



City of Camarillo

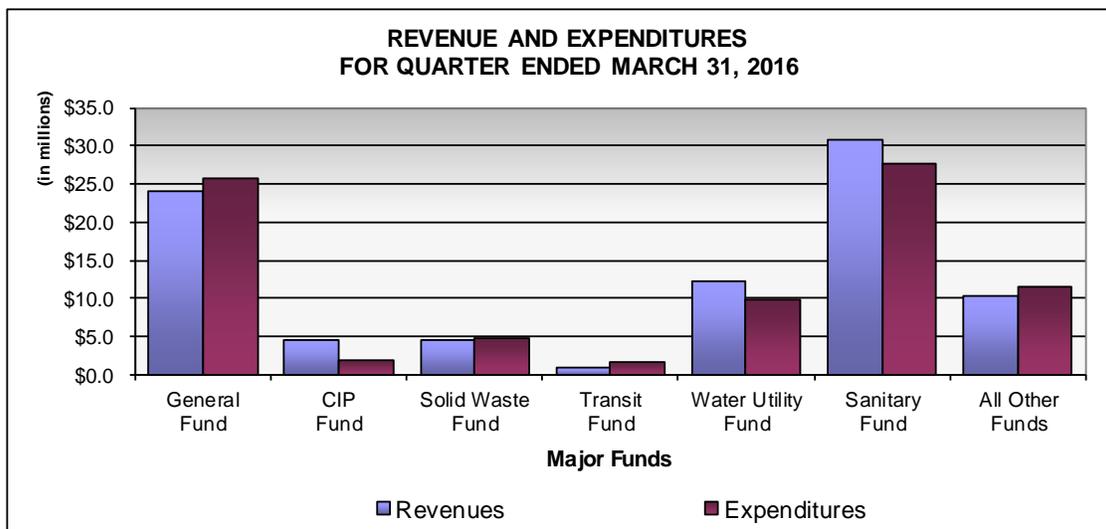
Revenue and Expenditure Reports

Fiscal Year 2015/16 Third Quarter Financial Report

July 1 through March 31, 2016

OVERVIEW

The City of Camarillo Third Quarter Financial Report summarizes the City’s financial information, from July 1, 2015 through March 31, 2016. The following chart summarizes actual year to date revenues and expenditures, including transfers in/out, and is based on the adopted Fiscal Year 2015/16 budget, adjusted for continuing appropriations (carryovers), and any budget amendments approved by City Council and Camarillo Sanitary District (City) as of March 31, 2016. The General, Capital Improvement Projects (CIP), Solid Waste, Transit, Water Utility, and Sanitary District Funds are considered “**major funds**” and are our primary focus, since their budgets represent the majority of the City’s total budget.

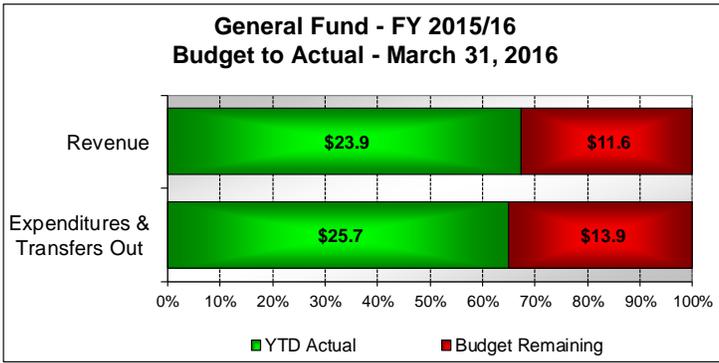


EXECUTIVE SUMMARY

With the third quarter of the fiscal year complete, we appear to be moving along consistent with budget projections, past trends, and as compared to the third quarter of last year. Revenue and expenditure activity, estimated fund balance, and any major variance from the anticipated budget are detailed below for the major funds.

GENERAL FUND (101)

The General Fund is where the majority of discretionary funds are recorded, and the majority of general municipal services are provided. Through transfers, it is also a major contributor to funds whose revenue sources either do not grow, or grow more slowly than the expenditures, or thus do not have sufficient



resources to cover the associated expenditures. Included are the Gas Tax Fund, Citywide Lighting & Landscape Fund, Storm Water Management Fund, Library Operations Fund, Transit Fund, and Debt Service Funds. In addition, the General Fund is a major contributor to the CIP Fund. Staff is working on a long-range plan for fiscal sustainability, including a long-term strategy to address the ongoing fiscal impacts of operating transfers from

the General Fund.

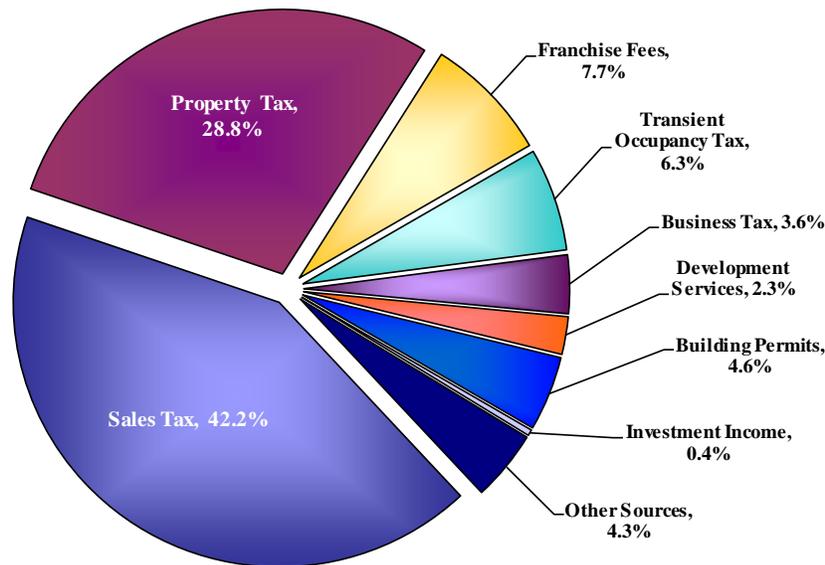
In total, the General Fund has recorded approximately 67.3% of projected revenues, approximately 64.9% of budgeted expenditures and transfers. Transfers to other funds are typically recorded on an as-needed basis. Unassigned fund balance at March 31, 2016 is projected at \$5.7 million, with the Total General Fund Balance of \$53.2 million, which is in accordance with City Council reserve policy goal. During the 2015/16 Mid-Cycle Budget process, Council committed \$48.1 million of the Total General Fund Balance for economic development, planned capital projects, and future operating transfers to other funds.

General Fund Summary (March 31, 2016)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues	\$ 35,481,785	\$ 35,593,852	\$ 23,946,291	67.3%
Expenditures & Transfers Out	36,368,378	39,549,337	25,662,802	64.9%
Revenues Over/(Under) Expenditures	\$ (886,593)	\$ (3,955,485)	(1,716,511)	
Unrestricted Available Fund Balance, July 1			7,213,171	
Unrestricted Available Fund Balance, End of Period			<u>\$ 5,496,660</u>	

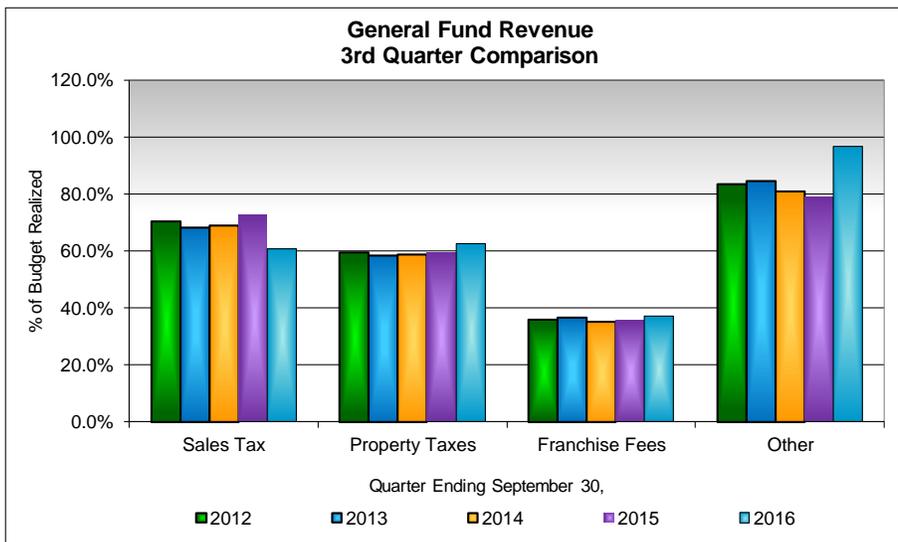
General Fund Revenues. The top eight revenue sources account for approximately 96% of the total projected General Fund revenues. By focusing on these, we can obtain an excellent understanding of the General Fund revenue position.

General Fund Revenue Composition



Overall, these key revenues are performing as projected for the third quarter, based on payment schedules and past trends, with major variances noted below. Total revenues through March are at approximately 67.3% of total budget, compared to prior year, revenues to date were at 67.8% of budget.

Revenue Sources	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Sales Tax	\$ 15,006,200	\$ 15,006,200	\$ 9,118,772	60.8%
Property Tax	10,236,394	10,236,394	6,422,512	62.7%
Franchise Fees	2,732,584	2,732,584	1,014,033	37.1%
Transient Occupancy Tax	2,239,620	2,239,620	1,810,574	80.8%
Business Tax	1,271,620	1,271,620	996,282	78.4%
Development Services	783,910	818,910	2,158,407	263.6%
Building Permits	1,624,385	1,624,385	864,997	53.3%
Investment Income	130,200	130,200	254,148	195.2%
Total	34,024,913	34,059,913	22,639,725	66.5%
Other Revenue Sources	1,456,872	1,533,939	1,306,566	85.2%
Total Fund Revenue	\$ 35,481,785	\$ 35,593,852	\$ 23,946,291	67.3%



➤ **Sales Tax** – The City has received 60.8% of the budgeted Sales Tax, compared to 72.8% this time last year. Included in this revenue projection of \$15,006,200, is \$2,762,600 In-Lieu Sales Tax, which is not reflected in YTD Actual, but is scheduled to be received in June.

➤ **Property Tax** - The first of two major apportionments occur in December, with the second following in April. Also

included under this revenue projection of \$10,236,394, is \$5,436,400 In-Lieu Motor Vehicle Fees, which is received in two equal installments. \$2.8 million was received in January and the remaining \$2.5 million should be received in May. The City has received 62.7% of the budgeted Property Tax compared to 59.6% this time last year.

➤ **Franchise Fees** - The majority of the Franchise Fees are received in April, 2016.

➤ **Transient Occupancy Tax (TOT)** – The City has received 80.8% of the budgeted TOT, an increase over third quarter last year of 75.7%. Average YTD occupancy this fiscal year is 78.7%, compared to 74.0% in 2015. July and August typically have the highest occupancy rates of the fiscal year.

➤ **Business Tax** – As of the third quarter, 78.4% of the budgeted revenue has been realized, compared to 71.6% last fiscal year. As of March 31, the City had 7,097 active businesses. Business license renewals occur throughout the fiscal year.

- **Development Services** - This revenue is significantly higher than anticipated with 263.6% of budget realized, and higher than the 132.7% received through third quarter 2014/15. This revenue fluctuates due to the timing of planned development projects. Included in the revenue that was not anticipated at the time of budget development is \$1.1 million received from the Springville Interchange Benefit Area (SIBA) fee. SIBA fees are imposed on all previously conditioned and new residential, commercial, and industrial developments within the Benefit Area.
- **Building Permits** - With 53.3% of the annual budget realized in the third quarter, this revenue is lower than anticipated, and significantly lower than the strong 85.2% realized through this same time period last year. This revenue also fluctuates due to the timing of planned development projects, with building permit issuance one of the last elements of development services revenue.
- **Investment Income** – Investment earnings are significantly higher than anticipated with 195.2% realized. Investment earnings are projected to exceed budget estimates at fiscal year-end. Budget projections were conservative with investment earning rates remaining low.

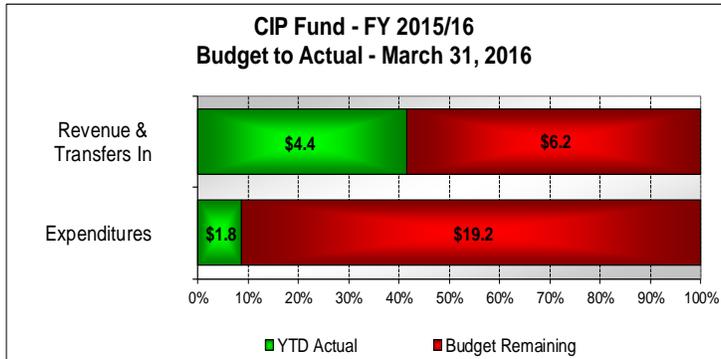
General Fund Expenditures and Transfers. As illustrated in the table below, the majority of General Fund divisional expenditures and transfers are slightly lower than expected overall, averaging 64.9% of the annual budget. As of third quarter last year, 66.0% of budgeted expenditures and transfers had been disbursed.

Divisions	Adopted Budget	Amended Budget	YTD Actual	Percent Expended
City Council	\$ 674,171	\$ 676,571	\$ 445,256	65.8%
City Clerk	580,898	580,898	411,103	70.8%
City Attorney	500,205	502,205	385,576	76.8%
City Manager	1,084,396	1,121,431	726,344	64.8%
Finance	1,384,692	1,430,212	1,017,571	71.2%
Community Development	2,272,979	2,276,689	1,194,948	52.5%
Code Compliance	769,237	769,237	539,335	70.1%
Police	16,226,991	16,226,991	11,384,876	70.2%
DART	23,386	23,386	6,708	28.7%
Building & Safety	1,176,630	1,176,630	620,394	52.7%
Public Works	1,654,949	4,265,998	3,302,310	77.4%
Cultural Arts Services	610,347	782,792	249,315	31.9%
Economic Development	330,797	372,397	279,841	75.2%
Non Departmental	42,000	42,000	225	0.5%
Total	27,331,678	30,247,437	20,563,802	68.0%
Transfers Out	9,036,700	9,301,900	5,099,000	54.8%
Total Fund Expenditures	\$ 36,368,378	\$ 39,549,337	\$ 25,662,802	64.9%

- City Council division expenditures are lower than expected at 65.8% of budget primarily due to administrative costs and sponsorships that are unexpended.
- City Manager division expenditures are lower than expected at 64.8% of budget primarily due to lower operational charges and Emergency Operations Center costs that are unexpended.
- Community Development division expenditures are lower than anticipated at 52.5% primarily due to the timing of special studies and operational costs.

- D.A.R.T. division has expended 28.7%, primarily due to budgeted supplies and equipment purchases that have not been made.
- Building & Safety division has expended 52.7% which is lower than anticipated primarily due to decreased development building permit activity. This division's costs are offset by Building Permit revenue which is also showing a decrease in activity from budget projections through March.
- Cultural Arts Services division expenditures are 31.9% of budget, primarily due to the timing of community events and unexpended building and equipment improvements.

CAPITAL IMPROVEMENT PROJECTS FUND (410)



The Capital Improvement Projects (CIP) Fund accounts for the general capital projects. Revenues and expenditures are budgeted in the year corresponding with the various stages of the projects, and include balances carried forward from the previous budget year. On June 24, 2015, the City Council approved the first year of the City's Five-Year Capital Improvement Program 2015-2020, with a total expenditure budget of \$13.0 million. The amended budget includes carry-over funding

for uncompleted projects from prior years, and any budget changes approved by the City Council.

Capital Improvement Projects Fund Summary (March 31, 2016)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues & Transfers In	\$ 8,216,650	\$ 10,658,227	\$ 4,426,528	41.5%
Expenditures	13,005,000	21,025,026	1,846,342	8.8%
Revenues Over/(Under) Expenditures	\$ (4,788,350)	\$ (10,366,799)	2,580,186	
Available Fund Balance, July 1			15,214,780	
Available Fund Balance, End of Period			<u>\$ 17,794,966</u>	

Funding for the CIP projects comes from a variety of sources including Federal, State, County, capital fees collected from developers, and interfund transfers.

At this point in the fiscal year, the CIP Fund has recognized 41.5% of the projected revenues and transfers in. Federal Capital Grants for transportation projects are the primary source, and funds are typically drawn down on a reimbursement basis, after the expenditures are incurred.

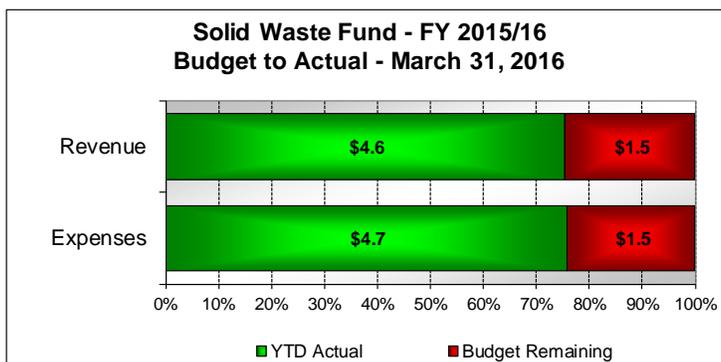
Revenue Sources	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Grants	\$ 1,801,000	\$ 4,223,152	\$ 1,492,366	35.3%
Development Services	680,000	699,425	1,196,742	171.1%
Investment Income	35,650	35,650	54,755	153.6%
Contributions	-	-	100,075	100.0%
Total	2,516,650	4,958,227	2,843,938	57.4%
Transfers In	5,700,000	5,700,000	1,582,590	27.8%
Total Fund Revenue	\$ 8,216,650	\$ 10,658,227	\$ 4,426,528	41.5%

- Grants are lower than expected at 35.3% of budget primarily due to the timing of projects and grant reimbursement requests.
- Development Services are much higher than expected at 171.1% of budget primarily due to one-time development traffic mitigation fees that were not anticipated at time of budgeting.
- Investment Income is higher than anticipated Investment earnings are significantly higher than anticipated with 153.6% realized. Investment earnings are projected to exceed budget estimates at fiscal year-end. Budget projections were conservative with investment earning rates remaining low.
- Contributions of \$100,075 was received from a developer that was not anticipated.

The budgeted expenditures for this fund total \$21.0 million, with no budgeted transfers out. Through the third quarter, 8.8% of budgeted expenditures have been disbursed due to timing of projects. The following represents the projects that account for the expenditures to date:

Project Expenditures		Adopted Budget	Amended Budget	YTD Actual	Percent Expended
Annual Pavement Rehab	ST1403/04	\$ 5,000,000	\$ 9,278,065	\$ 54,146	0.6%
Santa Rosa Road Widening	ST0501	2,900,000	2,974,832	141,536	5.5%
Conference Center Drain	CC1101	1,800,000	1,988,018	-	0.0%
Dizdar Park Renovation	ST0706	800,000	800,000	-	0.0%
Library Room Addition	ST1105	700,000	733,956	39,568	5.4%
Other Projects		1,805,000	5,250,155	1,611,092	30.7%
Total Major Projects		\$ 13,005,000	\$ 21,025,026	\$ 1,846,342	8.8%

SOLID WASTE FUND (805)



The City provides refuse and recycling programs for residential and commercial customers, and a green waste program for residential customers. The City contracts with a local hauler through an exclusive franchise agreement.

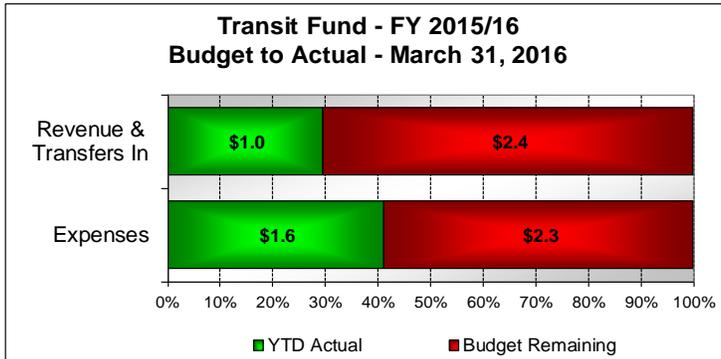
The Solid Waste Fund has recognized 75.5% of projected revenues and 75.3% of budgeted expenses, compared with 73.8% for both this time last year. Both revenues and expenses are meeting projections through the third quarter.

Solid Waste Fund Summary (March 31, 2016)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Solid Waste Services	\$ 5,944,535	\$ 5,985,028	\$ 4,521,951	75.6%
Grants	36,004	53,404	36,362	68.1%
Other Revenue Sources	79,373	79,373	57,985	73.1%
Total Solid Waste Fund Revenue	6,059,912	6,117,805	4,616,298	75.5%
<u>Expenses</u>				
Operating Expenses	6,238,661	6,237,861	4,694,245	75.3%
Total Solid Waste Fund Expenses	6,238,661	6,237,861	4,694,245	75.3%
Revenues Over/(Under) Expenses	\$ (178,749)	\$ (120,056)	(77,947)	
Available Working Capital, July 1			628,421	
Available Working Capital, End of Period			<u>\$ 550,474</u>	

- Grants - Grant revenue is lower than expected at 68.1% of budget. Last fiscal year, only one of two State grants was received, a \$17,400 beverage reimbursement grant expected by fiscal year-end was not received until this fiscal year. Grant revenues are typically received at the end of the fiscal year.

TRANSIT FUND (810)



The Transit Fund is where costs associated with operating the City’s public transit system are recorded. The Transit Fund has recognized 28.5% of projected revenues and transfers in, compared with 41.6% last year, and 41.4% of budgeted expenses, compared with 46.7% this time last year. Funding for the Transit Fund comes from a variety of sources including Federal Grants, ridership fares, and transfers from the General Fund and the Air Quality

Fund. Federal Transit Administration (FTA) Grants provide for a majority of the revenues received in this fund, which are received after fiscal year-end, after all the expenses are incurred. The Transit Fund relies on interfund transfers to meet its operational needs. This fund includes the City’s portion of the costs of the intercity bus that is operated by the Ventura County Transportation Commission (VCTC). Also included is the Trolley Service, implemented in October, 2014 on a trial basis, and extended through FY 2015/16.

Transit Fund Summary (March 31, 2016)

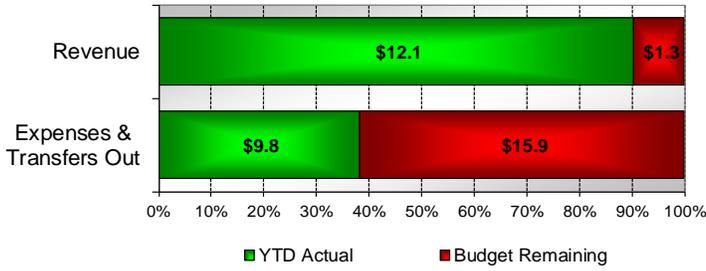
	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Transit Services	\$ 115,520	\$ 135,170	\$ 96,723	71.6%
Grants	1,602,200	1,978,205	40,000	2.0%
Other Revenue Sources	100,000	100,000	39,900	39.9%
Total	1,817,720	2,213,375	176,623	8.0%
Transfers In	900,000	1,100,000	769,000	69.9%
Total Transit Fund Revenue	2,717,720	3,313,375	945,623	28.5%
<u>Expenses</u>				
Operating Expenses	2,099,543	2,072,593	1,019,411	49.2%
Capital Purchases	360,000	1,236,428	413,755	33.5%
Capital Projects	290,000	299,910	-	0.0%
Depreciation	149,100	176,050	129,370	73.5%
Metrolink Station Maint.	95,486	95,486	42,177	44.2%
Operating Expenses				
Total Transit Fund Expenses	2,994,129	3,880,467	1,604,713	41.4%
Revenues Over/(Under) Expenses	\$ (276,409)	\$ (567,092)	(659,090)	
Available Working Capital Balance, July 1			374,526	
Adjustments to Working Capital			129,370	
Available Working Capital, End of Period			<u>\$ (155,194)</u>	

- Grants - FTA Grants are received after fiscal year-end, after all the expenses are incurred. As of March, the City received a one-time \$40,000 Cal State Transit Security Grant.
- Other Revenue Sources provide for Trolley expenditure, and are lower than anticipated, at 39.9% of budget.
- Operating expenses appear lower than expected at 41.4%, due to a one-month lag in transit service contract disbursements.
- Capital Purchases are low at 33.5% of budget primarily due to timing of purchases and projects.
- Metrolink Station Maintenance expenditures are low at 44.2% primarily due to supplies and equipment costs lower than projected.

WATER UTILITY FUND (860)

The Water Utility Fund is where revenue and expenses associated with the City's water service are recorded. This fund is fully self-supporting, and derives the majority of its revenue from ratepayers. Other revenue sources include investment earnings, and capital fees collected from developers. The City provides water and associated maintenance to approximately 13,329 customers. Depending on location, four other water companies may provide water to Camarillo residents.

**Water Utility Fund - FY 2015/16
Budget to Actual - March 31, 2016**



The Water Utility Fund has recognized 90.1% of projected revenues, and 38.5% of budgeted expenses and transfers out, compared to last fiscal year 71.6% and 40.1% respectively. Water Sales revenue is approximately 8.4% lower than projected through the third quarter. Consumption for July through March 2016 is down 9.68% when compared with the same nine months last fiscal year, the largest reduction (25.4%) in July 2015.

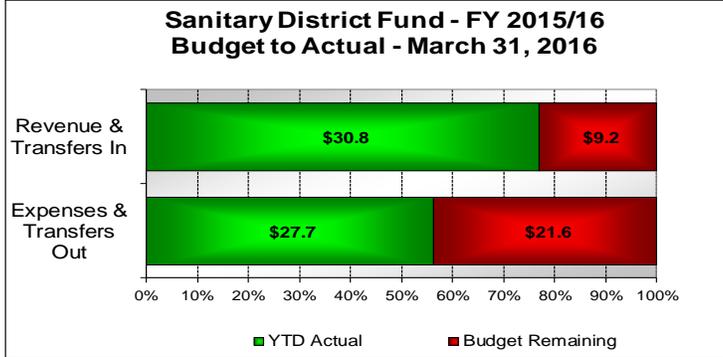
Water Utility Fund Summary (March 31, 2015)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues				
Water Sales	\$ 8,694,985	\$ 8,380,843	\$ 5,764,483	68.8%
Base Rate Charges	3,862,900	3,862,900	2,725,661	70.6%
Other Water Services Revenue Sources	359,505	372,963	384,953	103.2%
Capital Improvement Fees	300,000	351,627	2,163,163	615.2%
Investment Income	48,700	48,700	117,113	240.5%
Other Revenue Sources	173,917	443,917	971,813	218.9%
Total Water Utility Fund Revenue	13,440,007	13,460,950	12,127,186	90.1%
Expenses				
General & Administrative	2,805,169	2,962,326	1,854,868	62.6%
Maintenance & Operations	11,596,419	10,644,026	6,655,912	62.5%
Capital Projects	9,400,000	10,742,416	443,098	4.1%
Depreciation	977,000	977,000	797,796	81.7%
Total Water Utility Fund Expenses	24,778,588	25,325,768	9,751,674	38.5%
Revenues Over/(Under) Expenses	\$ (11,338,581)	\$ (11,864,818)	2,375,512	
Available Working Capital, July 1			34,585,362	
Adjustments to Working Capital			1,240,894	
Available Working Capital, End of Period			<u>\$ 38,201,768</u>	

- Water Sales are lower than expected at 68.8% of budget due to drought water conservation.
- Other Water Services Revenue Sources are much higher than expected at 103.2% of budget primarily due to an increase in the demand of irrigation water.
- Capital Improvement Fees are higher than expected at 615.2% of budget due to a one-time \$1.8m developer fee received.
- Investment Income is higher than anticipated Investment earnings are significantly higher than anticipated with 240.5% realized. Investment earnings are projected to exceed budget estimates at fiscal year-end.
- Other Revenue Sources are higher at 218.9% of budget primarily due to \$616k received from developers for a new Water Conservation Credit established by City Council action.

- General & Administrative expenses are lower at 62.6% of budget primarily due to lower administrative costs.
- Maintenance & Operations expenses are lower at 62.5% of budget primarily due to lower electricity costs to pump less water due to water conservation efforts and unexpended planned equipment repairs.
- Capital Projects are lower at 4.1% of budget due to the timing of one-time capital purchases/repairs, and capital improvement projects.

SANITARY DISTRICT FUNDS (871/872/873)



The Camarillo Sanitary District (CSD) is a separate governmental entity, formed in 1955 to provide wastewater treatment services for residential and commercial customers within its boundaries. The CSD is fully self-supporting, and derives the majority of its revenue from ratepayers for services rendered. Other funding sources include property taxes, and capital fees collected from developers. The CSD has been divided into three separate funds for budgeting

purposes. The separation of these funds allows for ease in cash flow and rate setting.

In total, the Sanitary District Funds have recognized 154.4% of projected revenues and transfers in, and 94.8% of budgeted expenses and transfers out. This time last year, 37.2% of projected revenues and transfers in, and 34.4% of budgeted expenses and transfers out had been realized. Budgeted transfers, which are approximately 11.0% of projected revenue, have not posted to date. This is offset by one-time Capital Improvement Fees and Investment Income that have exceeded projections. Budgeted revenue includes proceeds from bonds issued to defease the 2005 Bonds at a savings to the District. Excluding the \$20 million bond issuance, 59.9% of projected revenues and transfers in have been recognized.

Sanitary District Summary (March 31, 2016)

All Sanitary District Funds	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Regular Rate Charges	\$ 10,571,800	\$ 10,571,800	\$ 7,746,031	73.3%
Property Taxes	988,513	988,513	603,884	61.1%
Base Rate Charges	1,164,000	1,164,000	748,950	64.3%
Billing & Penalty Fees	188,000	188,000	141,196	75.1%
Other Revenue Sources	288,057	288,057	184,133	63.9%
Capital Improvement Fees	30,000	138,270	887,775	642.1%
Grants & Subventions	2,550,000	2,550,000	342,133	13.4%
Proceeds from Bonds Issued	2,000,000	22,045,319	20,045,319	90.9%
Investment Income	53,950	53,950	98,829	183.2%
Total	17,834,320	37,987,909	30,798,250	81.1%
Transfers In	2,000,000	2,000,000	-	0.0%
Total Sanitary District Revenue	19,834,320	39,987,909	30,798,250	77.0%
<u>Expenses</u>				
General & Administrative	3,144,661	3,183,676	1,908,190	59.9%
Maintenance & Operations	5,285,042	5,403,780	3,281,806	60.7%
Debt Service	1,440,350	21,485,669	20,149,560	93.8%
Capital Purchases	130,000	286,781	152,126	53.1%
Capital Projects	12,720,000	14,667,562	356,130	2.4%
Depreciation	2,180,000	2,180,000	1,809,127	83.0%
Total	24,900,053	47,207,468	27,656,939	58.6%
Transfers Out	2,000,000	2,000,000	-	0.0%
Total Sanitary District Expenses	26,900,053	49,207,468	27,656,939	56.2%
Revenues Over/(Under) Expenses	\$ (7,065,733)	\$ (9,219,559)	3,141,311	
Available Working Capital, July 1			27,602,179	
Adjustments to Working Capital			2,317,383	
Available Working Capital, End of Period			<u>\$ 33,060,873</u>	

The following summary highlights the Sanitary District Funds individually:

Operating Fund (871)	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues	\$ 12,238,957	\$ 12,238,957	\$ 8,855,423	72.4%
Expenses	10,609,703	10,767,456	6,999,123	65.0%

- Operating Fund revenues are tracking as expected, with 72.4% of budget received. Sanitation Services revenue is tracking at 72.2% of annual budget. Regular and Base Rate Charges revenue reflect a timing lag of approximately one month. Expenses are tracking at 65.0% primarily due to transfers to the CSD Capital Projects Fund that have not been processed.

Debt Service Fund (872)	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues	\$ 2,992,513	\$ 23,037,832	\$ 20,656,983	89.7%
Expenses & Transfers Out	3,440,350	23,485,669	20,149,560	85.8%

- Debt Service Fund revenues are primarily Property Taxes, the majority of which are received in two installments. The first installment of \$547,549 was received in December, with the second installment of \$398,480 expected in April. Debt Service Revenue is higher at 89.7% due to the issuing of the 2015

Water Bond in the amount of \$20m. Debt Service expenses are higher at 85.8% of budget due to a \$18.8m principal payment for the 2005 Water Bond.

Capital Projects Fund (873)	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues & Transfers In	\$ 4,602,850	\$ 4,711,120	\$ 1,285,844	27.3%
Expenses	12,850,000	14,954,343	508,256	3.4%

- Capital Projects Fund revenues reflect no transfer to date. However, Capital Improvement Fees have exceeded the annual budget by 642.1% due to increased development activity. Expenses reflect little capital project activity through the third quarter.

ALL OTHER FUNDS

Storm Water Management Fund (270) - The revenues are currently tracking at 9.7% of budget compared to 11.5% for the same period last year. The current fiscal year budgeted annual Special Assessment of \$153,985 is not anticipated until June 2016. Expenditures are lower than anticipated at 49.9%, primarily due to the timing of operating costs.

Library Operating Fund (284) – Revenues are at 56.4% of budget compared to 54.1% for the same period last year. The second apportionment of the primary revenue (Property Taxes) will not be received until April. Expenditures are tracking as anticipated at 73.0% of budget.

Risk Management Fund (510) – The 57.5% expenditures ratio, which is significantly lower than 92.4% last year, is primarily due to lower than anticipated liability and property insurance premiums.

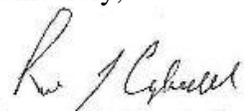
Vehicles & Equipment Fund (540) - Expenditures are significantly lower than expected at 56.6%, due to unexpended planned vehicle replacements.

Reclaimed Water Fund (861) – Revenues are at 76.2% of the budget. Expenditures are tracking lower than anticipated at 39.1%, primarily due to a \$300 thousand lower budgeted water purchases.

SUMMARY

With the third quarter and 75% of the fiscal year complete, all revenues are tracking at 87.6% of budget, compared to 62.5% of budget last year. Our expenditures are at 57.4%, compared with 46.0% as of third quarter last year. It is anticipated that the final revenues and expenditures will be consistent with mid-year budget projections. We will continue to monitor our revenues and expenditures closely, and will provide Council with a detailed analysis of the City’s financial position as needed. This summary is based on information produced by the City’s Finance Department. If you would like additional information or have any questions about the report, please contact me at 388-5320.

Sincerely,



Ronnie J. Campbell
Director of Finance