

Quarterly Financial Report

For Quarter Ending 06/30/08 (Preliminary/Pre-Audit Year End)

August 19, 2008

OVERVIEW

Fiscal year 07-08 has now officially come to a close, however all of the accrual data for revenues and expenditures is not yet available. The City continues to accrue revenues received and expenditures owed that are attributable to the previous fiscal year for a period of sixty days after the end of the fiscal year. The data contained in this report is the "best available" as of the date produced. An updated report will be provided to City Council with the final year end totals when available.

That said, overall, year end revenues are expected to be lower than budget; however, savings within departmental budgets will offset the revenue reduction and the year-end budget situation will be balanced.

GENERAL FUND

General Fund Financial Condition. With the year complete (except for additional accrual information), General Fund revenues are at 90% of budgetary projections and expenditures are at 96% of their estimates.

General Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	4,447,085	4,447,085	-
Revenues	38,111,697	34,156,463	89.6%
Expenditures	(38,784,805)	(37,296,328)	96.2%
Balance	3,773,978	1,307,220	-

Revenues.

The City's top ten revenues account for 94.5% of total General Fund revenues. As a whole, they provide a 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 has not changed. The combined impact of the revenues that will not meet our original budget estimates is partially offset by property tax revenues that exceed the original budget. It is expected, after all revenue accruals are made, that revenues will be approximately \$600,000 less than the final amended budget amounts.

The City's top three revenues and County Service Area (CSA) "G" fire contract revenues are dependant upon the timing of receipts. As such, receipts to date for each revenue may be less than 100% (that one might expect to have been received to date), but still be within budgetary expectations. The narrative for each revenue explains timing nuances, as appropriate.

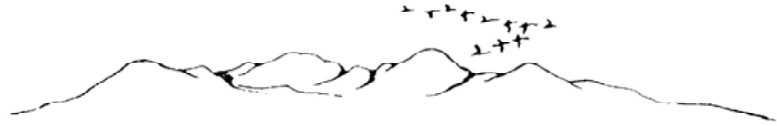
Top Ten Revenues	Budget	Actual	% Received
Property Taxes	\$ 11,611,850	\$ 11,522,389	99.2%
Sales Tax	\$ 11,232,500	\$ 8,765,807	78.0%
Business Licenses	\$ 700,000	\$ 699,504	99.9%
Franchise Fees	\$ 1,448,400	\$ 1,149,062	79.3%
Hotel/Motel Surcharge	\$ 650,000	\$ 546,800	84.1%
Building Permits	\$ 1,500,000	\$ 863,131	57.5%
State Motor Vehicle	\$ 350,000	\$ 313,876	89.7%
CSA "G" Fire Contract	\$ 654,937	\$ 643,430	98.2%
Recreation Fees	\$ 1,133,713	\$ 1,052,591	92.8%
Operating Transfers	\$ 6,241,658	\$ 6,682,646	107.1%
Total	35,523,058	32,239,236	90.8%

Property Tax. The City's first property tax payment was received in late January and the second was received in early June. Property taxes have experienced growth in the current fiscal year (8.5% City-wide property tax roll growth). Current year-end projections reflect additional revenues of \$476,000 over the adopted budget. In light of the drop-off in new housing construction and the decline in housing prices during the past 18 months, we projected an increase of only 2% for FY 08-09. Final property tax receipts will be received from Sutter County at the end of August and will be accrued back to FY 07-08.

- **Sales Tax.** Receipts to date (for the three quarters ending 3/31, which represent cash receipts through mid-July) are flat when compared to last year's actual receipts for the same quarters. Actual FY 06-07 sales tax revenues were \$825,000 less than budgeted. The amount budgeted for FY 07-08 was estimated based upon the expected results for FY 06-07. Henceforth, current year-end projections reflect the receipt of \$829,000 less in sales taxes than budgeted revenues.

- **Business Licenses.** Business licenses are renewed in January of each year. At year end revenues are right on track with 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 have been slightly less than budgetary expectations – it



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is likely that year-end revenues will be about 5% (\$71,000) less than budgeted revenues.

- **Hotel/Motel Surcharge.** Three quarters of Hotel/Motel surcharge revenues have been received through 6/30/08. Revenues are expected to end the year approximately \$84,000 (13%) more than budgeted.

- **Construction Permit Fees.** Building Permits and Engineering Plan check fees are lower than the 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. Through June 30th, combined receipts were 66% of budget. We anticipate that construction permit fees will be approximately \$863,000 for the current year (compared to the adopted amount of \$1.5 million). For perspective, actual receipts for FY05, FY06 and FY 07 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. These revenues are property taxes and therefore the timing of property tax revenues noted above applies to these funds as well.

- **Recreation Fees.** Service fees received through the end of the fiscal year were less than budget by \$81,000 (7%).

- **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. Year end transfers are expected to be in line with budgetary expectations.

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

Expenditures	Budget	YTD Actual	% Expended
City Council	161,757	104,891	64.8%
City Attorney	220,000	194,864	88.6%
City Manager	379,543	374,951	98.8%
City Clerk	52,777	22,997	43.6%
Finance/City Treasurer	1,827,487	1,783,787	97.6%
General Services/IT	1,922,227	1,781,885	92.7%
Human Resources	884,333	795,377	89.9%
Community Development	1,571,780	1,433,963	91.2%
Public Works	3,874,226	3,548,553	91.6%
Police	13,156,771	13,201,755	100.3%
Fire	9,776,383	9,694,691	99.2%
Animal Control Services	383,050	412,137	107.6%
Economic Development	209,500	140,258	66.9%
Contingency	37,500	12,153	32.4%
Non-Departmental Misc.	151,764	96,968	63.9%
Parks & Recreation	4,175,706	3,697,098	88.5%
Total General Fund	38,784,805	37,296,328	96.2%

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. Depreciation has not been reflected in the expenditures shown below. It cannot be calculated until after all of the year end accrual data is available.

Water Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	16,087,349	16,087,349	-
Revenues	11,202,175	9,365,170	83.6%
Expenditures			
Operating Programs	(7,591,250)	(7,090,511)	93.4%
CIP Contributions	(2,575,000)	(2,575,000)	100.0%
Debt Service	(1,819,345)	(1,696,636)	93.3%
Balance	17,878,930	16,665,373	-

CIP Projects	9,652,000	3,074,261	31.9%
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Wastewater Fund

	Budget	YTD Actual	Percent
Balance, Start of Year	18,765,219	18,765,219	-
Revenues	12,572,900	10,432,659	83.0%
Expenditures			
Operating Programs	(8,467,231)	(7,916,328)	93.5%
CIP Contributions	(3,848,302)	(3,848,302)	100.0%
Debt Service	(1,497,083)	(1,157,926)	77.3%
Balance	17,525,504	16,275,322	-

CIP Projects	6,556,000	2,791,903	42.6%
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