



City of San Leandro

Civic Center
835 East 14th Street
San Leandro, California

Meeting Agenda Finance Committee

Mayor Stephen H. Cassidy, Chair
Councilmember Pauline Russo Cutter
Councilmember Jim Prola

Friday, September 7, 2012

8:30 AM

City Council Chambers

1. CALL TO ORDER

1.A. Attendance

1.B. Announcements

2. DISCUSSION ITEMS

2.A. 12-438 Discussion Regarding Two-Year Budget Calendar for Fiscal Years 2013-14 and 2014-15

2.B. 12-439 Discussion Regarding Quarterly Investment Report

2.C. 12-440 Discussion Regarding Debt Refinancing Opportunity Update

2.D. 12-441 Discussion Regarding Fiscal Year 2011-12 Budget Amendment

2.E. 12-442 Discussion Regarding Fiscal Year 2011-12 Budget Versus Actual Results

3. PUBLIC COMMENTS

4. COMMITTEE MEMBER COMMENTS

5. ADJOURN

CITY OF SAN LEANDRO

MEMORANDUM

DATE: September 7, 2012

TO: Finance Committee

FROM: Chris Zapata, City Manager

BY: David Baum, Finance Director
Mary Ann Perini, Budget and Compliance Manager

SUBJECT: Two-Year Budget Calendar for Fiscal Years 2013-14 and 2014-15

RECOMMENDATION

Staff recommends that the Finance Committee review and accept the biennial budget calendar for fiscal years 2013-14 and 2014-15.

OVERVIEW

On January 14, 2011 a biennial budget process was discussed with the Finance Committee, and staff considered starting this process for fiscal years 2012-13 and 2013-14. Subsequently, the Director of Finance position was vacated and the Finance Committee agreed that the biennial budget process be delayed until a permanent Director was hired.

Consequently, staff now proposes a biennial budget process for fiscal years 2013-14 and 2014-15. A key advantage of a biennial budget is it is a good planning tool for City Council, especially when a City is not experiencing economic hardship and budget reductions when a multiyear budget becomes difficult with numerous modifications.

Below is a proposed biennial budget calendar for the Finance Committee's review which contains key tasks and dates, such as Council work sessions, public hearings and adoption of the biennial budget. Staff included an estimated time for City Council's "Winter Planning Session" subject to Council's availability in January/February 2013 for a Saturday event.

CITY OF SAN LEANDRO
Biennial Budget Calendar 2013-14 and 2014-15

Date	Responsibility	Task Description
9/7/12	Finance Committee	Proposed biennial budget calendar
10/1/12	City Council	Finance Committee report on proposed biennial budget calendar
10/24/12	CIP/E&T	Capital planning meeting
11/29/12	All	Budget Kick-Off Meeting
12/21/12	All	Department Request Budgets/Eden Updated DUE to Finance (all funds, expenditures and revenues)
TBD	City Council	Winter Planning Session (Budget update, assumptions and State budget update)
3/4/13	City Manager	Budget Narrative Guidelines distributed to Departments
3/11/13	City Council	WORK SESSION - 1st budget session - General Fund update and projections, CIP
4/5/13	Finance Committee	Master fee schedule and 911, EMT and Business License Taxes
4/8/13	City Council	WORK SESSION - 2nd budget session - general fund follow-up and all other funds
4/26/13	Finance	Complete initial draft of biennial budget 2013-14 and 2014-15
5/6/13	City Council	Public Hearing Master Fee Schedule and 911, EMT and Business License Taxes
5/10/13	Finance	Proposed biennial budget binders delivered to City Council and City Manager
5/20/13	City Council	Proposed 2013-14 and 2014-15 Biennial Budget presentation
5/24/13	Finance	Place proposed biennial budget on the City's website
5/27/13	Finance	Statutory deadline to deliver City Manager's Proposed Budget to City Council (35 days prior to June 30)
5/30/13	All	All Employee Briefing - Proposed Biennial Budget
6/3/13	City Council	Meeting - Public Hearing 2013-14 & 2014-15 Proposed Biennial Budget and Appropriation Limit
6/17/13	City Council	Meeting - Biennial Budget Adoption (alternate date if needed)
7/19/13	Finance	Provide Budget in Brief copies to City Council and post to City's website
8/1/13	Finance	Place adopted biennial budget on City's website
8/26/13	Finance	Submit Operating and Capital Biennial Budgets to GFOA for award consideration (deadline 8/31/13)
1/15-5/15/14	All	Update biennial budget for fiscal year 2014-15

CONCLUSION

Staff recommends that the Finance Committee review and accept the biennial budget calendar for fiscal years 2013-14 and 2014-15.

CITY OF SAN LEANDRO

MEMORANDUM

DATE: August 7, 2012

TO: Finance Committee

FROM: Chris Zapata, City Manager

BY: David Baum, Finance Director
Mary Ann Perini, Budget and Compliance Manager

SUBJECT: Investment Report, Quarter Ended June 30, 2012

RECOMMENDATION

Staff recommends that the Finance Committee review and accept the attached investment report for the quarter ended June 30, 2012.

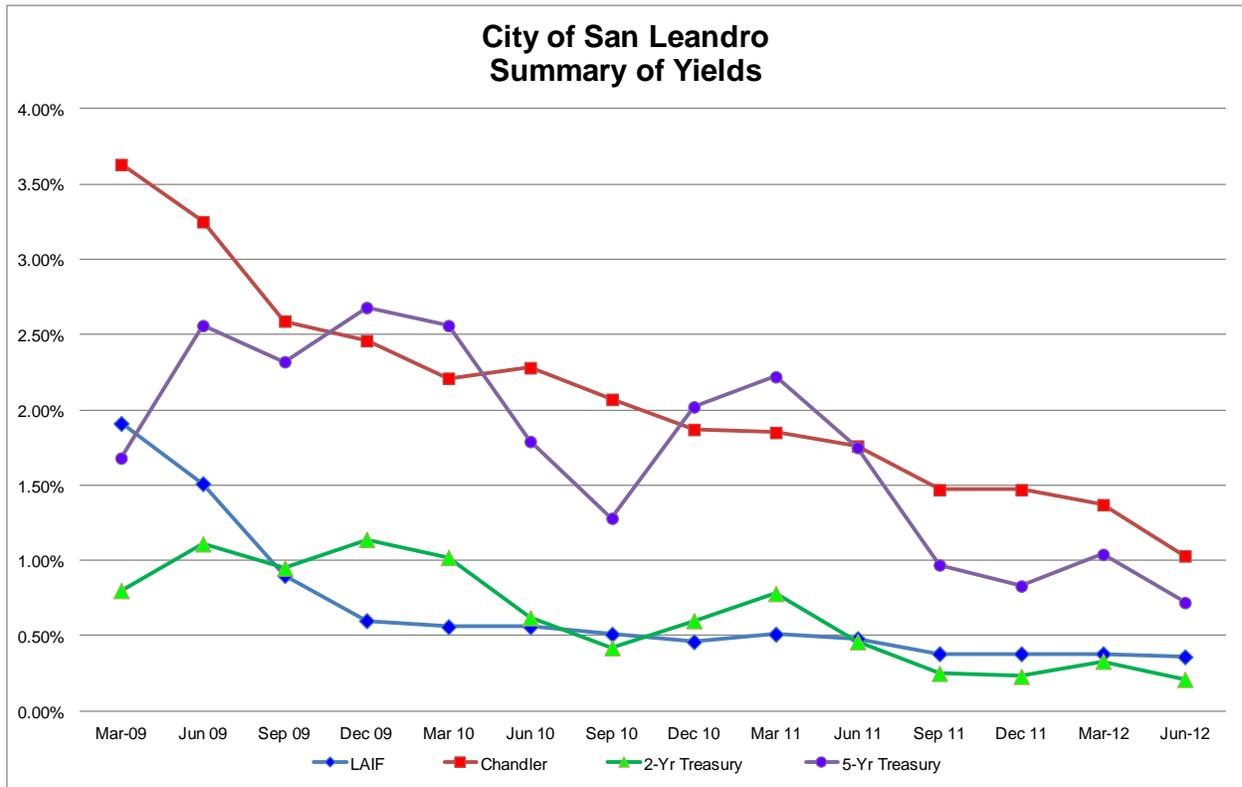
OVERVIEW

At June 30, 2012, the City's investment portfolio had a market value of \$89 million. Of the total \$89 million, \$60.6 million was placed with the Local Agency Investment Fund (LAIF) and bank accounts and \$28.4 million was placed in the Chandler Asset Management portfolio. On January 31, 2012 the Redevelopment Agency LAIF accounts were closed as a result of the dissolution of the San Leandro Redevelopment Agency. These funds were transferred to the City's Economic Development Agency LAIF account in the amount of \$9.3 million. Subsequently, the Economic Development Agency LAIF account has been transferred to a new Successor Agency LAIF account established during the quarter ended June 30, 2012. The balance in this new account is \$6.4 million and has been decreasing since January due to debt repayments.

The rate of return for LAIF for the quarter was 0.36%, while the average book yield for the Chandler managed funds was 1.03%. The City's investment policy establishes three bases for the performance standard: the LAIF rate of return and the rate of return on 2-year and 5-year U.S. Treasury securities. Amounts invested in LAIF meet this performance standard. The Chandler managed funds average book yield was 1.03%, which exceeded both the benchmark rate of return on the 2-year U.S. Treasury securities of 0.21% and the 5-year U.S. Treasury security benchmark of 0.72%.

Amounts invested with LAIF are essentially liquid and funds can be withdrawn with minimal notice as City operations require. The rate of return earned by LAIF generally follows fixed income security rates. For example, a year ago the LAIF rate was 0.48% and it was 0.38% as of March 31, 2012.

The balance of the City's portfolio is with Chandler Asset Management. These investments range from one to four years in maturity. The attached report notes that the City is in compliance with all provisions of the City's Investment Policy. The basic strategy recommended by Chandler is to gradually lengthen the average maturity of the portfolio in order to gain higher interest rates. Staff is in agreement with this approach, but carefully monitors maturity dates to ensure that both short and long-term liquidity needs are met.



CONCLUSION

Staff recommends that the Finance Committee review and accept the attached investment report for the quarter ended June 30, 2012.



City of San Leandro

City Council Investment Report

Quarter Ending
June 30, 2012



City of San Leandro
June 30, 2012

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with State law and with the City's investment policy.

Category	Standard	Comment
Treasury Issues	No limitations	Complies
Agency Issues	No limitations	Complies
Banker's Acceptances	40% maximum; 30% per issuer; A-rated; 180-day max. maturity	Complies
Commercial Paper	25% maximum; 10% per issuer; 270-day max. maturity; A1/P1 and AA-rated if LT debt	Complies
Negotiable Certificates of Deposit	30% maximum; 10% per issuer; AA-rated	Complies
Medium Terms Notes	30% maximum; A-rated	Complies
Money Market Funds	AAA/Aaa rated; assets greater than \$500MM; 20% maximum	Complies
LAIF	Currently not used by adviser	Complies
Maximum Maturity	5 years	Complies

City of San Leandro

The investment goals of the City of San Leandro are to preserve principal, to provide liquidity, and to attain a rate of return commensurate with the City's investment risk constraints and cash flow needs.

Investment Report Performance Objectives

The performance objective for the City of San Leandro's portfolio managed by Chandler is to attain a rate of return greater than the benchmark 1-3 Year Treasury/Agency securities over a market cycle.

Strategy

In order to achieve these objectives, the City of San Leandro invests in US Treasury securities, federal agency securities, high quality money market instruments and high quality corporate medium term notes in accordance with the City's investment policy and California Government Code Section 53600 et seq.



Portfolio Characteristics

	6/30/2012	3/31/2012
LAIF - City Pool #98-01-809	\$43,659,489	\$35,626,816
LAIF - Successor Agency	6,391,000	0
LAIF - RDA 1999 Bond Proceeds #11-01-001	0	0
LAIF - RDA 2008 Bond Proceeds #11-01-038	0	0
LAIF - Economic Development Agency	0	8,022,000
Passbook/Checking Accounts	10,518,513	4,519,712
Total LAIF and Bank Accounts	\$60,569,002	\$48,168,528
Investment Portfolio Market Value	\$28,382,037	\$28,295,633
Total Market Value	\$88,951,039	\$76,464,161

LAIF Quarterly Apportionment Rate	0.36%	0.38%
2 year US Treasury Yield to Maturity	0.21%	0.33%
5 year US Treasury Yield to Maturity	0.72%	1.04%

Investment Portfolio:

Average Maturity (yrs)	1.80	1.81
Modified Duration	1.74	1.75
Average Book Yield	1.03%	1.37%
Average Yield to Maturity at Market	0.42%	0.45%
Average Quality	AA+	AA+

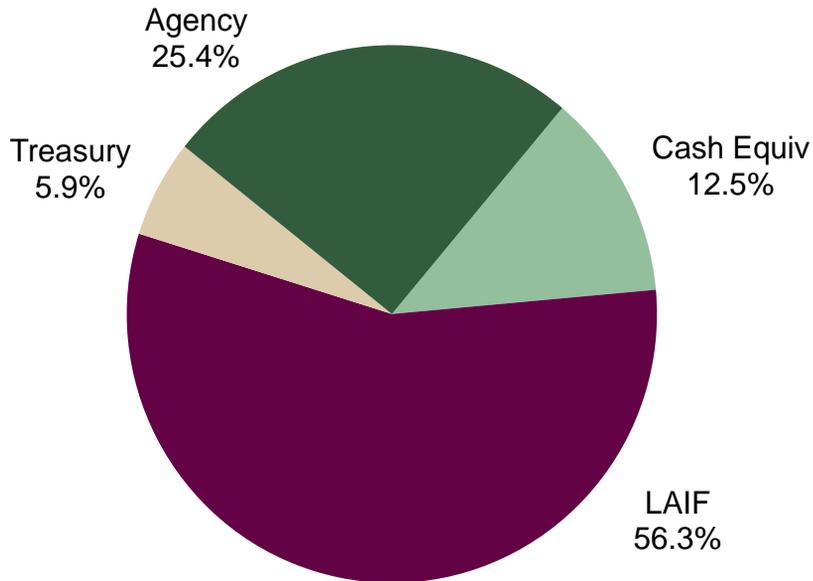
Portfolio Activity

During the second quarter of 2012, activity in the portfolio managed by Chandler Asset Management consisted of the reinvestment of \$5.1 million in several Treasuries and Agency securities with maturities ranging from October 2012 to August 2015. The portfolio structure and maturity strategy has been directed by the City. Currently, the portfolio's average maturity is 1.80 years and is about equal to that of the 1-3 Year Government benchmark.

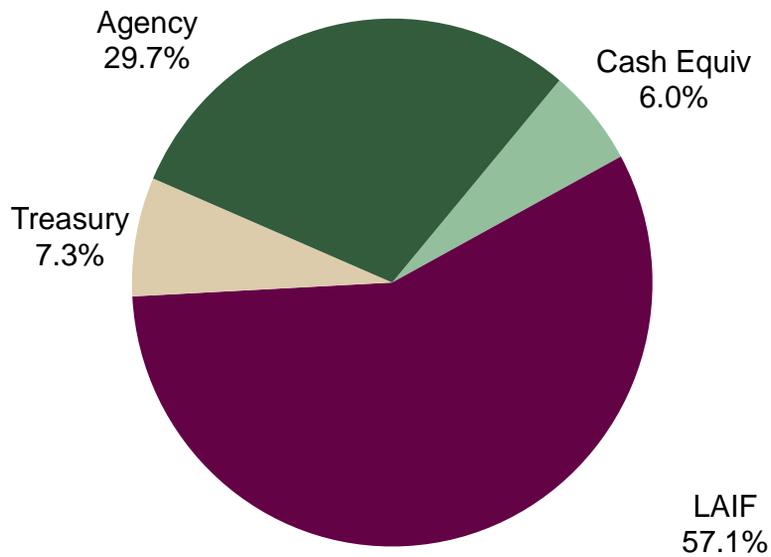


Sector Distribution

June 30, 2012

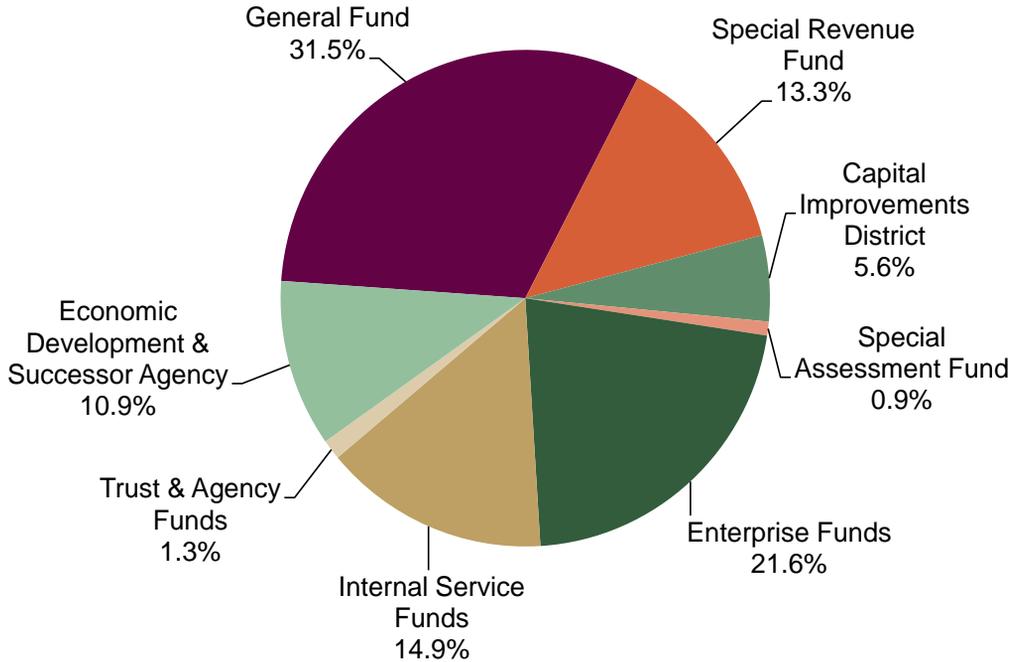


March 31, 2012

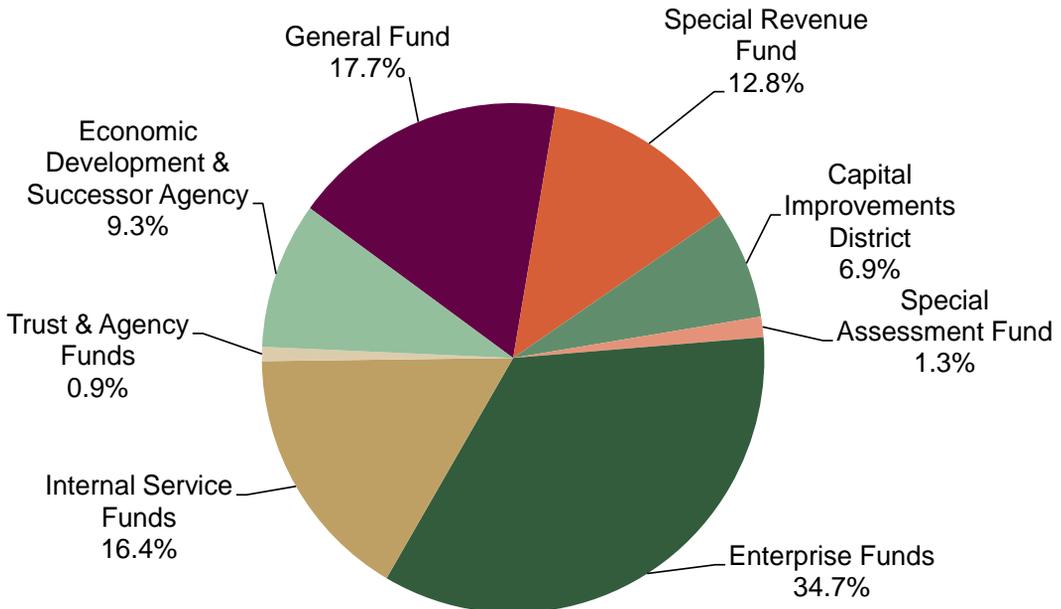




City Fund Allocation June 30, 2012



March 31, 2012





**City of San Leandro
Investments by All Types
Active Investments
June 30, 2012**

CUSIP	Issuer	Coupon	Maturity Date	Par	Purchase Price	Book Value	Purchase Yield	MVACC
LAIF								
SYS113	LAIF - City Pool			\$43,659,489.00	100.00000	\$43,659,489.00		\$43,659,489.00
SYS114	LAIF - Successor Agency			6,391,000.00	100.00000	\$6,391,000.00		\$6,391,000.00
			subtotal	\$50,050,489.00		\$50,050,489.00		\$ 50,050,489.00
Passbook/Checking Accounts								
	Public Funds Checking			10,518,512.92	100.00000	10,518,512.92		10,518,512.92
			subtotal	\$ 10,518,512.92		\$ 10,518,512.92		\$ 10,518,512.92
Government Issues								
431114701	Govt Money Market Fund Highmark	-	30-Jun-12	556,774.23	100.00000	556,774.23	-	556,774.23
3134A4QD9	Note FHLMC	5.125	07/15/12	900,000.00	100.12465	901,121.82	1.77	922,917.55
31398AYM8	Note FNMA	1.750	08/10/12	975,000.00	99.98921	974,894.77	1.85	983,328.61
912828HC7	Note US Treasury	4.125	08/31/12	500,000.00	99.98933	499,946.65	4.20	510,155.18
31359MPF4	Note FNMA	4.375	09/15/12	655,000.00	100.53719	658,518.57	1.71	669,045.12
912828LR9	Note US Treasury	1.375	10/15/12	770,000.00	100.35759	772,753.42	0.14	774,934.74
912828LX6	Note US Treasury	1.375	11/15/12	770,000.00	100.45202	773,480.56	0.16	774,781.02
3137EABE8	Note FHLMC	4.125	12/21/12	700,000.00	101.19285	708,349.96	1.54	713,603.68
3137EACG2	Note FHLMC	1.375	01/09/13	675,000.00	99.90713	674,373.10	1.56	683,448.61
31331JBV4	Note FFCB	1.750	02/21/13	750,000.00	100.56577	754,243.25	0.86	761,270.58
31359MRG0	Note FNMA	4.375	03/15/13	772,000.00	102.92347	794,569.22	0.22	804,233.27
3137EACJ6	Note FHLMC	1.625	04/15/13	675,000.00	99.93076	674,532.62	1.71	684,545.56
3133XQU34	Note FHLB	3.625	05/29/13	775,000.00	103.08345	798,896.74	0.23	801,140.92
31331JPK3	Note FFCB	1.375	06/25/13	750,000.00	100.39050	752,928.75	0.97	758,514.13
912828JK7	Note US Treasury	3.125	08/31/13	670,000.00	102.68811	688,010.37	0.79	699,165.75
3133XRX88	Note FHLB	4.000	09/06/13	575,000.00	103.74617	596,540.45	0.79	607,434.47
31331GCS6	Note FFCB	3.875	10/07/13	575,000.00	103.74727	596,546.81	0.88	605,918.71
31360CWC2	Pool # 002443 FNMA	12.500	12/01/13	58.09	101.39439	58.90	11.06	61.68
912828KF6	Note US Treasury	1.875	02/28/14	750,000.00	101.54767	761,607.53	0.93	773,948.24
3133XWKV0	Note FHLB	2.375	03/14/14	1,250,000.00	102.02720	1,275,339.98	1.16	1,301,368.78
31398AXJ6	Note FNMA	2.500	05/15/14	750,000.00	102.31679	767,375.89	1.23	782,163.33
912828QM5	Note US Treasury	1.000	05/15/14	975,000.00	100.46267	979,510.99	0.75	988,280.64
912828LK4	Note US Treasury	2.375	08/31/14	670,000.00	102.49826	686,738.36	1.19	704,526.56
31331GL80	Note FFCB	3.000	09/22/14	975,000.00	104.46310	1,018,515.27	0.96	1,039,597.65
3137EACY3	Note FHLMC	0.750	11/25/14	950,000.00	100.72375	956,875.60	0.45	957,839.40
3133XVNU1	Note FHLB	2.750	12/12/14	1,000,000.00	103.15324	1,031,532.38	1.42	1,052,981.39
3137EACH0	Note FHLMC	2.875	02/09/15	925,000.00	103.00673	952,812.28	1.68	992,515.09
3137EADD8	Note FHLMC	0.500	04/17/15	800,000.00	99.47916	795,833.30	0.69	800,872.62
31398AU34	Note FNMA	2.375	07/28/15	600,000.00	105.47173	632,830.39	0.58	639,177.45
3133EADW5	Note FFCB	0.550	08/17/15	650,000.00	99.90387	649,375.17	0.58	652,610.54
31337JB5	Note FHLB	1.750	09/11/15	1,255,000.00	102.52939	1,255,985.07	0.94	1,272,462.90
31398A4M1	Note FNMA	1.625	10/26/15	950,000.00	102.87794	977,340.39	0.74	986,807.78
3134A4ZT4	Note FHLMC	4.750	01/19/16	550,000.00	114.33234	628,827.88	0.65	640,836.90
3135GOBA0	Note FNMA	2.375	04/11/16	865,000.00	104.76188	906,190.24	1.08	923,365.69
313373S26	Note FHLB	2.125	06/10/16	850,000.00	103.78521	882,174.32	1.14	894,988.45
3135GOES8	Note FNMA	1.375	11/15/16	650,000.00	101.71306	661,134.86	0.97	666,420.26
			subtotal	\$ 27,428,832.32		\$ 27,996,540.09		\$ 28,382,037.48
			Total	\$ 87,997,834.24		\$ 88,565,542.01		\$ 88,951,039.40

CITY OF SAN LEANDRO

MEMORANDUM

DATE: September 7, 2012

TO: Finance Committee

FROM: Chris Zapata, City Manager

BY: David Baum, Finance Director

SUBJECT: Debt Refinancing Update

SUMMARY AND RECOMMENDATION

Staff recommends that the Finance Committee approve the refunding of existing City issued 2001 and 2003 Certificates of Participation (COPs).

BACKGROUND

On May 4, 2012, staff indicated that the City's debt could potentially be refunded to save interest costs, due to favorable interest rates in the municipal bond market. The Finance Committee agreed that the market is favorable and staff should proceed to refund bonds.

DISCUSSION

Since May 4, staff has received unsolicited proposals from numerous underwriters indicating interest rate savings from the refunding of outstanding debt. The focus of these refunding proposals is the City's 2001 and 2003 COPs. The proposed amount of outstanding par value to be refunded for these two debts is \$3,440,000 and \$9,090,000, respectively. The average coupon for the outstanding debt is approximately 5 percent; the current interest cost for refunding debt is approximately 3.6 percent. Net present value savings for the potential refunding is approximately \$1.1 million. The 2001 COPs and 2003 COPs can be refunded for expected net present value savings of \$380,000 and \$740,000, respectively.

The 2001 COPs are an annual lease obligation of the City's general fund but fully reimbursed by a pledge of property tax from the Successor Agency to the Redevelopment Agency. The 2001 COPs are now deemed to be refundable due to the governor's signature on AB 1484 on June 27, 2012. This new law enables the outstanding debts of the former redevelopment agency to be refinanced if money is saved. The savings associated with the 2001 COPs would benefit the Successor Agency by reducing future debt service payments.

At the May 4, 2012 Finance Committee, it was recommended that the same finance team that had arranged for the City's pension obligation bond sale would handle the debt refinancing. Staff is now recommending that the same team be hired, except that a solicitation for underwriter occur to obtain the most favorable bond terms for the City. At least six underwriters have expressed an interest in serving the City as an underwriter during the past few months.

After issuing a request for proposals and preparing bond documentation, staff will return to City Council with a proposed debt offering to reduce the City's future debt service. Additional details of the financing will be provided at that time.

CITY OF SAN LEANDRO

MEMORANDUM

DATE: September 7, 2012
TO: Finance Committee
FROM: Chris Zapata, City Manager
BY: David Baum, Finance Director
SUBJECT: Year-End 2011-12 Budget Amendment

SUMMARY AND RECOMMENDATION

Staff recommends that the Finance Committee review and approve the Year-End 2011-12 Budget Amendment.

BACKGROUND

The City Council approves annual budgets based on the best revenue and expenditure information available several months prior to the actual adoption of budget appropriations. As a result, budget adjustments are periodically necessary for changes that arise and require additional budget appropriations or re-appropriations between budget line items. The City Council approved the current 2011-12 General Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds Budget on June 6, 2011.

DISCUSSION

The year-end 2011-12 financial update through June 30, 2012 for the General Fund, Special Revenue Funds, and Enterprise and Internal Service Funds is being provided to the Finance Committee in a separate report for review. The attached summary of budget adjustments reflects budget activity recorded by the Finance Department over the last six months of 2011-12. The proposed adjustments are summarized including the fund, the sources of additional revenues or transfers, and the purpose of new expenditures or transfers.

The total change in fund balance for the General Fund for year-end budget amendments amounts to \$882,381. The transfer of Capital Improvement funds to the General Fund, \$991,727 increases fund balance. Other General Fund amendments causing decreases in fund balance include funding for the East Bay Regional Communications System Authority (EBRCSA) Police Radio project (\$122,656), Public Safety Side-Fund refinancing funded from the sale of Pension Obligation Bonds (\$24,239,690), Special Police Services (\$294,696), and other projects totaling (\$56,413).

Asset Seizure Fund appropriations (\$197,526) are funded by existing fund balance. Development Fees for Street Improvement Fund, Park Development Fee Fund, Gas Tax Fund (Section 2103), Measure B – Alameda County Transportation Commission (ACTC), Community Development Block Grant Fund (CDBG), and the Home Fund projects are all funded by existing fund balance. All of the Special Grant Fund projects (\$4,052,375) in the budget amendment are funded by newly approved and previously approved grant funds.

Capital Improvement Project Fund included funding from the Port of Oakland for Phase II of the Airport Noise Abatement project (\$3,428,934).

Water Pollution Control Plant Fund includes the reduction for various completed Capital Improvement Projects, \$1,550,357.

Internal Service Funds includes funding from the Information Technology Fund for the EBRCSA Police Radio project (\$120,550) and the Purchase of a Police Patrol Vehicle (\$24,861) in the Equipment Maintenance Fund from the transfer of Asset Seizure Funds.

CONCLUSION

Staff recommends that the Finance Committee review and approve the Year-End 2011-12 Budget Amendment.

**City of San Leandro
Fiscal Year 2011-12 Year-End Budget Adjustments by Fund**

Attachment 1

Funding Source	Revenue Adjustments	Expenditure Adjustments	Net Change to Fund Balance
General Fund	\$ 25,595,836	\$ (24,713,455)	\$ 882,381
Other Funds:			
Development Fees For Street Improvements (DFSI) Fund	\$ -	\$ (110,001)	\$ (110,001)
Park Development Fees Fund	-	55,742	55,742
Gas Tax (Section 2103) Fund	-	(287,962)	(287,962)
Measure B (ACTC) Fund	-	(164,337)	(164,337)
Asset Seizure Fund	-	(197,526)	(197,526)
Special Grants Fund	4,332,962	(4,052,375)	280,587
Community Development Block Grant (CDBG) Fund	-	(35,000)	(35,000)
Home Fund	-	(65,000)	(65,000)
Capital Improvement Project Fund	2,453,991	(2,476,426)	(22,435)
Water Pollution Control Plant Enterprise Fund	-	1,550,357	1,550,357
Information Technology Fund	-	(120,550)	(120,550)
Equipment Maintenance Fund	24,861	(24,861)	-
Total Other Funds	\$ 6,811,814	\$ (5,927,939)	\$ 883,875
Total All Funds	\$ 32,407,650	\$ (30,641,394)	\$ 1,766,256

RECOMMENDED YEAR-END BUDGET ADJUSTMENTS - DETAIL
2011-12

GENERAL FUND

Revenue Budget Adjustments:

HVAC & Roof Repair Projects Completed	\$ 991,727
Recreation Program Donations	4,413
Special Police Services - Nike, Century, SLUSD	294,696
Bond Proceeds	18,305,000
Loan From WPCP	6,000,000
Total Increase in Revenues	\$ 25,595,836

Expenditure Budget Adjustments:

Purchase of Police Radios EBRCSA	\$ (122,656)
Recreation Programs from Donations	(4,413)
Sound wall Repair Project - Funding transferred to the CIP Fund	(50,000)
Economic Development Training Conference	(2,000)
Special Police Services - Nike, Century, SLUSD	(294,696)
Public Safety Side-Fund Refinancing	(24,239,690)
Total Increase in Expenditures	\$ (24,713,455)

Total Change in Projected Ending Fund Balance	\$ 882,381
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DEVELOPMENT FEES FOR STREET IMPROVEMENT FUND (DFS)

Expenditure Budget Adjustments:

Fiber Loop Project	\$ (120,000)
BART Access & San Leandro Blvd Study - Project Completed	9,999

Total Increase in Expenditures and	
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Total Change in Projected Ending Fund Balance	\$ (110,001)
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PARK DEVELOPMENT FEES FUND

Expenditure Budget Adjustments:

Knight Memorial - Project Completed	\$ 517
Sr. Center Furniture - Project Completed	73,683
Toyon Park - Additional Construction	(18,458)

Total Decrease in Expenditures and	
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Total Change in Projected Ending Fund Balance	\$ 55,742
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GAS TAX FUND (SECTION 2103)

Expenditure Budget Adjustments:

BART-Downtown Pedestrian Improvement Project	\$ 700,000
Reduce Available Funding for Street Overlay/Rehab	(987,962)

Total Increase in Expenditures and	
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Total Change in Projected Ending Fund Balance	\$ (287,962)
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MEASURE B (ACTC) FUND

Expenditure Budget Adjustments:

Additional funding for Bicycle & Pedestrian Improvements	\$ (40,000)
Fund Bancroft Avenue/136th Avenue Traffic Signal project	(55,000)
Annual Overlay - Use of Measure B Funds	(57,761)
Wicks Blvd Walkway - Additional Funds	(12,537)
Annual Overlay/Street Sealing Project 2007-08 - Project Closed	961

Total Increase in Expenditures and	
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Total Change in Projected Ending Fund Balance	\$ (164,337)
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RECOMMENDED YEAR-END BUDGET ADJUSTMENTS - DETAIL
2011-12

ASSET SEIZURE FUND

Expenditure Budget Adjustments:

Police Asset Seizure Funds for purchase of Police Radios EBRCSA	\$ (50,000)
Computer Equipment	(27,210)
Police Supplies	(3,795)
Transfer funds to Equipment Maintenance Fund for Police Vehicle purchase	(24,861)
Vehicle Equipment/Installation	(34,037)
SWAT Audit	(5,260)
Construct Patrol Car Security Fence	(9,604)
Purchase Police SUV	(28,867)
Gun Range Repair	(13,892)

Total Increase in Expenditures and

Total Change in Projected Ending Fund Balance **\$ (197,526)**

SPECIAL GRANTS FUND

Revenue Budget Adjustments:

Department of Transportation - Downtown Streetscape	\$ 4,298,437
National Endowment of the Arts Grant	13,600
PGE Reimbursement for Energy Efficient Block Grant	20,925
Total Increase in Revenues	\$ 4,332,962

Expenditure Budget Adjustments:

Police Grant Funds for purchase of Police Radios EBRCSA	\$ (178,200)
Downtown Streetscape Construction Project	(4,298,437)
Police Equipment/Supply Purchases	(9,182)
Police Vehicle Emergency Equipment	(5,292)
Arts Grant - Library Big Read Program	(13,600)
Increase funding for Energy Efficient Block Grant Project - PGE Reimbursements	(20,925)
Energy Efficient Block Grant Project - Adjust Budget to match balance	147,187
Park Pathways - Project Completed	9,232
Toyon Park Play Equipment - Project Completed	281,208
BART Access & San Leandro Blvd Study - Project Completed	25,095
Bancroft Avenue Street Rehabilitation - Project Completed	5,104
E14th St. Medians - Project Completed	763
Springlake Drive Street Rehabilitation - Project Completed	4,672

Total Increase in Expenditures **\$ (4,052,375)**

Total Change in Projected Ending Fund Balance **\$ 280,587**

COMMUNITY DEVELOPMENT BLOCK GRANT FUND (CDBG)

Expenditure Budget Adjustments:

Surf Apartments Acquisition & Rehabilitation Project	\$ (35,000)
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Total Increase in Expenditures and

Total Change in Projected Ending Fund Balance **\$ (35,000)**

HOME FUND

Expenditure Budget Adjustments:

Surf Apartments Acquisition & Rehabilitation Project	\$ (65,000)
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Total Increase in Expenditures and

Total Change in Projected Ending Fund Balance **\$ (65,000)**

RECOMMENDED YEAR-END BUDGET ADJUSTMENTS - DETAIL
2011-12

CAPITAL IMPROVEMENT PROJECT FUND

Revenue Budget Adjustments:

Funding from General Fund for the Sound wall Repair Project	\$ 50,000
Port of Oakland Reimbursement for Airport Noise Abatement	3,428,934
Total Increase in Revenues	\$ 3,478,934

Expenditure Budget Adjustments:

Sound wall Repair Project	\$ (50,000)
Underground Utility Fees - Posted to incorrect fund	(29,960)
Sr. Center Design Schematics - Project Completed	7,525
HVAC and Roof Repair Projects Completed	991,727
Airport Noise Abatement - Phase II	(3,428,934)
Transfer Project Savings to General Fund	(991,727)
Total Increase in Expenditures	\$ (3,501,369)

Total Change in Projected Ending Fund Balance	\$ (22,435)
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WATER POLLUTION CONTROL PLANT ENTERPRISE FUND

Expenditure Budget Adjustments:

2660 Eden Road Grading & Remediation - Project Completed	\$ 894,534
Blue Dolphin Lift Station - Project Completed	273,737
TOD Infrastructure Study - Project Completed	3,960
Underground Utility Fees - Posted to incorrect fund	(50,562)
San Leandro Blvd/Davis St. Sewer Capacity - Project Completed	88,382
2550 Davis St. Demolition - Project Completed	35,717
WPCP Acquisition - Project Completed	10,556
Waste Activated Sludge Thickening - Project Completed	7,694
2009 Sanitary Sewer Replacement - Project Completed	286,339
Total Decrease in Expenditures and	\$ 1,550,357

Total Change in Projected Ending Fund Balance	\$ 1,550,357
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INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

Expenditure Budget Adjustments:

Purchase Police Radios EBRCSA	\$ (120,550)
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Total Increase in Expenditures and	\$ (120,550)
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Total Change in Projected Ending Fund Balance	\$ (120,550)
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EQUIPMENT MAINTENANCE FUND

Revenue Budget Adjustments:

Asset Seizure Funds to purchase patrol vehicle	\$ 24,861
Total Increase in Revenues	\$ 24,861

Expenditure Budget Adjustments:

Purchase patrol vehicle from Asset Seizure Funds	\$ (24,861)
Total Increase in Expenditures	\$ (24,861)

Total Change in Projected Ending Fund Balance	\$ -
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TOTAL NET BUDGET ADJUSTMENTS FOR ALL FUNDS	\$ 1,766,256
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CITY OF SAN LEANDRO

MEMORANDUM

DATE: September 7, 2012

TO: Finance Committee

FROM: Chris Zapata, City Manager

BY: David Baum, Finance Director

SUBJECT: Year-End Financial Report (Unaudited) as of June 30, 2012 for the 2011-12 General Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds Budget

SUMMARY AND RECOMMENDATION

Staff recommends that the Finance Committee review and approve the unaudited Year-End Financial Report as of June 30, 2012 for the 2011-12 General Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds Budget.

BACKGROUND

The City Council-approved 2011-12 General Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds Budget in the annual plan and resource allocation that guides and ensures implementation of City Council policies and priorities. The budget implements the vision and direction for the broad range of services that meet the needs of the community in accordance with City Council policy. This financial review as of June 30, 2012 provides the year-end budget update to the City Council for the new fiscal year. Analysis of the revenues collected and all expenditures through June 30, 2012 measures the budget's adherence to the established resource allocation plan.

DISCUSSION

The adopted budget incorporates the estimated revenues and planned expenditures for all funds. The attached unaudited Year-End Financial Report as of June 30, 2012 provides the revenue and expenditure summary for the General Fund, Enterprise Funds, and Internal Service Funds. The following discussion focuses on variances from the revenue and expenditure plans and allocations contemplated in the budgets.

General Fund

The General Fund finances the operations of the City that have no special or dedicated revenue sources and pays for basic municipal services. The Adopted General Fund 2011-12 Budget expenditures total \$71,760,000 which matches the estimated revenues of \$71,760,000.

Total unaudited year-end revenue in 2011-12 amounts to \$101,420,000, 141% of the adopted budget. The 2011-12 unaudited expenditures at year-end amount to \$96,626,000, 135% of the budget.

The budget was approved with the operating revenues and expenditures in balance, without the use of reserves or one-time revenues, for the first time since 2007-08. Receipts from a number of revenue sources, including property tax, sales tax, interest earnings, and planning and building permit fees, historically correlate with changes in regional and state economic conditions.

General Fund Revenue

Overall General Fund unaudited revenues increased by 41% over the adopted budget primarily due to the sale of the Pension Obligation Bonds and the loan from the Water Pollution Control Plant totaling \$24,305,000 to refinance the Public Safety Side Fund. Other major revenue categories are depicted below:

- **Property Tax** (101% of budget)—The current year's budget for property tax revenue is \$100,000 greater than budgeted in 2010-11. Payments of property tax from the secured, unsecured roll and property reassessments by Alameda County total \$15,595,000.
- **Sales Tax** (106% of budget)— Total Sales tax received was \$24,388,000 which includes \$3,732,000 from the approval of Measure Z. Sales tax revenue reflects a total increase of \$1,278,000 over the adopted budget. A combination of previous additions and strong demand boosted receipts from vehicle sales and contractor supplies. Higher fuel prices and a solid year for most categories were also a factor.
- **Utility Users Tax (UUT)** (102% of budget)—UUT revenues are comprised of taxes on energy, cable and telecom usage. Total receipts depict a moderate 2% increase over the adopted budget.
- **Property Transfer Tax** (122% of budget)—Property Transfer Tax revenue includes \$630,400 as a result of the sale of the Lakeside Village apartment complex to a new investment firm in November 2011. This revenue represents a one-time payment.
- **Charges for Services** (125% of budget)—Charges for services reflects payments from Kaiser Hospital for fire review and inspection fees. Also, reimbursements for Police service fees by the Nike store for 2010-11 are received in 2011-12.
- **Licenses & Permits** (126% of budget)—License & Permits revenues reflect Kaiser Hospital permit fees of \$500,000. Additional high value building permits were issued for the Water Pollution Control Plant project and for work at the transfer station by Waste Management.
- **Other Revenue** (328% of budget)—Revenue from other sources reflects a one-time \$450,000 payment for the Administrative costs associated with the dissolution of the Redevelopment Agency.

General Fund Expenditures

Overall General Fund unaudited expenditures increased by 35% over the adopted budget as discussed below:

General Fund unaudited expenditures increased by \$24,866,000 primarily due to the payment made to the Public Employees Retirement System for the refinancing of the Public Safety Side-Fund. The payment made totaled \$23,972,000 and is supported by the issuance of Pension Obligation Bonds and a \$6,000,000 loan from the Water Pollution Control Plant to the General Fund. Other expenditure increases include the transfer of Business Development and Housing activities to the General Fund due to the dissolution of the Redevelopment Agency and the transfer of funds for Public Education & Government into a Special Revenue Fund to better track the receipts and uses of the funds.

Enterprise & Internal Service Fund Expenditures

Four Enterprise Funds make up the City's business type operations. The Water Pollution Control Plant Fund, Environmental Services Fund, Shoreline Enterprise Fund, and the Storm Water Fund are City municipal operations designed to fully recover costs through user fees. Internal Service Funds also operate as business activities, exclusively supporting the City's internal operations. Facilities Maintenance, Information Technology, Insurance Services, and Equipment Maintenance make up these funds. Variances in the funds as depicted in Attachment 2 are discussed below:

- **Water Pollution Control Plant** (130% of budget)—Unaudited expenditures at year-end are higher due to the Waste Water Treatment Plant expansion project.
- **Storm Water Fund** (95% of budget)—Unaudited expenditures at year-end are higher due to an increase of \$51,000 in transfers to support Storm Water activities in the Environmental Services Fund and an overall increase in abatement services.
- **Insurance Services** (85% of budget)—Unaudited expenditures at year-end do not reflect the adjustment for the General Liability and Workers' Compensation. The adjustment will be made after completion of the actuarial report in October.

Special Revenue Funds

Revenues and expenses for the City's operating Special Revenue Funds for the Parking Fund, Gas Tax Fund, Heron Bay Maintenance Fund, Housing Services Funds, Business Improvement District Fund, and Public Education & Government Access Fund are provided in Attachment 2.

CONCLUSION

Staff recommends that the Finance Committee accept and approve the unaudited Year-End Financial Report as of June 30, 2012 for the 2011-12 General Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds Budget for forwarding to the full City Council for review and approval

City of San Leandro

General Fund

Attachment 1

2011-12

(In Thousands)

			(Unaudited)		Variance
	Actual	Actual	Actual	Adopted	Positive
	2009-10	2010-11	YTD	2011-12	(Negative)
			6/30/2012		
Revenues:					
Property Tax	\$ 16,118	\$ 15,615	\$ 15,595	\$ 15,400	\$ 195
Sales Tax	17,826	21,185	20,656	19,310	1,346
Transaction & Use Tax	-	869	3,732	3,800	(68)
Real Property Transfer Tax	2,297	2,529	2,982	2,444	538
Utility Users Tax	9,753	9,933	10,021	9,848	173
Franchise Fees	4,005	4,125	4,357	3,983	374
Business License Tax	4,149	4,361	4,557	4,225	332
911 Tax	2,712	2,694	2,685	2,700	(15)
Other Taxes	366	520	389	277	112
Licenses & Permits	1,416	1,818	1,969	1,560	409
Fines/Fees/Forfeitures	1,149	1,377	1,111	1,190	(79)
Revenue from Money/Property	1,231	1,069	964	1,025	(61)
Intergovernmental	1,445	1,216	990	1,064	(74)
Charges for current services	2,624	2,591	2,972	2,374	598
Interdepartmental Charges	2,273	2,295	2,275	2,295	(20)
Other Revenue	3,354	351	868	265	603
Total Revenue	70,718	72,548	76,123	71,760	4,363
Expenditures:					
Salaries	\$ 25,088	\$ 22,450	\$ 23,605	\$ 22,436	\$ (1,169)
Benefits	13,058	12,453	12,730	13,809	1,079
Public Safety Side-Fund	-	-	23,972	-	(23,972)
Sub-Total Salaries & Benefits	\$ 38,146	\$ 34,903	\$ 60,307	\$ 36,245	\$ (24,062)
Consulting Services	767	853	841	729	(112)
Other Services	4,406	4,401	4,455	4,152	(303)
Fire Contract Services	17,494	17,141	17,563	17,821	258
Supplies	1,208	1,226	1,238	1,261	23
Capital Outlay	543	229	114	78	(36)
Debt Service	2,977	2,981	3,249	2,981	(268)
Internal Service Fund Charges	8,360	7,757	8,485	8,310	(175)
Other	404	186	75	115	40
Total Expenditures	\$ 74,305	\$ 69,677	\$ 96,327	\$ 71,692	\$ (24,635)
Net Operating Revenue/(Expenditure)	(3,587)	2,871	(20,204)	68	(20,272)
Other Financing Sources (Uses):					
Transfers In from Self Insurance Fund	1,393	500	-	-	-
Transfers (Out)-Self Insurance Fund	(550)	(1,500)	-	-	-
Transfers (Out) Gas Tax	(1,000)	(300)	-	-	-
Transfers (Out) - Refuse Contract	(68)	(68)	(68)	(68)	-
Transfer In/(Out)- CIP	64	100	942	-	942
Transfer (Out) - Street Improvements	-	(1,600)	-	-	-
Transfer (Out) - Other Funds	-	(726)	(181)	-	(181)
Debt Proceeds	462	-	24,305	-	24,305
Total Other Financing Sources (Uses)	301	(3,594)	24,998	(68)	25,066
Net Revenues/(Expenditures)	\$ (3,286)	\$ (723)	\$ 4,794	\$ -	\$ 4,794
Beginning Designated Fund Balance	15,670	13,494	15,302	15,302	-
Resources/(Requirements)	1,110	2,531	231	351	120
Ending Designated Fund Balance	\$ 13,494	\$ 15,302	\$ 20,327	\$ 15,653	\$ 4,914

City of San Leandro
Year-End Financial Report
As of June 30, 2012

Attachment 2

GENERAL FUND	2011-12				2010-11			2011-12 v 2010-11	
	June 30, 2012				June 30, 2011			Yr to Yr Change (\$)	Yr to Yr Change (%)
	Adopted Budget	Unaudited Actual 6/30/2012	% of Budget	Adjusted Budget	Adopted Budget	Actual 06/30/2011	YTD % of Budget		
Revenues									
GENERAL GOVERNMENT									
Property Tax	15,400	15,595	101%	15,780	15,300	15,616	102%	(21)	0%
Sales Tax	23,110	24,388	106%	23,110	17,850	22,051	124%	2,337	11%
Utility Users Tax	9,848	10,021	102%	9,848	9,635	9,891	103%	130	1%
Franchise Fees	3,983	4,357	109%	3,983	3,940	4,160	106%	197	5%
Property Transfer Tax	2,444	2,982	122%	2,444	2,444	2,529	103%	453	18%
Emergency Communication Access Fee (911)	2,700	2,685	99%	2,700	2,500	2,694	108%	(9)	0%
Business License Tax	4,225	4,557	108%	4,225	3,965	4,361	110%	196	4%
Other Tax	277	389	140%	277	259	529	204%	(140)	-26%
Sub Total Taxes	61,987	64,974	105%	62,367	55,893	61,831	111%	3,143	5%
Charges for Services	2,381	2,972	125%	2,687	2,252	2,587	115%	385	15%
Interest & Property Income	1,018	964	95%	1,018	1,219	1,073	88%	(109)	-10%
Fines, Fees & Forfeitures	1,190	1,111	93%	1,190	1,300	1,377	106%	(266)	-19%
Intergovernmental	1,064	990	93%	1,499	1,146	1,216	106%	(226)	-19%
Licenses & Permits	1,560	1,969	126%	1,560	1,610	1,818	113%	151	8%
Interdepartmental	2,295	2,275	99%	2,295	2,295	2,295	100%	(20)	-1%
Other/Transfers	265	26,165	9874%	19,582	816	951	117%	25,214	2651%
Sub Total Other	9,773	36,446	373%	29,831	10,638	11,317	106%	25,129	222%
Total Revenues	71,760	101,420	141%	92,198	66,531	73,148	110%	28,272	39%
Expenditures									
General Administration Council, Clerk, City Attorney, City Manager and Human Resources	3,342	3,553	106%	3,495	3,314	3,464	105%	89	3%
Finance	2,184	2,215	101%	2,199	1,956	2,244	115%	(29)	-1%
Police	26,085	25,765	99%	26,529	25,304	25,540	101%	225	1%
Public Safety Side-Fund	0	23,972	N/A	23,972	0	0	N/A	23,972	N/A
Fire	18,194	18,006	99%	18,238	17,880	17,741	99%	265	1%
Recreation & Human Services	3,797	3,580	94%	3,801	3,435	3,391	99%	189	6%
Engineering & Transportation	2,277	2,240	98%	2,277	2,171	2,100	97%	140	7%
Library	4,464	4,528	101%	4,582	4,358	4,428	102%	100	2%
Public Works	4,081	3,979	98%	4,109	3,937	3,767	96%	212	6%
Community Development	2,812	3,387	120%	3,568	2,647	2,663	101%	724	27%
Non-Departmental	1,475	2,121	144%	1,755	1,628	1,357	83%	764	56%
Debt Service	2,981	2,981	100%	2,981	2,980	2,982	100%	(1)	0%
Transfers	68	299	440%	299	368	4,194	1140%	(3,895)	-93%
Total Expenditures	71,760	96,626	135%	97,805	69,978	73,871	106%	22,755	31%

City of San Leandro
Year-End Financial Report
As of June 30, 2012

**ENTERPRISES & INTERNAL
SERVICE FUNDS**

	2011-12				2010-11			2011-12 v 2010-11	
	June 30, 2012				June 30, 2011			Yr to Yr Change (\$)	Yr to Yr Change (%)
	Adopted Budget	Unaudited Actual 6/30/2012	% of Budget	Adjusted Budget	Adopted Budget	Actual 06/30/2011	% of Budget		
Water Pollution Control Plant									
Revenue	11,921	10,437	88%	11,921	10,794	10,634	99%	(197)	-2%
Expenditure	7,535	9,801	130%	61,276	8,071	5,919	73%	3,882	66%
Environmental Services									
Revenue	1,192	1,207	101%	1,192	1,124	1,307	116%	(100)	-8%
Expenditures	1,397	1,223	88%	1,378	1,503	1,333	89%	(110)	-8%
Shoreline Enterprise									
Revenue	2,114	2,293	108%	2,114	2,096	2,204	105%	89	4%
Expenditure	2,231	2,100	94%	2,251	2,302	2,306	100%	(206)	-9%
Storm Water									
Revenue	1,101	1,075	98%	1,101	1,070	1,099	103%	(24)	-2%
Expenditure	1,113	1,053	95%	1,113	1,070	927	87%	126	14%
Facilities Maintenance									
Revenue	2,731	2,730	100%	2,731	2,695	2,743	102%	(13)	0%
Expenditure	2,730	2,655	97%	3,127	2,685	2,589	96%	66	3%
Information Technology									
Revenue	3,461	3,449	100%	3,461	3,592	3,617	101%	(168)	-5%
Expenditure	3,564	3,879	109%	3,750	3,589	3,769	105%	110	3%
Insurance Services									
Revenue	2,752	2,930	106%	2,752	2,316	3,884	168%	(954)	-25%
Expenditure	2,752	2,345	85%	2,752	3,316	5,839	176%	(3,494)	-60%
Equipment Maintenance									
Revenue	1,494	1,569	105%	1,573	1,435	1,518	106%	51	3%
Expenditure	1,600	2,103	131%	1,789	1,601	1,952	122%	151	8%

City of San Leandro
Year-End Financial Report
As of June 30, 2012

**SPECIAL REVENUE FUNDS
OPERATING**

	2011-12				2010-11			2011-12 v 2010-11	
	June 30, 2012				June 30, 2011			Yr to Yr Change (\$)	Yr to Yr Change (%)
	Budget	Unaudited Actual 6/30/2012	% of Budget	Adjusted Budget	Budget	Actual 06/30/2011	% of Budget		
Parking									
Revenue	195	201	103%	195	149	224	150%	(23)	-10%
Expenditure	239	216	90%	239	241	221	92%	(5)	-2%
Gas Tax - Street Maintenance									
Revenue	1,318	1,771	134%	1,318	1,602	1,688	105%	83	5%
Expenditures	1,785	1,778	100%	2,081	1,860	1,513	81%	265	18%
Heron Bay Maintenance									
Revenue	323	383	119%	323	323	367	114%	16	4%
Expenditure	474	321	68%	587	322	242	75%	79	33%
Housing Services									
Revenue	1,120	727	65%	1,120	1,060	1,113	105%	(386)	-35%
Expenditure	1,117	539	48%	1,648	1,060	856	81%	(317)	-37%
Business Improvement District									
Revenue	341	374	110%	341	353	270	76%	104	39%
Expenditure	365	280	77%	365	365	321	88%	(41)	-13%
Public Education & Government Access									
Revenue	150	341	227%	331	0	40	N/A	301	N/A
Expenditure	150	46	31%	150	0	0	N/A	46	N/A