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DEPARTMENT OF
FINANCE

REVENUE DIVISION

CITY OF SACRAMENTO
CALIFORNIA

February 17, 1988
RD:881042-ADM:MLM:lv

FEE 1988
CITY HALL
ROOM 104
915 I STREET
SACRAMENTO, CA
95814-2696

916-449-5454

Budget and Finance Committee
Sacramento, California

Honorable Members is Session:

SUBJECT: FISCAL YEAR 1987-88 MIDYEAR REVENUE PROJECTIONS

SUMMARY

This report presents the FY 1987-88 midyear revenue projections and recommends that the Budget and Finance Committee recommend that the City Council approve the revisions shown in Exhibit I to the revenues adopted in the FY 1987-88 Approved Budget.

BACKGROUND

Annually, at midyear, staff conducts an analysis of the approved budget revenue estimates. The purpose of the analysis is to determine necessary revisions, if any, to the estimates used for funding the current year's expenditures. The midyear review facilitates the process of determining necessary adjustments, if any, that the City should make in order to maintain a balance budget.

DISCUSSION

The following is a summary, by fund affected, of the major changes from the revenue projections adopted in the FY 1987-88 Approved Budget. Funds not listed are not projected to deviate significantly from the schedule.

GENERAL FUND

Total Revenue

Approved	\$143,215,000
Midyear	140,285,000

The midyear total revenue projection is \$2,930,000 (2.0%) lower than the Approved Budget projection. The reduction is the net result of increases and decreases in the major revenue categories. \$2,533,000 of the difference is attributable to an accounting procedure change. The actual net estimating error is a decrease of \$397,000 (.3%). An explanation of each of these categories follows.

Taxes

Approved \$ 103,970,000
Midyear \$ 104,845,000

The midyear projections indicate a \$875,000 (.8%) increase in tax revenue over the Approved Budget. The Approved Budget was estimated to be \$7,471,000 (7.7%) higher than the 1986-87 actual revenue. Over the past two years taxes, in the aggregate, have grown at the rate of approximately 7.6% each year. The 1987-88 midyear estimate predicts an increase of \$8,346,000 (8.6%) over 1986-87 revenue.

Licenses and Permits

Approved \$ 3,877,000
Midyear \$ 3,216,000

The midyear projection estimates Licenses and Permits revenue to be \$661,000 (17.0%) lower than the Approved Budget projection. The major factor causing the shortage is \$705,000 less revenue from Construction Permits. A decrease in building activity has caused decreases in all revenue sources associated with the building trade.

Fines and Forfeits

Approved \$ 1,742,000
Midyear \$ 1,358,000

Midyear calculations indicate that Fines and Forfeits revenue will be \$384,000 (22.0%) lower than the Approved Budget amount. The 1987-88 budget anticipated an increase in the number of FTE for parking enforcement. The additional staff has increased the number of citations written. Unfortunately, this has not resulted in increased revenue. City and County staff are currently reviewing the citation processing process. City staff will report the results to the City Council when the review is completed.

Intergovernmental Revenue

Approved \$ 19,896,000
Midyear \$ 17,828,000

The midyear revenue for Intergovernmental Revenue is estimated to be \$2,068,000 (10.4%) lower than forecast in the Approved Budget. This is the results of the following factors: State Homeowners Property Tax Relief is \$245,000 (18.3%) higher than anticipated due to higher property valuations; Accounting procedure changes changed the \$2,533,000 of SHRA payments for Light Rail from a revenue item to an internal fund transfer; and Fire District Reimbursement fees for the Natomas area increased by \$152,000 (16.2%) due to higher property valuation.

Other Revenues

Approved \$ 1,780,000
Midyear \$ 822,000

The midyear projection reflects a \$958,000 (53.8%) reduction in expected revenue from the Approved Budget projection. The projections assumed the sale of real property which is now not anticipated to occur during FY 1987/88.

OTHER GOVERNMENTAL FUNDSMajor Street Construction Fund

Approved \$ 3,212,000
Midyear \$ 2,271,000

Midyear projections indicate a \$941,000 (29.2%) reduction from the Approved Budget in the Major Street Construction Tax revenue source. The slowdown in building new residential structures has decreased the major street construction revenue.

Special Recreation Fund

Approved \$ 1,911,000
Midyear \$ 1,541,000

Sports Complex Fund

Approved \$ 0
Midyear \$ 246,000

The midyear projection is \$370,000 (19.4%) lower than the Approved Budget due primarily to a reclassification of revenues from the Special Recreation Fund to the new Sports Complex Fund created in FY 1987/88.

South Natomas Community Improvement Fund

Approved \$ 460,000
Midyear \$ 272,000

The midyear projection reflects a reduction of \$188,000 (40.9%). Development has not occurred as anticipated due to litigation.

ENTERPRISE FUNDSParking Fund

Approved	\$ 8,692,000
Midyear	\$ 8,361,000

Midyear calculations indicate the Parking Fund will be \$331,000 (3.8%) lower than the Approved Budget projections. This is due to the delay in implementing the parking fee increases.

Water Fund

Approved	\$ 19,721,000
Midyear	\$ 18,554,000

Midyear estimates are \$1,167,000 (5.9%) lower than the Approved Budget. Developers anticipated the Water Development Fee increase effective date and filed their projects for FY 1987/88 in advance. This also adversely impacted the Water Tap Sales.

Sewer Fund

Approved	\$ 6,616,000
Midyear	\$ 6,221,000

Midyear projections indicate \$395,000 (6.0%) less revenue than the Approved Budget projections. The decrease is attributable to lower than anticipated Sewer Permit sales due to a slow down in the building industry.

Solid Waste Fund

Approved	\$ 21,444,000
Midyear	\$ 22,265,000

The projected increase of \$821,000 (3.8%) is attributable to an estimation error of the impact and implementation schedule of the 90 gallon super can conversion project. The Solid Waste Division's rapid progress in implementation of the 90-gallon super can project combined with a miscalculation of the number of 32-gallon cans replaced by the 90-gallon super cans lowered the anticipated income.

Boat Harbor Fund

Approved	\$ 1,089,000
Midyear	\$ 804,000

The midyear estimate is \$285,000 (26.2%) lower than the Approved Budget. The Approved Budget estimate was predicated on the new harbor being completed and leased by October 1987. Due to construction delays, the new harbor will not be completed until June 1988.

Community Center Fund

Approved \$ 6,502,000
Midyear \$ 6,899,000

The midyear projection is \$397,000 (6.1%) higher than the Approved Budget projection. This is due to the increased rental income resulting from the acquisition of income producing property.

Storm Drainage Fund

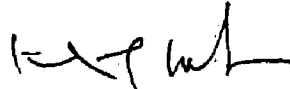
Approved \$ 9,253,000
Midyear\$ \$ 9,706,000

The midyear projection is \$453,000 (4.9%) higher than the Approved Budget. The increase is the result of a budgeting error in estimating the revenue for FY 1987/88.

RECOMMENDATION

It is recommended that the Budget and Finance Committee recommend that the City Council approve the attached resolution which adopts the midyear FY 1987-88 revenue revisions recommended in Exhibit I.

Respectfully submitted,



MICHAEL L. MEDEMA
Revenue Manager

RECOMMENDATION APPROVED:



JACK R. CRIST
Deputy City Manager

Attachments

March 1, 1988
All Districts

131

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

A RESOLUTION ADOPTING THE MIDYEAR FY 1987/88 REVENUE PROJECTIONS AS THE APPROVED REVENUE PROJECTIONS FOR THE CITY OF SACRAMENTO FY 1987/88

CITY OF SACRAMENTO
1987-88 MIDYEAR REVENUE PROJECTIONS

GENERAL FUND (\$ in 000's)	1985-86 ACTUAL	1986-87 UNAUDITED	1987-88 APPROVED	1987-88 MIDYEAR	CHG FROM APPROVED
***** TAXES					
3101 Property Taxes - Current Secured	24,752	27,692	33,883	30,461	(3,422)
3102 Property Taxes - Current Unsecured	1,618	2,121	2,241	2,333	92
3103 Property Taxes - Prior Secured	1,429	1,689	0	1,858	1,858
3104 Property Taxes - Prior Unsecured	46	108	0	119	119
3105 Pen & Int Prop Taxes Sec	30	0	0	0	0
3107 Aircraft Personal Prop Taxes	0	2	0	0	0
3108 Sales & Use Tax	29,532	30,243	31,159	32,424	1,265
3110 Business Operations Tax	2,824	2,879	3,302	3,109	(193)
3111 Real Property Transfer Tax	3,010	3,750	2,981	3,647	666
3112 Utility User Tax	21,916	23,564	26,011	26,563	552
3113 Admissions Tax	2	0	0	0	0
3120 Residential Dev Property Tax	1,850	1,220	1,471	1,133	(338)
3125 Debt Service Tax Override	806	1,004	842	842	0
3126 In-Lieu Taxes - Enterprise	667	665	679	679	0
3127 Property Taxes - Supplemental	1,164	1,559	1,401	1,677	276
3133 Real Prop Trans Tax-Penalties	0	3	0	0	0
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Subtotal: TAXES	\$89,646	\$96,499	\$103,970	\$104,845	\$875
***** LICENSES AND PERMITS					
3201 Animal Licenses	104	134	180	137	(43)
3202 Funeral Escort Permits	0	3	0	0	0
3203 Construction Permits	2,232	2,063	2,490	1,785	(705)
3205 Home Occupation Permits	36	46	31	31	0
3206 Firearms Dealer Permits	0	49	0	0	0
3208 Emergency Permits	1	1	1	1	0
3209 Taxi Permits	28	25	26	24	(2)
3210 Driveway Permits	2	2	2	2	0
3212 Dance Permits	2	2	2	1	(1)
3213 Special Use Permits	53	73	93	62	(31)
3214 Street Vendor Permits	12	11	9	11	2
3216 Sign & Billboard Permits	22	27	22	24	2
3217 Wrecking Permits	3	3	2	2	0
3218 Oversize Vehicle Permit	2	2	2	2	0
3219 Alley Parking Permits	5	9	8	8	0
3220 Bingo License	71	52	70	49	(21)
3223 House Moving Permits	2	0	2	2	0
3225 Amusement Arcade Permit	5	6	5	5	0
3226 Burglar Alarm Permits	58	150	81	85	4
3227 Excavation Permits	21	23	30	30	0
3228 Franchises	644	517	605	605	0
3229 Adult Business Permits	3	1	1	1	0
3230 Cable TV Construction Permits	22	253	214	180	(34)
3231 Towing Vehicle Permits	0	7	0	7	7
3232 Midtown Employee Parking Permit	0	0	0	145	145
3299 Miscellaneous Licenses/Permits	1	14	1	17	16
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Subtotal: LICENSES AND PERMITS	\$3,329	\$3,473	\$3,877	\$3,216	(\$661)

GENERAL FUND
(\$ in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

FINE AND FORFEITS

3301	Fines and Forfeits	1386	1,250	1,742	1,358	(384)
	Subtotal: FINES AND FORFEITS	\$1,386	\$1,250	\$1,742	\$1,358	(\$384)

USE OF MONEY

3401	Investment Interest	3,269	4,610	2,649	2,766	117
3402	Property/Equipment Rental	155	12	0	0	0
3404	Concessions	167	0	0	0	0
3408	Interest on Receivables	37	27	0	0	0
3423	Int Inc-Improvement Bonds	0	5	0	0	0
3427	Gain or Loss-Sale of Stocks	0	11	0	0	0
3420	Interest Income - Bonds	4	38	0	0	0
3436	Interest - County Held Funds	419	417	450	420	(30)
	Subtotal: USE OF MONEY	4,051	\$5,120	\$3,099	\$3,186	\$87

INTERGOVERNMENTAL REVENUES

3502	State Homeowners Prop Tax Relief	1,340	1,502	1,340	1,585	245
3504	State Motor Vehicle In-Lieu Tax	8,946	9,763	10,730	10,730	0
3505	State Trlr Coach In-Lieu Taxes	118	117	102	115	13
3506	State Cigarette Tax	1,031	1,001	1,000	991	(9)
3507	Other In Lieu Taxes	0	2	0	0	0
3511	State Grants	469	424	0	84	34
3513	Federal Grants	33	0	30	30	0
3514	State Off Highway M V License	6	0	6	6	0
3515	County Support - Library	769	791	709	607	(102)
3516	Co Support - Museum & History	181	327	303	326	23
3517	Misc Rev Frm Agy Other than State	303	0	0	0	0
3520	P. O. S. T. Reimbursement	409	306	300	300	0
3521	Other Agency Training Reimbursement	50	61	48	43	(5)
3526	Other State Revenue	423	0	0	0	0
3530	Redevelopment Agency Services (SHRA)	188	3,029	2,737	204	(2,533)
3532	Co Support - Metropolitan Arts Comm	89	53	78	77	(1)
3535	Fire District Reimbursement	659	1,017	938	1,090	152
3536	Supplemental State Subvention	512	384	270	270	0
3596	Misc Other Federal	0	42	0	0	0
3597	Misc Other State	0	179	446	323	(123)
3598	Misc Other County	0	94	381	465	84
3599	Misc Other Agencies	0	147	478	582	104
	Subtotal: INTERGOVERNMENTAL REVENUES	\$15,526	\$19,239	\$19,896	\$17,828	(\$2,068)

GENERAL FUND
(\$ in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

CHARGES, FEES AND SERVICES

3603	Subdivision Map - Planning	42	46	48	36	(12)
3604	Rezoning Fees	30	17	31	25	(6)
3605	Variance Fees	24	26	25	30	5
3606	Appeal Fees	3	4	4	4	0
3607	Map/Publication Sales					

GENERAL FUND
(\$ in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

OTHER REVENUES

3701	Sale of Real or Personal Property	346	11	981	150	(831)
3704	Salvage	27	14	35	1	(34)
3705	Gifts and Donations	17	5	10	5	(5)
3706	Liens	8	0	0	0	0
3709	Miscellaneous	527	513	423	324	(99)
3713	Interest on Receivables	87	0	30	30	0
3717	Contributions from Other Funds		22	0	11	11
3719	Pub Impro Redemption of Pen & Int	165	130	165	165	0
3720	Penalties	49	46	18	18	0
3725	Third Party Recvy Liability		21	0	0	0
3727	3rd Party Recovery, Property Damage	56	85	66	66	0
3728	Workers Compensation Offset	0	0	2	2	0
3761	Compost Sales	1	0	0	0	0
Subtotal: OTHER REVENUES		\$1,283	\$847	\$1,780	\$822	(\$958)

TOTAL GENERAL FUND

\$123,931 \$134,771 \$143,215 \$140,285 (\$2,930)

OTHER GOVERNMENTAL FUNDS
 (\$in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
 ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

GAS TAX FUND-202,203,204,247

3401	2106	Interest on Investments	190	178	133	155	22
3509	2106	State Gasoline Tax	1,563	1,678	1,642	1,688	46
3709	2106	Miscellaneous	18	0	0	0	0
3401	2107	Interest on Investments	145	151	133	132	(1)
3509	2107	State Gasoline Tax	2,800	3,003	2,942	2,889	(53)
3401	2107	Interest on Investments					

OTHER GOVERNMENTAL FUNDS
(Sin 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

REVENUE SHARING-211

3401	Interest on Investments	19	41	0	0	0
3513	Federal Grants	5,377	1,017	0	0	0
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	Subtotal: REVENUE SHARING FUND	\$5,396	\$1,058	\$0	\$0	\$0
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OTHER GOVERNMENTAL FUNDS
(\$in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

TRANSPORTATION DEVELOPMENT FUND-235

3401	Interest on Investments	47	45	35	78	43
3509	State Gasoline Tax	133	163	159	159	0
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	Subtotal: TRANS DEVELOP FUND	\$180	\$208	\$194	\$237	\$43
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OTHER GOVERNMENTAL FUNDS
(\$in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

ANIMAL AQUISITION FUND-251

3701	Sale of Real or Personal Property	15	16	10	10	0
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	Subtotal: ANIMAL AQUISITION FUND	\$15	\$16	\$10	\$10	\$0
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OTHER GOVERNMENTAL FUNDS
(\$in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

FAIRYTALE TOWN FUND-589

3618	Community Service Fees	0	5	0	0	0
3620	Admissions	153	220	245	235	(10)
3672	Concessions	80	140	148	131	(17)
3709	Miscellaneous	4	12	12	32	20

Subtotal: FAIRYTALE TOWN FUND

2005

2077

2107

2000

(10)

OTHER GOVERNMENTAL FUNDS
(Sin 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

SACRAMENTO HISTORY CENTER-FUND 797

3401	Interest on Investment	9	22	7	21	14
3709	Miscellaneous	95	0	0	0	0
Subtotal: SACRAMENTO HISTORY CENTER		\$104	\$22	\$7	\$21	\$14

S NATOMAS I-5 DEV IMPROV-FUND 798

3401	Interest on Investment	0	24	20	25	5
3604	Rezoning Fees	0	0	0	0	0
3699	Other Dept Fees & Charges	0	35	0	40	40
Subtotal: S NATOMAS I-5 DEV IMPROV		\$0	\$59	\$20	\$65	\$45

TOTAL OTHER GOVERNMENTAL FUNDS	\$26,951	\$22,422	\$24,542	\$23,341	(\$1,271)
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ENTERPRISE FUNDS
(\$ in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

PARKING FUND-412

3401	Interest on Investment	548	171	481	434	(47)
3530	Redevelopment Agency Services	155	35	0	0	0
3599	Misc Other Agencies	194	194	194	194	0
3602	Parking Fees	6,109	7,203	7,506	7,240	(266)
3670	Rental - Real Property	348	416	510	491	(19)
3709	Miscellaneous	1	0	1	2	1
Subtotal: PARKING FUND		\$7,355	\$8,019	\$8,692	\$8,361	(\$331)

WATER FUND-413

3401	Interest on Investment	1,344	1,235	1,054	1,000	(54)
3596	Miscellaneous Other Federal	0	393	0	0	0
3601	Utility Services Charges	11,488	12,787	13,560	14,500	940
3635	Water Development Fees	692	560	4,000	2,000	(2,000)
3642	Central Support Charges	0	51	0	0	0
3666	Interdepartmental Direct Charges	1	2	47	50	3
3667	Water Tap Sales	375	499	565	400	(165)
3706	Liens	159	294	380	544	164
3709	Miscellaneous	157	99	105	50	(55)
3721	Gas Royalties	1,050	363	0	0	0
3727	3rd Party Recovery Property Damage	12	17	10	10	0
Subtotal: WATER FUND		\$15,278	\$16,300	\$19,721	\$18,554	(\$1,167)

SEWER FUND-414

3401	Interest on Investments	419	369	449	406	(43)
3528	RSD O&M Recovery	1,193	760	850	520	(330)
3599	Misc Other Agencies	185	57	537	537	0
3601	Utility Services Charges	3,269	3,924	4,109	4,223	114
3636	Sewer Development Fees	107	153	132	126	(6)
3642	Central Support Charges	0	6	0	3	3
3668	Sewer Permits	245	204	435	300	(135)
3706	Liens	130	285	99	99	0
3709	Miscellaneous	14	19	5	7	2
3713	Interest on Receivables	0	121	0	0	0
Subtotal: SEWER FUND		\$5,562	\$5,898	\$6,616	\$6,221	(\$395)

SOLID WASTE FUND-415

3128	Garden Refuse Tax	2,453	2,438	2,530	2,506	(24)
3401	Interest on Investments	481	173	262	307	45
3511	State Grants	0	0	0	5	5
3597	Misc Other State	46	74	30	27	(3)

ENTERPRISE FUNDS
(S in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

SOLID WASTE FUND-415 (Continued)

3598	Misc Other County	0	27	0	0	0
3601	Utiltiy Services Charges	15,044	17,425	17,917	18,600	683
3699	Other Dept Fees & Charges	0	62	0	84	84
3706	Liens	270	524	666	697	31
3709	Miscellaneous	295	42	35	35	0
3761	Compost Sales	4	2	4	4	2

ENTERPRISE FUNDS
(\$ in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

CAMP SACRAMENTO FUND-424

3401	Interest on Investments	5	5	3	5	2
3670	Rental-Real Property	173	219	220	186	(34)
3709	Miscellaneous	2	0	0	20	20
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INTERNAL SERVICE FUNDS
(\$ in 000's)

1985-86 1986-87 1987-88 1987-88 CHG FROM
ACTUAL UNAUDITED APPROVED MIDYEAR APPROVED

FLEET MANAGEMENT FUND-420

3401	Interest	360	460	300	250	(50)
3511	State Grants	0	31	0	5	5
3599	Misc Other Agencies	0	0	0	63	63
3699	Other Dept Fees	0	25	15	25	10
3704	Salvage					