375) (a)
Transfer From Fleet Management	<u>(225) (a)</u>
Current Estimate	\$ 16,185 (Table 2 note g)

- (a) See Finance Memo of June 11, 1981; Exhibit IV to Council Budget Packet for June 23, 1981 Council meeting at which Final Budget was adopted, including these changes

DESCRIPTIVE SUMMARY OF CITY FUNDS OR
FUND GROUPSGENERAL FUND

The General Fund may be expended for any legal purpose. Historically the fund has been the primary source of funding for the activities of General Government, Public Safety, Community Services, the Library, and the Non-Departmental expenses of the City.

The General Fund's revenue growth has not kept pace with the expenditure growth since 1978 when Proposition 13 was enacted. The future revenue growth is anticipated to lag behind the actual growth of the area's economy and inflation without availability of new sources of revenue.

GENERAL REVENUE SHARING FUND

This fund is used primarily to augment General Fund supported activities. The current Federal law permits the use of General Revenue Sharing Funds for any legal expenditure of the recipient agency.

Congress has committed support of this program at present levels through September, 1983. Subsequent to that date, it is considered likely this program will be reduced as a part of the overall effort for a balanced Federal Budget by 1984. Congress could also act to reduce the existing program, if it so chose. Recent national press coverage has hinted at just such a reduction.

GAS TAXES

These funds may be used as follows:

2106 Funds:

Expenditures of money apportioned under Streets and Highways Code Section 2106 may be made for any street purpose including construction or purchase of rights-of-way and/or maintenance.

2107 Funds:

Expenditures of money apportioned under Streets and Highways Code Section 2107 may be made for any street purpose. This includes construction, purchase of rights-of-way or maintenance of any City street.

2107.5 Funds:

Section 2107.5 money must be used exclusively for engineering costs and administrative expenses in respect to streets and roads.

The high price of fuel has caused a decrease in consumer consumption, creating a decrease in these fund revenues. Additionally, the emphasis on increased fuel efficient transportation will continue to erode this source of revenue. However, a recently approved gas tax rate increase will take effect starting in 1982-83, if sufficient Counties endorse the rate increase by November 15, 1981. This would provide the City with additional \$6 or so per capita each year.

HOUSING AND REDEVELOPMENT AGENCY FUND

This fund accounts for projects performed by the City for the Sacramento Housing and Redevelopment Agency. The Agency is billed for the cost of these services.

The financial outlook for this fund is dependent upon the planned activities of the SHRA within the City.

COMMUNITY DEVELOPMENT BLOCK GRANT

The Housing and Community Development Act of 1977 grants federal funds to the City to be used for a broad range of community development activities formerly included in various HUD categorical programs, such as urban renewal and open space land. The objective is the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

The long range financial outlook for these funds is uncertain. It is anticipated that the effort to balance the federal budget could result in cuts in this area.

TRAFFIC SAFETY

State law permits this fund to be used for traffic control devices, the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement, or construction of public streets, bridges and culvert. The fund may not be used to pay the compensation of traffic or other police officers. School crossing guard compensation may be paid if such persons are not members of the regular police department.

The revenue base for this fund, traffic fines, is expected to remain stable for the foreseeable future.

MAJOR STREET CONSTRUCTION

This fund may be expended for the acquisition of land and interest in land for, and the construction, reconstruction, replacement, widening, modification, and alteration (but not for maintenance and repair) of existing and proposed streets in the City, including, but not limited to, separation structures, bridges, culverts for such streets, and traffic control and lighting. Maintenance and repair is defined as work done on existing streets to make the same usable and safe, but which does not increase the capacity of such street either as to volume of vehicular traffic or vehicular weight.

The 1% tax is assessed on construction projects which are new or which increase the area of existing buildings or structures. The financial outlook for this fund is limited based upon new areas being developed. The fund's income will suffer during periods of construction industry downturns such as is currently being experienced.

POCKET AREA TRUNK SEWER MAINTENANCE

This fund was created to account for excess funds received from a 1913 Act Assessment for installing the City trunk sewer line in the Pocket Area in 1976. State law restricts the use of these funds to maintenance of the improvements originally made or permits refunding the excesses to the property owners.

This fund is expected to grow for the near future. The costs of maintenance are not expected to exceed the fund's interest income for the foreseeable future.

BIKEWAY FUND

The use of these funds is restricted to the construction or development of bicycle and pedestrian routes within the City.

The funding source for this fund is now primarily the City's two percent share of the sales taxes added to gasoline within the area. Should the City fail to make application for these monies, they would be paid to the Sacramento Regional Transit District for its use. The funding source is considered stable.

PARK DEVELOPMENT

This fund may be expended for acquisition, improvement, expansion and maintenance and operation of public parks, playgrounds, and recreational facilities. No more than 50% of the monies collected can be expended for maintenance and operations purposes.

This one time tax is imposed on the construction of mobile home lots and residential dwelling units. The financial outlook for this fund is dependent upon new subdivision activity. The short range outlook has a good potential as the Natomas and Pocket areas are developed.

CETA

This fund is restricted by federal program restrictions.

The funding for this fund has been eliminated as a portion of the initial federal budget cuts made last Spring.

STATE & FEDERAL GRANTS

The use of these funds is restricted by the various Federal and State acts. Usually the City must make applications for available funds on an individual project basis.

These funds are perhaps the softest area of City funding. Efforts to balance the Federal and State budgets will likely result in these funds being severely curtailed.

BRIDGE CONSTRUCTION

The use of these monies is restricted by the resolution authorizing the imposition of the fee to building five specific street bridges and five specific pedestrian and bicycle bridges in the Pocket area of the City.

The source of these funds is restricted to the growth potential for new residential construction in the Pocket area.

CAPITAL IMPROVEMENT FUNDS

Capital Improvement Funds may be used for the projects specified in the authorizing authority (Bond issue, donation or City appropriation). These uses are generally restrictive and for a single purpose.

Proposition 13 prohibits issuance of new Bond issues to be repaid from property taxes. The prospect of new Bond issues, repayable from other sources, being approved by the voters is nil. Large donations or City Council approval for major capital projects (e.g. over \$5-10 million) is also not considered likely in the foreseeable future.

PROPRIETARY FUNDS

With two major exceptions (Lawn and Garden Refuse and Community Center Funds) these funds operate as non-profit business enterprises. The self-supported activities of these funds include, (1) Water, (2) Sewer, (3) Waste Removal, (4) Golf, (5) Parking, (6) Boat Harbor and (7) Camp Sacramento. The two exceptions to the self-supporting concept occur due to:

Lawn & Garden Refuse - The major income source is the Lawn and Garden Refuse "Tax", which is a tax rather than a fee and therefore, 2/3rds voter approval for increases.

Community Center - The major income source is the Transient Occupancy Tax which is not income generated by the Community Center per se, would also require a 2/3rds voter approval for increases. The Community Center is self-supporting when the Transient Occupancy Tax is included in the Center's revenue base.

The financial outlook for the self-supporting Proprietary Funds is good. The charges for services can be readily adjusted to meet costs. The financial outlook for the Lawn and Garden Fund indicates increased future subsidization will be necessary from the Waste Removal Fund to finance the operations of vegetal waste removal. The financial outlook for the Community Center is good. The Transient Occupancy Tax is based on cost of accommodations, so that growth will at least match overall inflation.

INTERNAL SERVICE FUNDS

These funds were created to finance and account for services and commodities furnished by one entity of City government to other entities. The funds are designed only to recover the costs of operations. The surpluses of the funds are intended to provide a stabilizing factor for cost recovery. For example, the risk management fund balance is created during periods of low claims against the City and may be required for periods of high claims against the City. From time to time, excess surpluses are returned via rebates to the funds of origin.

The financial outlook for these activities is stable.