



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving Fiscal Year 2012/13 Mid-year Budget Adjustments
MEETING DATE: February 20, 2013
PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt resolution approving fiscal year 2012/13 mid-year budget adjustments.

BACKGROUND INFORMATION: Staff presented information to the City Council in a Shirtsleeve meeting on February 12, 2013. Appropriation adjustments are needed in the General Fund, Parks, Recreation and Cultural Services Fund, Public Safety Special Revenue Fund, HUD Federal Sustainable Communities Fund, Capital Outlay Fund, and the Debt Service Fund. Specifics of each of the adjustments are detailed below.

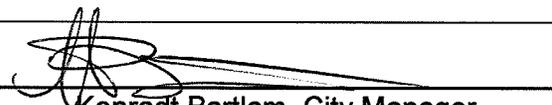
General Fund:

Revenue estimates for the General Fund are about \$200,000 higher than projected at initial budget adoption. Three key items make up the bulk of the change in estimated revenue: (1) the County Assessor revised his estimates of property tax collections upwards resulting in additional revenue of about \$146,000 to the City; (2) stronger sales tax collections result in a projected \$392,000 increase in revenue; and (3) reduced recycled water sales due to the delayed start of the Lodi Energy Center account for a reduction of revenue estimates of \$240,000. Variances in a number of other accounts make up the remainder of the difference in estimated revenue. Total General Fund estimated revenue is \$42,270,590.

The primary General Fund revenue sources are property taxes, sales taxes, PILOT, transfers from other funds and Vehicle License Fees. Combined, these five revenue sources are expected to account for approximately \$33.8 million, or almost 80 percent of General Fund revenue. Estimated revenue for these five accounts is about \$613,000 higher than originally budgeted for these accounts. Significant reductions of revenue estimates are in recycled water sales (\$240,000) as discussed above, moving violation revenues of \$65,000 due to a shift in focus by the Police Department and a \$60,000 reduction in estimated revenue due to fewer call outs for the Fire Department strike team. Other accounts show variances that account for the total revenue difference of \$200,000 noted above.

At a department level, all departments are projected to show a savings against budget, except Non-Departmental. The overage in Non-Departmental is related to adjustments associated with revising debt service appropriations as a result of the refinancing of General Fund debt earlier this year. The table below shows the departmental variances within the General Fund.

APPROVED:


Konradt Bartlam, City Manager

Department	2012/13 Budget	2012/13 Estimate	Over/ (Under) Budget
City Attorney	\$466,730	\$466,470	(\$260)
City Clerk	\$585,340	\$558,820	(\$26,520)
City Manager	\$418,040	\$368,910	(\$49,130)
Economic Development	\$618,690	\$452,995	(\$165,695)
Fire	\$9,581,630	\$9,326,010	(\$255,620)
Internal Services	\$3,374,420	\$3,260,185	(\$114,235)
Non Departmental	\$8,468,760	\$8,955,535	\$486,775
Police	\$16,987,264	\$16,466,670	(\$520,594)
Public Works	\$1,570,400	\$1,535,265	(\$35,135)
Total	\$42,071,274	\$41,390,860	(\$680,414)

Total savings against budget is \$680,414 and is attributed to a variety of items.

Salary and benefits savings amount to approximately \$465,000 and are primarily attributable to vacant positions, changes in medical costs, reduced participation in the deferred compensation program and a reduction in strike team call-outs. Services and supplies are showing a savings against budget of about \$215,000. Key drivers of these savings are a reduction in property tax administration fees paid to the County and fewer DIVCA funded projects coming forward.

The General Fund contains appropriations for the debt service associated with the 2002 Certificates of Participation (COPS). These COPS were refunded earlier this fiscal year resulting in a savings this fiscal year that is to be transferred to the Capital Outlay Fund to fund the costs of replacing Fire Station 2. As a result, appropriations in the Police Department, Economic Development, Parks, Recreation and Cultural Services, Capital Outlay and Debt Service Funds will be adjusted to reflect the new debt service levels and transfers.

Parks, Recreation and Cultural Services

The Parks, Recreation and Cultural Services (PRCS) fund is projecting revenues to be \$464,000 below initial budget and expenditures to be \$550,000 below budget. Program revenues are on target with initial budget estimates. Transfers from the General Fund to support debt service payments have been reduced to reflect the revised debt service amounts resulting from the refinancing addressed earlier. Expenditure savings against budget total about \$550,000. Debt service savings account for \$467,000 of this amount. Program savings account for the balance and primarily consist of salary and benefit savings.

Public Safety Special Revenue Fund

At the time of initial budget adoption, the status of state COPS grants was uncertain. Historically, the City has received \$100,000 each year from this source. Staff initially budgeted \$50,000 for this item. Subsequent to budget adoption, the City was informed that we would receive \$100,000 this year. Additionally, the Police department has been successful in obtaining additional grant funds that should be recognized for budgetary purposes. Council is requested to recognize the additional revenue sources totaling \$99,005 and to appropriate \$50,000 toward current year expenditures.

HUD Federal Sustainable Communities Fund

The Sustainable Communities grant from Housing and Urban Development is \$52,000 higher than shown in the adopted budget. Both revenues and expenditures are requested to be adjusted to this higher grant level.

Capital Outlay Fund

Transfers into the Capital Outlay Fund will be \$1,181,630 higher than initially budgeted due to the refinancing of General Fund supported debt. This additional funding is designated to fund the replacement costs for Fire Station 2. The attached appropriation adjustment form reflects this higher funding level. Additional funds totaling \$2.2 million will flow into this fund over the next three years as a result of this refinancing.

Debt Service Fund

Revenues and expenditures of the Debt Service fund are to be reduced by \$1,181,630 as a result of the refinancing addressed earlier.

FISCAL IMPACT: **General Fund:** Reduce appropriations in Police (\$535,640) and Economic Development (\$178,545) with offsetting increase in Non-Departmental (\$714,185); no net impact on appropriations.

Parks, Recreation and Cultural Services: Reduce Transfers In and Transfers Out by \$467,445.

Public Safety Special Revenue Fund: Increase estimated revenue by \$99,005 and appropriations by \$50,000.

HUD Federal Sustainable Communities Fund: Increase estimated revenue and appropriations by \$52,000.

Capital Outlay Fund: Increase Transfers In by \$1,181,630.

Debt Service Fund: Reduce Transfers In and appropriations by \$1,181,630.


Jordan Ayers
Deputy City Manager

RESOLUTION NO. 2013-23

A RESOLUTION OF THE LODI CITY COUNCIL
AMENDING THE CITY OF LODI FINANCIAL PLAN AND
BUDGET FOR THE FISCAL YEAR BEGINNING
JULY 1, 2012 AND ENDING JUNE 30, 2013

=====

WHEREAS, the City Council adopted a balanced Financial Plan and Budget for Fiscal Year 2012/13 on June 6, 2012; and

WHEREAS, the adopted 2012/13 Financial Plan and Budget was prepared in accordance with the City Council's goals, budget assumptions, and policies; and

WHEREAS, revisions to the adopted 2012/13 Financial Plan and Budget are necessary to address additional revenues, operating changes, and expenditure estimates.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby revise the adopted 2012/13 Financial Plan and Budget for the General Fund, Parks, Recreation and Cultural Services Fund, Public Safety Special Revenue Fund, HUD Federal Sustainable Communities Fund, Capital Outlay Fund, and the Debt Service Fund as noted on the attached Appropriation Adjustment Request.

Dated: February 20, 2013

=====

I hereby certify that Resolution No. 2013-23 as passed and adopted by the City Council of the City of Lodi in a regular meeting held February 20, 2013, by the following votes:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, Mounce, and
Mayor Nakanishi

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Johnson

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk

1. AA# _____
 2. JV# _____

**CITY OF LODI
 APPROPRIATION ADJUSTMENT REQUEST**

TO: Internal Services Dept. - Budget Division
 3. FROM: Internal Services Dept. - Budget Division 5. DATE: 2/20/13
 4. DEPARTMENT/DIVISION:

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	230	2301	5698	Asset Seizure Fund	\$ 18,600.00
	234	2341	5566	JAG Grants	\$ 18,175.00
	235	2351	5605	State COPS Grant	\$ 50,000.00
	236	2361	5604	Distracted Drivers grant	\$ 12,230.00
	444	4441	5569	HUD Sustainable Communities	\$ 52,000.00
	1211	n/a	4210	Capital Improvement Transfer In	\$ 1,181,630.00
	347	n/a	4210	PRCS Transfer In	\$ (467,445.00)
	410	n/a	4210	Debt Service Transfer In	\$ (1,181,630.00)
B. USE OF FINANCING	235	2351001	7359	State COPS Grant	\$ 50,000.00
	347	n/a	4220	PRCS Transfer Out	\$ (467,445.00)
	100	100205	8099	Special Payments	\$ 714,185.00
	100	101031	8099	Police Administration/Special Pmts	\$ (535,640.00)
	100	100431	8099	Economic Development/Spec Pmts	\$ (178,545.00)
	410	410032	7924	Debt Service Bond Interest	\$ (526,630.00)
	410	410032	7925	Debt Service Bond Principal	\$ (655,000.00)
	444	444001	7323	Development Code Update	\$ 52,000.00

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

FY 12/13 Mid-year adjustments. Police Special Revenue Fund - recognize unbudgeted revenues from grants; Debt Service - adjustments to budget for debt service savings due to refinancing; savings transferred to Capital Improvement Fund

If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: _____ Res No: _____ Attach copy of resolution to this form.

Department Head Signature: *[Signature]*

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager _____ Date _____



2012/13 Mid-Year Budget Review

City Council Meeting
February 20, 2013

[General Fund]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
General Fund				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	5,597,678	3,968,897	6,164,685	2,195,788
Revenues	40,520,257	42,071,274	42,270,590	199,316
Expenditures	<u>39,953,250</u>	<u>42,071,274</u>	<u>41,390,860</u>	<u>(680,414)</u>
Net Difference (Revenues Less Expenditures)	567,007	-	879,730	879,730
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>6,164,685</u>	<u>3,968,897</u>	<u>7,044,415</u>	<u>3,075,518</u>

Departmental Variances

Department	2012/13 Budget	2012/13 Estimate	Over/ (Under) Budget
City Attorney	\$466,730	\$466,470	(\$260)
City Clerk	\$585,340	\$558,820	(\$26,520)
City Manager	\$418,040	\$368,910	(\$49,130)
Economic Development	\$618,690	\$452,995	(\$165,695)
Fire	\$9,581,630	\$9,326,010	(\$255,620)
Internal Services	\$3,374,420	\$3,260,185	(\$114,235)
Non Departmental	\$8,468,760	\$8,955,535	\$486,775
Police	\$16,987,264	\$16,466,670	(\$520,594)
Public Works	\$1,570,400	\$1,535,265	(\$35,135)
Total	\$42,071,274	\$41,390,860	(\$680,414)

Parks, Recreation & Cultural Services

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Parks, Recreation & Cultural Svcs Fund				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	(846,381)	(815,032)	(861,843)	(46,811)
Revenues	5,773,466	6,009,620	5,545,455	(464,165)
Expenditures	<u>5,788,928</u>	<u>5,980,052</u>	<u>5,429,965</u>	<u>(550,087)</u>
Net Difference (Revenues Less Expenditures)	(15,462)	29,568	115,490	85,922
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>(861,843)</u>	<u>(785,464)</u>	<u>(746,353)</u>	<u>39,111</u>

[Water Utility]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Water Utility Enterprise Fund				
<u>Cash Balance</u>				
Beginning Cash Balance	12,807,412	14,656,699	12,465,350	(2,191,349)
Revenues	13,678,648	20,822,160	19,165,055	(1,657,105)
Expenditures	<u>14,020,710</u>	<u>23,932,381</u>	<u>21,253,970</u>	<u>(2,678,411)</u>
Net Difference (Revenues Less Expenditures)	(342,062)	(3,110,221)	(2,088,915)	1,021,306
<u>Cash Balance</u>				
Ending Cash Balance	<u>12,465,350</u>	<u>11,546,478</u>	<u>10,376,435</u>	<u>(1,170,043)</u>

[Wastewater Utility]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Wastewater Utility Enterprise Fund				
<u>Cash Balance</u>				
Beginning Cash Balance	10,606,065	8,380,707	12,513,936	4,133,229
Revenues	15,947,883	14,235,330	14,122,000	(113,330)
Expenditures	<u>14,040,012</u>	<u>15,330,026</u>	<u>14,557,200</u>	<u>(772,826)</u>
Net Difference (Revenues Less Expenditures)	1,907,871	(1,094,696)	(435,200)	659,496
<u>Cash Balance</u>				
Ending Cash Balance	<u>12,513,936</u>	<u>7,286,011</u>	<u>12,078,736</u>	<u>4,792,725</u>

[Electric Utility]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Electric Utility Enterprise Fund				
<u>Cash Balance</u>				
Beginning Cash Balance *	5,032,177	2,627,569	2,143,190	(484,379)
Revenues	65,646,115	70,453,990	67,848,005	(2,605,985)
Expenditures	<u>68,535,102</u>	<u>69,162,196</u>	<u>68,481,990</u>	<u>(680,206)</u>
Net Difference (Revenues Less Expenditures)	(2,888,987)	1,291,794	(633,985)	(1,925,779)
<u>Cash Balance</u>				
Ending Cash Balance *	<u>2,143,190</u>	<u>3,919,363</u>	<u>1,509,205</u>	<u>(2,410,158)</u>

* Local cash, excluding NCPA General Operating Reserve (GOR)

Community Development

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Community Development Fund				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	66,810	303,367	293,173	(10,194)
Revenues	1,265,483	1,176,670	1,508,260	331,590
Expenditures	<u>1,039,120</u>	<u>1,166,550</u>	<u>1,137,095</u>	<u>(29,455)</u>
Net Difference (Revenues Less Expenditures)	226,363	10,120	371,165	361,045
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>293,173</u>	<u>313,487</u>	<u>664,338</u>	<u>350,851</u>

[Self Insurance]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Self Insurance Internal Services Funds				
<u>Cash Balance</u>				
Beginning Cash Balance	8,530,181	9,050,835	9,984,980	934,145
Revenues	3,647,642	3,039,780	3,026,510	(13,270)
Expenditures	<u>2,192,843</u>	<u>2,251,000</u>	<u>1,712,720</u>	<u>(538,280)</u>
Net Difference (Revenues Less Expenditures)	1,454,799	788,780	1,313,790	525,010
<u>Cash Balance</u>				
Ending Cash Balance	<u>9,984,980</u>	<u>9,839,615</u>	<u>11,298,770</u>	<u>1,459,155</u>

[Library]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Library Fund				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	56,458	41,078	67,774	26,696
Revenues	1,438,172	1,427,430	1,433,950	6,520
Expenditures	<u>1,426,856</u>	<u>1,420,530</u>	<u>1,397,730</u>	<u>(22,800)</u>
Net Difference (Revenues Less Expenditures)	11,316	6,900	36,220	29,320
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>67,774</u>	<u>47,978</u>	<u>103,994</u>	<u>56,016</u>

[Streets]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Street Fund				
<u>Fund Balance</u>				
Beginning Fund Balance	7,589,026	9,312,492	6,513,011	(2,799,481)
Revenues	4,932,577	4,295,920	4,202,005	(93,915)
Expenditures	<u>6,008,592</u>	<u>5,431,736</u>	<u>4,189,810</u>	<u>(1,241,926)</u>
Net Difference (Revenues Less Expenditures)	(1,076,015)	(1,135,816)	12,195	1,148,011
<u>Fund Balance</u>				
Ending Fund Balance	<u>6,513,011</u>	<u>8,176,676</u>	<u>6,525,206</u>	<u>(1,651,470)</u>

[Transit]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Transit Fund				
<u>Fund Balance (Net Assets)</u>				
Beginning Fund Balance (Net Assets) Unreserved	2,509,652	3,301,731	3,203,015	(98,716)
Revenues	4,646,423	5,080,550	5,297,855	217,305
Expenditures	<u>3,953,060</u>	<u>7,539,272</u>	<u>7,352,245</u>	<u>(187,027)</u>
Net Difference (Revenues Less Expenditures)	693,363	(2,458,722)	(2,054,390)	404,332
<u>Fund Balance (Net Assets)</u>				
Ending Fund Balance (Net Assets) Unreserved	<u>3,203,015</u>	<u>843,009</u>	<u>1,148,625</u>	<u>305,616</u>

[Adjustments Recommended]

- General Fund
 - Reduce appropriations in Police (\$565,640) and Economic Development (\$178,545) with offsetting increase in Non-Departmental (\$714,185)
- Parks, Recreation and Cultural Services
 - Reduce Transfers In and Out (\$467,445)
- Public Safety Special Revenue Fund
 - Increase revenue (\$99,005) and appropriations (\$50,000)

[Adjustments Recommended]

- HUD Federal Sustainable Communities
 - Increase revenue and appropriations (\$52,000)
- Capital Outlay Fund
 - Increase Transfers In (\$1,181,630)
- Debt Service Fund
 - Reduce Transfers In and appropriations (\$1,181,630)

[Action Requested]

- Adopt resolution recognizing additional revenues and/or appropriating funds for:
 - General Fund
 - Parks, Recreation and Cultural Services
 - Public Safety Special Revenue Fund
 - HUD Federal Sustainable Communities Fund
 - Capital Outlay Fund
 - Debt Service Fund