

CITY OF YUBA CITY
STAFF REPORT

Date: November 4, 2008
To: Honorable Mayor & Members of the City Council
From: Finance
Presentation By: Robin Bertagna, C.P.A., Chief Financial Officer

Summary

Subject: Final Financial Report for Fiscal Year Ending June 30, 2008
Recommendation: Note and File the Final Financial Report for the Fiscal Year Ending June 30, 2008
Fiscal Impact: Informational item only

Analysis:

The attached Final Financial Report has been prepared for City Council review for the Fiscal Year Ending June 30, 2008.

Fiscal Impact:

Informational item only


Alternatives:

Not applicable

Recommendation:

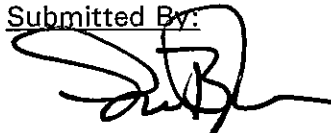
Staff recommends that the City Council note and file the Final Financial Report for Fiscal Year Ended June 30, 2008.

Prepared By:



Robin Bertagna, C.P.A.
Chief Financial Officer

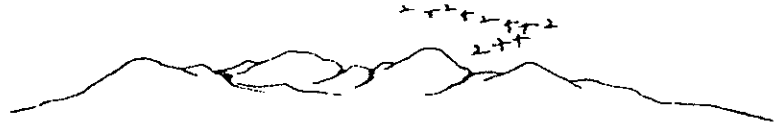
Submitted By:



Steven R. Jepsen
City Manager

Reviewed By:

Assistant City Manager



Quarterly Financial Report
For Fiscal Year Ending 06/30/08 (Final/Post-Audit Year End)

November 4, 2008

OVERVIEW

The on-site work for the City's financial audit for fiscal year 07-08 is complete. City Finance staff spends a great deal of time preparing all of the accrual information for the annual audit. Finance staff analyzes the City's assets, liabilities, revenues, expenditures and fund balances in accordance with Governmental Accounting Standards. The audit was performed in early-October. Very few adjustments were made to the City's records by the auditors. These adjustments have been included in this Final 6/30/08 Quarterly Financial Report.

GENERAL FUND

General Fund Financial Condition. Year end general fund revenues were less than budgeted by just over \$1 million. This was approximately \$250,000 less than Staff's revised expectations during the FY 08/09 budget process. Year end expenditures were less than the final budget (including supplemental appropriations) by almost \$2.2 million. During preparation of the FY 08-09 budget process, City departments provided Finance with projected year-end total expenditures for FY 07-08 of \$37.2 million; they were within \$420,000 or 1.1%.

At year end, general fund revenues exceeded expenditures by \$370,000 or 1.0% of expenditures.

General Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	4,447,085	4,447,085	-
Revenues	38,139,847	37,136,415	97.4%
Expenditures	(38,947,112)	(36,766,879)	94.4%
Balance	3,639,820	4,816,621	-

Revenues.

The City's top ten revenues account for 95% of total General Fund revenues; as such they provide a very good summary of our revenue position.

The primary revenue concerns expressed during the budget study session were sales tax and development related fees (building permits and plan check fees). Since then, the situation with sales tax has deteriorated further with the 4th quarter FY 07-08

sales receipt now known. The combined impact of the revenues that did not meet amounts budgeted are partially offset by property tax revenues that exceed the original budget.

Fiscal year end is a good time to not only compare budget vs. actual for the fiscal year, but also to compare the actual results of operations for two fiscal years. This is shown in the tables below for the top ten general fund revenues.

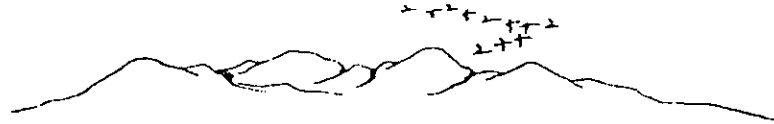
Top Ten Revenues	Budget	Actual	% Received
Property Taxes	11,611,850	12,153,427	104.7%
Sales Tax	11,232,500	10,261,286	91.4%
Business Licenses	700,000	688,077	98.3%
Franchise Fees	1,448,400	1,374,274	94.9%
Hotel/Motel Surcharge	650,000	744,133	114.5%
Building Permits	1,500,000	893,801	59.6%
State Motor Vehicle	350,000	313,876	89.7%
CSA "G" Fire Contract	654,937	696,404	106.3%
Recreation Fees	1,133,713	1,142,165	100.7%
Operating Transfers	6,241,658	6,763,070	108.4%
Total	35,523,058	35,030,514	98.6%

Top Ten Revenues	FY 06/07	FY 07/08	Change
Property Taxes	11,569,178	12,153,427	5.1%
Sales Tax	10,365,319	10,261,286	-1.0%
Business Licenses	662,798	688,077	3.8%
Franchise Fees	1,377,674	1,374,274	-0.2%
Hotel/Motel Surcharge	664,856	744,133	11.9%
Building Permits	930,296	893,801	-3.9%
Engineering Plan Check	207,333	313,876	51.4%
CSA "G" Fire Contract	738,509	696,404	-5.7%
Recreation Fees	899,739	1,142,165	26.9%
Operating Transfers	4,843,118	6,763,070	39.6%
Total	32,258,820	35,030,514	8.6%

- **Property Tax.** Property taxes have experienced growth in the current fiscal year. Year-end total receipts reflect additional revenues of \$542,000 over the adopted budget. In light of the decline in new housing construction and drop-off in housing prices during 2008, we do not expect to see the same level of growth in the next fiscal year.

- **Sales Tax.** Sales tax revenues are \$971,000 less than the original adopted budget. This is \$142,000 less than revised expectations provided during the budget study session because the 4th quarter receipts were down 7.7% on an adjusted basis.

- **Business Licenses.** Business licenses are renewed in January of each year. At year end



Quarterly Financial Report
For Fiscal Year Ending 06/30/08 (Final/Post-Audit Year End)

revenues are down just slightly from the budgeted amount.

- **Franchise Fees.** The City receives franchise fees from PG&E, YSDI, and Comcast; the fees are based upon a percentage of their revenues. Actual receipts are slightly less than budgetary expectations but right on track with revised year-end projections.

- **Hotel/Motel Surcharge.** Surcharge revenues exceeded budget expectations by approximately \$94,000.

- **Construction Permit Fees.** Building Permits and Engineering Plan check fees were \$606,000 lower than original budgeted amounts but right in line with revised FY 07-08 projections. The FY 07-08 projected revenues were revised due to the weakness in the housing market. For perspective, actual receipts for FY05, FY 06 and FY07 were roughly \$3.5 million, \$1.9 million and \$0.9 million, respectively.

- **CSA "G" Fire Contract.** The City receives these funds for fire services to the unincorporated area that was formerly served by the Walton Fire Protection District. Since revenues are property taxes, they are showing an increase in growth similar to that noted above for other City property taxes.

- **Recreation Fees.** Service fees received through the end of the fiscal year exceeded budget by \$8,500.

- **Operating Transfers.** The General Fund receives reimbursement for operating costs associated with support services provided to the water and wastewater utilities as well as other fund transfers. During FY 07-08, the Public Works Department prepared its first cost allocation plan. Actual transfers for reimbursements to the general fund for public works' costs exceeded the original amounts budgeted based upon full implementation of the cost allocation plan. The remaining transfers are within budgetary expectations.

Expenditures. Operating costs were generally within budgetary expectations as summarized below.

Expenditures	Budget	YTD Actual	% Expended
City Council	161,757	103,086	63.7%
City Attorney	220,000	194,864	88.6%
City Manager	379,543	368,209	97.0%
City Clerk	52,777	51,552	97.7%
Finance/City Treasurer	1,827,487	1,773,835	97.1%
General Services/IT	1,922,227	1,758,555	91.5%
Human Resources	884,333	787,702	89.1%
Community Development	1,571,780	1,408,732	89.6%
Public Works	3,874,226	3,510,364	90.6%
Police	13,160,043	12,935,800	98.3%
Fire	9,914,526	9,543,564	96.3%
Animal Control Services	383,050	412,137	107.6%
Economic Development	209,500	140,258	66.9%
Contingency	37,500	18,094	48.3%
Non-Departmental Misc.	151,764	96,368	63.5%
Parks & Recreation	4,196,598	3,663,749	87.3%
Total General Fund	38,947,112	36,766,879	94.4%

ENTERPRISE FUNDS

The following summarizes year-to-date revenues, expenditures and changes in working capital for the enterprise funds. In general, revenues and expenditures are consistent with past trends.

Water Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	16,087,349	16,087,349	-
Revenues	11,202,175	9,933,460	88.7%
Expenditures			
Operating Programs	(7,462,860)	(6,917,446)	92.7%
CIP Contributions	(3,434,232)	(3,434,232)	100.0%
Debt Service	(1,819,345)	(1,696,636)	93.3%
Balance	18,007,319	17,406,728	-

CIP Projects	9,652,000	2,763,800	28.6%
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Wastewater Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	18,765,219	18,765,219	-
Revenues	12,572,900	11,083,374	88.2%
Expenditures			
Operating Programs	(8,467,231)	(7,401,264)	87.4%
CIP Contributions	(5,549,289)	(5,549,289)	100.0%
Debt Service	(1,497,083)	(1,399,771)	93.5%
Balance	15,824,517	15,498,269	-

CIP Projects	6,556,000	2,722,095	41.5%
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