



CITY OF SACRAMENTO  
CALIFORNIA

OFFICE OF THE  
CITY MANAGER

APPROVED  
BY THE CITY COUNCIL

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City Council  
Sacramento, California

FEB 24 1981

OFFICE OF THE  
CITY CLERK

*Referred  
to Bud/Fin  
Comm.*

Honorable Members in Session:

SUBJECT: 1981-82 Budget Policy Matters

SUMMARY

This report summarizes the local economic outlook for Fiscal Year 1981-82 and informs the City Council of a number of policy issues related to preparation by the City Manager of the Fiscal Year 1981-82 Preliminary Operating Budget and Capital Improvement Budget. The report is informational and requires no action at this time.

BACKGROUND

Each February, the City staff sets the stage for preparation of the Preliminary budget by summarizing the expected economic condition and identifying major policy issues. Included herein are the following exhibits:

- Exhibit I - Economic Forecast 1981 and FY 1980/1981 Revenue Forecast Analysis
- Exhibit II - Fiscal Year 1981-82 Preliminary General Fund Revenue Forecast
- Exhibit III - Fiscal Year 1980-81 Revised General Fund Fund Balance Forecast and Comparison to No-Growth Fiscal Year 1981-82 Target Budget
- Exhibit IV - Fiscal Year 1980-81 and Fiscal Year 1981-82 Revenue Sharing Fund Balance Status

Exhibit I and II are the 1981 economic forecast and the updated General Fund Revenue Forecasts for both FY 1980-81 and FY 1981-82. These Exhibits depict moderate recovery in 1981 from the 1980 recession with continued high inflation. The City Revenue and Collections Officer is currently estimating that City General Fund Revenue growth is anticipated to approximate an increase of 11.0% (or \$8.3 million) during Fiscal Year 1981-82. This assumed growth percentage makes no provision for loss of State bailout to local government. Also, it may be modified later by action on the policy issues identified in this report (such as user charge rate increases).

Exhibit III updates the previously reported FY 1980-81 General Fund balance forecast and compares to the FY 1981-82 Manager's target budget (a no-growth budget assuming no loss of State bailout).

Exhibit IV updates the City Council on the status of General Revenue Sharing funds.

POLICY ISSUES

A) Declining State Aid to Local Government

It is readily apparent that State surpluses are declining to the point where current local government "bailout" levels cannot be maintained. The Governor's FY 81-82 Budget identifies \$420 million in bailout reductions and another \$580 million in one-time unsecured property taxes to be retained by the State (nearly a billion dollars in total).

While it is unclear how this significant loss will impact the City of Sacramento, we make educated guesses at this point. Actual numbers won't be known for months.

In 1978-79, the City received approximately \$6.0 million in SB 154 bailout from the State of California. 1979-80 saw enactment of AB-8 and bailout to the City of Sacramento was reduced to \$5.0 million. With inflation growth since 1979-80, the bailout under the AB-8 formula would approximate \$6.0 million. The League of California Cities estimates the Governor's budget translates into a 96% loss of SB 154 bailout to cities. Applying 96% to \$6.0 million means the City can plan on losing about \$5.8 million for FY 1981-82.

In addition, the Governor's Budget calls for confiscating \$580 million in one-time unsecured property tax levies related to 1978-79. The County of Sacramento estimates the City of Sacramento's share of the unsecured property tax loss (one time) will be approximately \$1.2 million. Staff is assuming this amount will be completely recovered from the County of Sacramento in the form of additional unsecured property tax assessment.

Finally, the Governor's FY 1981-82 budget proposals call for other minor adjustments to City revenues which staff estimates will increase City revenue by \$200,000.

*The net impact of all of the above is an estimated loss to the City of Sacramento of approximately \$5.6 million for FY 1981-82 should the Governor's budget be adopted.*

It should be emphasized that the \$5.6 million estimated loss is an early estimate and could be higher or lower depending on legislative response to the Governor's 1981-82 budget proposal. The City Manager's staff will use \$5.6 million as the planning number until a better estimate is available.

B) Fee and Charge Increases

Once again this year certain self-supporting enterprise operations will require fee increases to remain self-supporting. All enterprises will be evaluated as the departmental requests are received by the City Manager. Nevertheless, it seems clear that Waste Removal, Sewer, Golf, Community Center, and certain other fee supported activities will require rate increases effective July 1, 1981 (or sooner in the case of Golf).

It is the staff's intention to ask that public hearings be held on these rate increases in advance of the 1981-82 Preliminary Budget Hearings so that the Council and citizens can focus on these important issues. Also, it will simplify the budget process if rate increases are settled early.

C) Permissible Increase of Property Tax

Under the provisions of Proposition 13 (Jarvis-Gann Initiative) the City is permitted to add to the ad valorem property tax rate the cost of debt service for general obligation bonds outstanding and approved by the voters prior to 1978. The City's General Obligation Debt Service approximates \$900,000 per year.

Since 1978 the City has been able to absorb this cost as part of the annual general fund expenditures. In part, the State bailout money has helped avoid imposing this add on to the property tax for the past three years. In light of the significant bail out loss discussed in Section A above, it now appears that the debt service levy will be required in 1981-82. It is estimated that the "add on" debt service levy will add approximately \$5 to the annual property tax bill of the typical Sacramento homeowner.

Another major cost which the City has also absorbed each year since the passage of Proposition 13 is the added City retirement system obligations. While all future employees are part of the State's PERS, the cost of the existing closed City employees retirement system must be financed by significant contributions from the City. That portion of the City's contribution which represents payments to fund the systems unfunded pension obligations was voter approved prior to 1978 and could possibly be added to the property tax rate. It is not likely that the City staff would recommend such an additional tax to finance pension obligations. The City's Attorney is reviewing this matter in further detail.

D) Operating Budget Parameters

The City's budgeting goal continues to be an on-going balance between operating revenues and operating expenditures. This was achieved in 1980-81 but presents a problem for 1981-82. One need not be a budget expert to know that a City cannot grant salary increases equivalent to the rate of inflation, increase mandatory pension and social security contributions by \$1.5 million, absorb double digit percentage increases in the cost of utilities and petroleum, and at the same time also absorb a plus \$5.6 million loss in State bailout. Something has to give. The staff will be making specific recommendations in the City Manager's Preliminary 1981-82 Budget to deal with these problems. These recommendations could include staffing cutbacks, reorganizations, service level changes, specific salary increase ceilings, and/or reductions in the scope of the City's Capital Improvements Program.

E) Use of General Revenue Sharing Federal Grant in Support of General Government Operations

The City's 1980-81 budget includes \$4.2 million of General Revenue Sharing received from the Federal government. This amount is divided with 80% (or \$3.4 million) for operation of various City departments and 20% (or \$.8 million) being used for capital construction. This coming year it may be necessary to re-examine this split in view of our inability to absorb new maintenance obligations.

Exhibit IV attached is an analysis of General Revenue Sharing. It shows that the FY 1980-81 estimated entitlement was too low and additional revenue sharing funds will be available on June 30, 1981 as a possible resource for balancing the FY 81-82 Budget. This additional revenue is one time in nature.

F) Use of Fund Balances

The FY 80-81 Final Budget forecasts the City General Fund will end the fiscal year June 30, 1981 with \$5.3 million. This amount represented an unspent administrative contingency of 7% and should be carried over into the next fiscal year.

Included with this report is Exhibit III which revises the June 30, 1981 projected General Fund balance down from \$5.3 million to \$4.5 million. The primary reason for the downward estimate is that \$.5 million of Administrative Contingency Funds have been spent to date this year and staff estimates another \$.3 million will be spent by year end. If the new \$4.5 million year end projection proves accurate, it will represent an Administrative Contingency carryover of 5.9%.

G) Salary and Employee Benefit Negotiations

During the Spring the City will be bargaining with eight recognized employee organizations whose contracts are expiring. These include:

International Union of Operating Engineers, Stationary  
Local No. 39, AFL-CIO (Misc. Classes)

International Union of Operating Engineers, Stationary  
Local No. 39, AFL-CIO (Plant Operator Classes)

Sacramento Fire Fighters Union, Local 522, International  
Association of Firefighters, AFL-CIO

Sacramento City Management Association

Sacramento-Sierra's Building and Construction Trades Council

International Association of Machinists and Aerospace Workers,  
AFL-CIO

Western Council of Engineers

American Federation of State, County and Municipal Employees,  
Local 146

It is important to note that in addition to the long-term impact of increased salaries, the cost associated with salary related benefits is potentially significant. If, for example, compensation increases exceed actuarial assumptions, additional retirement unfunded liability will accrue.

H) Contribution Budgets

In light of the current economic conditions, fund balance levels, and the uncertainty surrounding the loss of State Bailout Funds, City staff may propose that no funding for Contributions to Other Agencies be provided in the 1981-82 Budget, that the Budget for Contributions to Other Governmental Agencies be cut by some percentage and entertainment and advertising be generally maintained near the 1980-81 level.

I) Litigation Outstanding with Respect to the City's Real Property Transfer Tax

While this revenue source has been challenged in court as to its validity, the City staff has assumed that the City will prevail and no refunds will occur. Collection since inception approximates \$4.5 million. Therefore, should the City staffs assumption be incorrect, we will be required to refund this entire \$4.5 million.

J) Retiree Health Insurance Benefits

Staff understands that the Sacramento City Employees Retirement Association is preparing a request for Council action which could have some fiscal impact on the City. This request once received should be referred to the City Manager for analysis and report back as part of the normal budget review process.

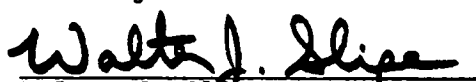
K) Federal Grant - CETA (Comprehensive Employment and Training Act)

The City Personnel Department advises us that total CETA funding for the current fiscal year will be reduced by more than \$2 million. This reduction immediately translates into 21% cuts for Title II and 44% cuts for Title VI. CETA currently funds 398 City positions at an annual cost of \$4.6 million. The Personnel Department has issued a separate report on the financial status of the CETA Program. CETA Funding for FY 81-82 may very well be abolished by Congress.

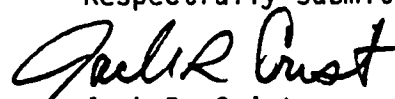
CONCLUSION

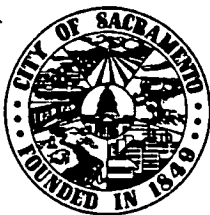
The economic report and the policy issues outlined should leave little doubt that building a balanced 1981-82 Operating Budget with revenues fully supporting expenditures will present a challenge to the City Council and staff. A balanced 1981-82 Budget will require weighing difficult and painful alternatives. There are, however, no easy solutions.

For City Council Information:

  
Walter J. Slupe  
City Manager

Respectfully submitted,

  
Jack R. Crist  
Director of Finance



# CITY OF SACRAMENTO

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MICHAEL L. MEDEMA  
 REVENUES AND COLLECTIONS OFFICER

February 12, 1981  
 RC:810010:MLM/po

**TO:** Jack R. Crist  
 Director of Finance

**FROM:** Michael L. Medema  
 Revenues & Collections Officer

**SUBJECT:** Economic Forecast 1981. and FY 1980/1981 Revenue Forecast Analysis

The FY 1980/1981 Revenue Forecast issued in the final budget has been reviewed as of 12/31/80. The review consisted of analysis of economic conditions, analysis of the political environment, and analysis of receipts. Generally, the forecast in the final budget is on target.

### Analysis of Economic Conditions

The economic conditions for the balance of FY 1980/1981 are no more certain as of 12/31/80, than they were in August, 1980. A recent newspaper article quoted Bank of America economic forecastors as saying their estimates were valid for a period not to exceed 30 days. Predictions in October, 1980 of significant year end reduction of interest rates missed the mark by 180° degrees. Historical relationships of economic conditions are proving invalid. The combination of high inflation and high unemployment is a prime example. This is hardly a time to rely heavily on long range estimates.

Our present analysis of key economic factors for Sacramento indicates:

**Inflation -** Inflation remains high on the national and local level. The predictions of 10 to 11 percent for 1980 were not achieved. The latest data for the Northern California area is that inflation for 1980 will approximate 10.7 percent. The national rate is expected to be in the area of 12.4 percent. This trend of high inflation (12% range) is expected to continue throughout 1981. Last summer's drought in the mid West, the recent record cold spell in the South, continued increases in fuel costs, all are expected to contribute to the continued high rates.

Employment - Unemployment remains high on the national and local level despite high inflation. This unique condition defines historical economic relationships. The current California seasonally adjusted rate of 7.4 percent is below the national average of 7.5 percent. However, the Sacramento, Yolo and Placer County rate is the same as the national average. This economic factor is the hardest to assess. The impact of the proposed State Budget on state and local employees will be significant. Indications of new industry coming to the area have been made. The number of business license permits issued continues to grow. Reduction in Federal programs such as CETA will play a role. A revival in the construction trade if interest rates decline (expected for the short run) would provide some relief. However, due to the uncertainty of the preceding and the impact of each component, unemployment is predicted to continue in the 7 percent range for the Sacramento area.

Interest Rates - Interest rates during 1980 reached record levels. Additionally, the speed of increases and declines was unprecedented. The conditions contributing to the 1980 rate changes still exist. The prime rate has begun to decline from the 21.5 percent rate at the beginning of the year. However, the decline is not expected to be as rapid or as dramatic as the decline experienced in the late Spring and Summer of 1980. Rates may fall to the 15 percent range by late Spring. Summer and Fall rates will again increase to or exceeding the 21.5 percent rate experienced in 1980. The impact of the high rates on construction and consumer financing is expected to lessen as the population becomes accustomed to the higher level. A rate of 15 percent for housing considered outrageous in 1978 or 1979 will seem like a "good deal in 1981".

New construction in the City declined by 50 percent in 1980 from 1979. The average cost for a single family house rose from \$62,900 in November, 1979 to \$73,237 in November, 1980 or 16.4 percent. The volume of property transfers has remained at a relatively constant level. These factors, along with the short run expected decline in interest rates, indicate the demand for housing remains strong and the supply has declined. In light of the preceding, the housing industry is expected to make a recovery and the price of housing is expected to continue to rise.

Retail Sales - In spite of the economic conditions, retail sales grew during 1980. However the growth is attributable to inflation as will be the case for 1981. Little if any

Retail Sales - actual growth is expected as consumers will continue to feel the bite of inflation in the cost of essential goods and services, thus reducing discretionary income.

The impact of these factors on the FY 1980/1981 revenue projections is considered positive. The seeming low actual receipts for the last six months of 1980 will be offset by the economic recovery expected in early 1981. If the assumptions are valid, the "realistic" revenue forecast in the Final Budget for FY 1980/1981 will prove to be realistic.

Analysis of Political Environment

Any actions for reductions by the Federal or State governments are not anticipated to have an adverse affect on the revenue forecast for FY 1980/1981.

Should the present proposal to eliminate State bail out funds (5,600,000) caused by the end of State surplus occur, the impact will be in FY 1981/1982. Reductions in Federal funding of any significance will not be made until October, 1981 which is the start of the new federal fiscal year. A freeze in the CETA or other programs might cause some loss but is not expected for FY 1980/1981 beyond 12/31/80 adjustments.

Analysis of Receipts - FY 80/81 First Six Months


The analysis of receipts consisted of a review of the amounts actually received, projections of total receipts based upon historical percentage received to date, and verification when possible with outside sources of amounts to be received. The analysis has resulted in the following adjustments:

<u>Fund</u>	Amount Increase (Decrease)	Percent Increase (Decrease)	<u>Explanation</u>
<u>Governmental Funds</u>			
General Fund	( 250,000)	( .3)	Net result of decrease in sales taxes offset by other increases
Revenue Sharing Fund	725,000	14.6	Actual Revenue Sharing data higher than previously estimated
Gas Tax Fund (2106)	( 75,000)	( 3.8)	Gas consumption down 5%
Gas Tax Fund (2107)	( 60,000)	( 4.8)	Gas consumption down 5%
Major Street Construction Fund	( 186,000)	( 8.8)	Construction revenue down 10%



Pocket Area Trunk Sewer Maintenance	( 80,000)	(46.0)	Miscellaneous revenue erroneously estimated
Bikeway Fund	( 20,000)	(10.8)	Gas consumption down 5%, optional licensing
Park Development Tax	( 138,000)	( 8.5)	Construction revenue down 10%
CETA	(1,146,000)	(15.9)	Reduction in available funds
Bridge Construction	( 150,000)	(62.5)	Construction in area tax applicable down significantly
<hr/>			
Total Governmental Funds	<u>(1,380,000)</u>	( 1.3)	
<u>Proprietary Funds</u>			
Parking Fund	( 25,000)	( .6)	Investments down
Sewer Fund	125,000	2.1	Lower fee income offset by increased interest income
Community Center Fund	( 480,000)	(12.4)	T.O. Tax receipts significantly lower than expected
<hr/>			
Total Proprietary Funds	<u>( 380,000)</u>	( 1.1)	
Total City Funds	<u>(1,760,000)</u>	( 1.3)	
<u>Non City Entities</u>			
DBIA	<u>( 5,000)</u>	( 6.3)	Correction of prior period over payment
Total Non City Entities	<u>( 5,000)</u>	( .8)	
Total All Funds	<u>(1,765,000)</u>	( 1.3)	

These adjustments and the other revenues will be closely monitored as the year progresses.

  
 Michael L. Medema  
 Revenues & Collections Officer



## CITY OF SACRAMENTO

## DEPARTMENT OF FINANCE

DIVISION OF REVENUES AND COLLECTIONS

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MICHAEL L. MEDEMA

REVENUES AND COLLECTIONS OFFICER

February 17, 1981

RC:810024:MLM/po

TO: Jack R. Crist  
Director of Finance

FROM: Michael L. Medema  
Revenues & Collections Officer

SUBJECT: FY 1981/1982 Preliminary General Fund Revenue Forecast

The FY 1981/1982 General Fund preliminary revenue forecast has been prepared. The forecast is based upon a "business as usual" assumption with the following factors taken into consideration:

1. The economic forecast for 1981 issued previously will essentially be correct. Any change in specific assumptions will in total be offset by other changes.
2. The proposed fee and charge increases will be adopted. The increases for Recreation and Parks will not offset the loss of Camp Sacramento fees to the new enterprise fund.
3. The economy will be in a full recovery mode in 1982 with interest rates becoming stable and lower and inflation lowering from the current double digit rate except in the area of energy costs.

The user of the preliminary forecast must keep in mind that no adjustments have been made to reflect the proposed "cuts" being discussed for local government by either the Federal or State governments.

Michael L. Medema

Revenues &amp; Collections Officer



PRELIMINARY FORECAST  
 FY 1981/1982 GENERAL FUND REVENUES  
 Dollars in \$1,000

	Audited Actual FY 1979/80	FY 1980/81 Budget (Revised 12/31)	Actual To Budget Percentage Change	FY 1981/82 Preliminary Estimates	Percentage Change Budget to Estimates
<b>TAXES</b>					
Property	\$ 14,324	\$ 16,990	18.6	\$ 19,040	12.1
Sales and Use	19,217	20,800	8.2	23,500	13.0
Utility User	5,532	6,900	24.7	8,280	20.0
Business License	1,665	1,750	5.1	1,810	3.4
Franchise	379	400	5.5	500	20.0
Real Property Transfer	1,949	2,200	12.9	2,500	13.6
Admissions	115	150	30.4	150	-0-
<b>Total Taxes</b>	<u>43,181</u>	<u>49,290</u>	<u>16.1</u>	<u>55,780</u>	<u>13.2</u>
<b>LICENSES &amp; PERMITS</b>					
Construction Permits	1,905	1,800	( 5.5)	1,900	5.5
Animal Licenses	125	110	(17.0)	110	-0-
Parking Meter Receipts	1,027	1,100	7.1	1,122	2.0
Miscellaneous	111	220	98.2	154	(30.0)
<b>Total Licenses &amp; Permits</b>	<u>3,168</u>	<u>3,230</u>	<u>2.0</u>	<u>3,286</u>	<u>1.7</u>
<b>FINES, FORFEITS &amp; PENALTIES, MISDEMEANOR &amp; PARKING VIOLATIONS</b>					
	<u>549</u>	<u>800</u>	<u>45.7</u>	<u>816</u>	<u>2.0</u>
<b>REVENUE FROM USE OF MONEY &amp; PROPERTY</b>					
Investment Earnings	2,114	2,100	( .6)	2,100	-0-
Rental of Equipment & Property	134	110	(18.0)	200	81.8
Concessions	64	80	25.0	80	-0-
Miscellaneous	2	-0-	-0-	-0-	-0-
<b>Total Revenue From Use of Money &amp; Property</b>	<u>2,314</u>	<u>2,290</u>	<u>( 1.0)</u>	<u>2,380</u>	<u>3.9</u>
<b>INTERGOVERNMENTAL REVENUE</b>					
Federal	184	580	215.2	580	-0-
State	8,156	9,190	12.7	11,245	22.4
County	848	649	(23.5)	349	(46.2)
Redevelopment Agency	830	233	(72.0)	233	-0-
Other	431	733	70.1	650	(11.3)
<b>Total Intergovernmental Revenue</b>	<u>10,449</u>	<u>11,385</u>	<u>9.0</u>	<u>13,057</u>	<u>14.7</u>

	Audited Actual FY 1979/80	FY 1980/81 Budget (Revised 12/31)	Actual To Budget Percentage Change	FY 1981/82 Preliminary Estimates	Percentage Change Budget to Estimates
<b>CHARGES FOR CURRENT SERVICES</b>					
General Government	\$ 3,137	\$ 3,990	27.2	\$ 4,137	3.7
Public Safety	231	212	( 8.6)	212	-0-
Public Works	2,572	2,626	2.1	2,546	( 3.0)
Recreation & Parks	738	805	9.1	708	(13.0)
Library & Cultural	112	67	(40.2)	67	-0-
<b>Total Charges for Current Services</b>	<u>6,790</u>	<u>7,700</u>	13.4	<u>7,670</u>	-0-
<b>MISCELLANEOUS</b>					
Sale of Real & Personal Property	96	100	4.2	100	-0-
Salvage	32	50	56.3	50	-0-
Public Improvement Penalties	161	165	2.5	165	-0-
Third Party Recovery	98	103	5.1	103	-0-
Other	337	445	32.0	444	-0-
<b>Total Miscellaneous</b>	<u>724</u>	<u>863</u>	19.2	<u>862</u>	-0-
<b>TOTAL REVENUES</b>	<u>\$ 67,175</u>	<u>\$ 75,558</u>	12.5	<u>\$ 83,851</u>	11.0

EXHIBIT III

FY 1980-81 REVISED GENERAL FUND FUND BALANCE FORECAST  
AND COMPARISON TO NO GROWTH FY 81-82 TARGET BUDGET

	Estimates 1980-81		
	As Previously Reported	February 1981 Revised	81-82 Target
BEGINNING FUND BALANCE 6-30-80 UNAUDITED	\$3.3	\$3.3	\$N/A
AUDIT ADJUSTMENT	N/A	(0.4)	N/A
<u>BEGINNING FUND BALANCE</u> 6-30-80 Audited	N/A	2.9	N/A
6-30-81 Unaudited (Estimates)			4.5
<u>RESOURCE INFLOWS:</u>			
Revenues: 80-81 Estimated Growth 12.5%	75.8	75.6	
81-82 Estimated Growth 11.0%			83.4
Transfers In	0.5	0.5	0.5
Risk Management Divided	1.7	1.7	0.7
Community Center Debt Repayment	0.3	0.3	0.3
<u>RESOURCE OUTFLOWS:</u>			
Expenditures & Transfers Out	(54.1)	(54.0)	(55.1)
Risk Management Charges	(5.5)	(5.6)	(5.0)
Fleet Management Charges	(4.1)	(4.2)	(4.1)
Central Service Charges	(.4)	(0.4)	(0.4)
Social Security & Retirement Unfunded Liability	(11.9)	(10.7)	(12.5)
Negotiated Salary & Benefit Changes	N/A	N/A	(5.1)
Capital Improvement Expenditures	N/A	(0.8) <sup>(a)</sup>	(0.5)
Administrative Contingency Expenditures	(0.3)	(0.8)	(1.0)
<u>ENDING FUND BALANCE</u> 6-30-81 Previously Reported	<u>\$5.3</u>		
Revised Estimate		<u>\$4.5</u> <sup>(b)</sup>	
6-30-82 Estimate			<u>\$5.7</u> <sup>(c)</sup>
Governor's Budget Estimate Bailout Loss			<u>\$(5.6)</u>
			<u>.1</u>

- (a) Southside Lake, Bikeway Crossing
- (b) 5.9% Contingency
- (c) 6.9% Contingency

Remaining After Bailout Loss

FY 1980-81 AND FY 1981-82 GENERAL REVENUE SHARING  
FUND BALANCE STATUS REPORT

	<u>FY 80-81</u>		<u>FY 81-82</u>
	<u>PREVIOUSLY REPORTED</u>	<u>REVISED ESTIMATE</u>	<u>ESTIMATE</u>
<b>BEGINNING FUND BALANCE:</b>			
6-30-80	\$ 419,833	\$ 419,833	\$
6-30-81			918,098
<b>REVENUES:</b>			
Federal Grant	4,200,000	4,925,000 (a)	4,773,000
Interest	<u>775,000</u>	<u>775,000</u>	<u>775,000</u>
TOTAL	<u>\$4,975,000</u>	<u>\$5,700,000</u>	<u>\$5,548,000</u>
Expenditures, Transfers & Capital	<u>(4,960,420)</u>	<u>(5,201,735)</u>	<u>(6,100,000)</u>
<b>ENDING BALANCE:</b>			
6-30-81	\$ 434,413	\$ 918,098	
6-30-82			<u>\$ 366,098</u>

(a) This significant increase in revenue is one time in nature and is the result of enactment of AB 8 and its impact on the Revenue Sharing formula. It is anticipated that this formula will be amended for FY 81-82.