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# CITY OF SACRAMENTO

## DEPARTMENT OF FINANCE

BUDGET DIVISION

October 10, 1985  
FA:85452:BM:KMF

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** Reestimated General Fund Balance

### SUMMARY

This report provides an update on the June 30, 1985 General Fund balance. The current estimate, which at this point is unaudited and still subject to adjustment, is \$2,180,403 greater than previously anticipated.

### DISCUSSION

The 1985-86 Approved Budget assumed a beginning (6/30/85) General Fund balance of \$289,000. This estimate is now being revised upward to \$2,469,403, an increase of \$2,180,403. The major explanation for this increase is that revenues came in \$3.3 million higher than anticipated. Total General Fund revenues in 1984-85 were estimated at \$106,705,000. Actuals came in at \$109,946,000, which is within 3% of the estimate. The attached revenue schedule identifies the variances between estimated and actual amounts. The additional revenue received more than offset a reduction in anticipated transfers.

Traditionally, fund balance information is not acted upon until it is audited due to the possibility of audit adjustments either by staff or the City's external auditors (which this year is Price Waterhouse). At this point, however, the level of unfunded requirements exceeds the remaining available General Fund Contingency budget and corrective action is now necessary. The year started off with a General Fund Contingency of \$834,000. To date, \$791,728 has been spent leaving an available balance of \$42,272. The most pressing demand now being placed on the Contingency is the need to fund the net Code Enforcement augmentations which total \$509,485. The following table identifies the impact the new fund balance estimate will have on the ability to fund the Code Enforcement augmentations as well as several other items which are currently unbudgeted.

1985-86  
General Fund Contingency

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(\$ in 000)

Original Contingency	\$ 834
Expenditures to Date	792
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Remaining Contingency	42
Additional Fund Balance	2,181
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Available Contingency	2,223
	=====
Unbudgeted Requirement	
a. Code Enforcement	509
b. Reduction of CDBG Funding	75
c. Full Funding of Self Insurance	900
d. City Hall Annex Remodeling Costs	200
e. Legal Costs	60
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	\$1,744
	=====
Recap:	
Available Contingency	\$2,223
Requirements	1,744
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NET:	\$ 489
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Each of the unfunded requirements which is proposed to be funded from the General Fund Contingency is discussed below:

a. Code Enforcement. On October 1, 1985 the joint Budget and Finance, and Transportation and Community Development Committees approved a recommendation to consolidate Code Enforcement efforts and to augment its areas of responsibilities. The net cost of this recommendation is \$509,485. The actual funding of this program is the subject of a separate staff report.

b. Reduction of CDBG Funding. The City Council has previously stated its intent to redirect \$150,000 in CDBG funds currently supporting City operating costs back to SHRA to be used in support of the homeless shelter program. Half of this amount, or \$75,000, is contained in the 1985-86 budget and the other half would have been programmed in 1986-87. The loss of these funds necessitates replacement by the General Fund.

c. Full Funding of Self Insurance. In September, the Council was informed that the City's Self Insurance Retention level was being increased from \$1.0 million to \$1.9 million. Due to the continued instability in the insurance market, staff is recommending the full funding of the retention at this time. This action is also indicated based on prior rulings the City has received from its auditors as to the necessity of full funding as well as the possibility of full funding being a condition of future debt financing.

d. City Hall Annex Remodeling Costs. Facility Management is currently in the process of remodeling the basement of the City Hall Annex as well as the first floor of the old Fire Station 2. The 1985-86 CIP budget provides funding for these areas but not for the first floor of the Annex and the second floor of the fire station, which would have been requested in the 1986-87 CIP Budget. Facility Management now believes that not only can they complete work on the basement area and first floor of the fire station, but also make significant headway into the remaining portions of the Annex and fire station. The speeding up of this schedule requires a speed up in the associated funding which is about \$200,000.

e. Legal Costs. City Attorney estimates that the amount budgeted for litigation costs is underfunded by at least \$60,000.

In addition to these specific items on which we are recommending that immediate action be taken, there are also several other items which may require financial resources before the end of the year. Briefly, these items are (1) FLSA overtime payoffs which if retroactive to April, 1985 could cost an estimated \$700,000, (2) Assessment District advances that are reimbursable but not necessarily in the same fiscal year could be around \$350,000, and (3) a loan to Solid Waste in order to speed up the purchase of 90-gallon containers--the speed up would allow the cans to be ordered in the current year so they would be available for distribution on July 1.

#### RECOMMENDATION

Staff recommends that the Budget and Finance Committee recommend for adoption the attached resolution which acts to:

1. Augment the General Fund Contingency by \$2,181,000, and
2. Make the following appropriations from Contingency:
  - o \$900,000 to Risk Management to fully fund the Self Insurance Retention Level.
  - o \$200,000 to Cost Center 8495 to proceed with the second phase of the Annex/Fire Station remodeling.
  - o \$60,000 to the City Attorney for litigation costs.

The funding of the Code Enforcement program and replacement of the CDBG funding will be dealt with in separate reports.

Respectfully submitted,

*Betty Masuoka*

BETTY MASUOKA  
Budget Officer

Attachment  
RECOMMENDATION APPROVED:

*Solon Wisham, Jr.*  
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SOLON WISHAM, JR.  
Assistant City Manager

1984-85 ACTUAL REVENUE  
SCHEDULE

REVENUE	(\$ in 000's)	1983-84 ACTUAL	1984-85 MIDYEAR	1984-85 ACTUAL	CHANGE FROM MIDYEAR
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GENERAL FUND					
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TAXES					
Property Tax - General		23,217	25,343	25,133	-210
Property Tax - Debt Service		915	925	992	67
Property Tax - Supplemental Roll		--	0	234	234
Sales and Use Tax		24,125	26,576	27,149	573
Utility Users Tax		16,298	19,168	19,531	363
Business Operations Tax		2,280	2,375	2,587	212
Real Property Transfer Tax		2,654	-2,651	2,534	-117
Admissions Tax		236	175	173	-2
Residential Construction Tax		1,687	1,152	1,400	248
In-Lieu Property Tax (Ent)		620	653	655	2
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Subtotal: TAXES		\$72,032	\$79,018	\$80,388	\$1,370
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## LICENSES AND PERMITS

Animal Licenses		101	100	100	0
Construction Permits		2,351	2,000	2,067	67
Franchises		588	650	633	-17
Home Occupation Permits		34	30	37	7
Emergency Permits		9	1	0	-1
Taxicab Permits		26	25	26	1
Driveway Permits		2	2	2	0
Dance Permits		3	2	1	-1
Special Use Permits		71	65	63	-2
Street Vendor Permits		11	6	12	6
Sign & Billboard Permits		19	23	23	0
Wrecking Permits		2	2	4	2
Oversize Vehicle Permits		2	2	2	0
Alley Parking Permits		5	5	6	1
Bingo Licenses		46	49	66	17
Explosive Permits		-1	0	0	0
House Moving Permits		3	3	3	0
Flood Zone Permit Fee		1	0	0	0
Amusement Arcade Licenses		1	2	0	-2
Burglar Alarm Permits		139	55	74	19
Excavation Permits		23	22	21	-1
Adult Business Licenses		15	12	5	-7
Cable TV Construction Permit		0	30	0	-30
Fire Inspection Fees		0	0	0	0
Miscellaneous		0	3	0	-3
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Subtotal: LICENSES AND PERMITS		\$3,451	\$3,089	\$3,145	\$56
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REVENUE	(\$ in 000's)	1983-84 ACTUAL	1984-85 MIDYEAR	1984-85 ACTUAL	CHANGE FROM MIDYEAR
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FINES AND FORFEITS		1,071	1,310	1,165	-145
Subtotal: FINES AND FORFEITS		\$1,071	\$1,310	\$1,165	\$-145

#### USE OF MONEY AND PROPERTY

Investment Interest		4,307	3,000	3,157	157
Property/Equipment Rental		148	191	203	12
Concessions		81	90	112	22
Interest on Receivables		127	101	110	9
Interest-County Held Funds		350	350	334	-16
Gain/Loss Sale of Improvement Bonds		0	0	-44	-44
Subtotal: USE OF MONEY & PROPERTY		\$5,013	\$3,732	\$3,872	\$140

#### INTERGOVERNMENTAL REVENUES

Homeowners Exemption		1,363	1,403	1,340	-63
Business Inventory Exemption		20	0	0	0
Vehicle License Fee (VLF)		59	6,926	7,705	779
Cigarette Tax		922	1,000	958	-42
Trailer Coach In-Lieu Tax		77	70	77	7
Other State In-Lieu Taxes		26	20	0	-20
Off Highway VLF		6	5	6	1
Supplemental Subvention		--	650	640	-10
State Grants		29	55	85	30
Federal Grants		12	0	1	1
County - Library		442	344	623	279
County - Museum and History		111	121	91	-30
County - Metropolitan Art		56	51	50	-1
POST Reimbursement		196	232	392	160
Other Agency Police Reimbursement		31	42	62	20
Other State Revenue		97	243	174	-69
SHRA Reimbursement		12	52	5	-47
Fire District Reimbursement		--	365	0	-365
Cable Commission Reimbursement		--	0	0	0
Misc Non-State Revenues		6,601	498	893	395
Subtotal: INTERGOVERNMENTAL		\$10,060	\$12,077	\$13,102	\$1,025

#### CHARGES FOR CURRENT SERVICE

Parking Meter - Collections		1,594	1,688	1,653	-35
Parking Meter - Construction		40	36	66	30
Subdivision Map - Planning		64	43	44	1
Rezoning Fees		80	36	42	6
Variance Fees		40	22	21	-1
Appeal Fees		4	3	4	1
Map/Publication Sales		18	22	22	0
Plan Check Fee		1,117	1,172	1,084	-88

REVENUE	(\$ in 000's)	1983-84 ACTUAL	1984-85 MIDYEAR	1984-85 ACTUAL	CHANGE FROM MIDYEAR
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 CHARGES FOR CURRENT SERVICES (cont.)

EIS Fees	46	26	28	2
Demolition Charges	26	20	16	-4
Compliance Fees	2	2	3	1
Subdivision Map - Pub Works	37	30	32	2
Development - Street Signs	22	22	18	-4
St/Sidewalk/Curb Repairs	225	190	80	-110
Eng Fees/Assessment Districts	1,306	1,000	1,829	829
Energy Audit	2	1	1	0
Planned Unit Development	3	2	2	0
R-Plan Review	4	5	3	-2
Sidewalk Maint Assess District	0	0	15	15
1915 Admin Cost	50	50	0	-50
Animal Shelter	24	23	26	3
Police Fees and Charges	117	85	146	61
Police Services	18	54	26	-28
Fire Report Fees	2	2	2	0
Fire Permits	0	20	14	-6
Hazardous Materials	0	11	0	-11
Weed Abatement	124	100	177	77
Swimming Pools	56	63	76	13
Community Service Fees	19	19	19	0
Crocker Art Admissions	29	38	36	-2
Zoo	437	458	438	-20
Development - Trees	30	40	24	-16
Library Fines and Fees	34	34	21	-13
Interdepartmental Direct Charges	1,179	1,336	1,121	-215
Central Service Fee	6	0	0	0
Treasurer Investment Fee	127	143	198	55
Miscellaneous	16	3	1	-2
Subtotal: CHRGS FOR CURRENT SERVICE	\$6,898	\$6,799	\$7,288	\$489

MISCELLANEOUS

Real/Personal Prop Sales	6	65	104	39
Salvage	32	50	28	-22
Gifts and Donations	--	65	94	29
1915 Pen/Int (Redemption)	64	65	139	74
1915 Pen/Int (Current)	17	15	19	4
Workers Comp Offset	4	3	1	-2
Third Party Recovery	96	100	127	27
Miscellaneous	422	317	474	157
Subtotal: MISCELLANEOUS	\$641	\$680	\$986	\$306

TOTAL GENERAL FUND	\$99,166	\$106,705	\$109,946	\$3,241
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# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION AMENDING THE 1985-86 APPROVED BUDGET  
BY INCREASING THE GENERAL FUND CONTINGENCY  
RESERVE AND AUTHORIZING THE USE OF THE RESERVE  
TO INCREASE THE CITY'S SELF RETENTION RESERVE  
REMODEL THE CITY HALL ANNEX, AND INCREASE  
THE CITY ATTORNEY'S BUDGET.

WHEREAS, the General Fund revenues were higher than anticipated.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO, that:

## Section 1.

The 1985-86 Approved Budget is hereby amended by adding \$2,180,403 to the General Fund Contingency Reserve (1-10-7012-0000-4599) reflecting the increase in expected fund balance.

## Section 2.

The Risk Management Budget is hereby amended by transferring \$900,000 from the General Fund Contingency Reserve (1-01-7012-0000-4599) to the Risk Management Self Retention Reserve (4-21-1962-000-2642).

## Section 3.

The 1985-86 Approved Budget is amended by transferring \$200,000 from General Fund Contingency Reserve (1-01-7012-0000-4599) to the CIP Budget (1-01-1936-8495-4820) in order to remodel the City Hall Annex.

Section 4.

The 1985-86 Approved Budget is amended by transferring \$60,000 from General Fund Contingency Reserve (1-01-7012-0000-4599) to the City Attorney's budget (1-01-0500-0000-4251) to cover expected litigation costs.

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MAYOR

ATTEST:

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CITY CLERK