



FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2013 JUN 13 PM 4:01

## AGENDA REPORT

TO: DEANNA J. SANTANA  
CITY ADMINISTRATOR

FROM: Donna Hom  
Budget Director

SUBJECT: FY 2012-13 Third Quarter  
Revenue and Expenditure Supplemental  
Report

DATE: June 13, 2013

City Administrator  
Approval

*Arath Johnson*

Date

*6/13/13*

COUNCIL DISTRICT: City-Wide

### RECOMMENDATION

Staff recommends that the City Council accept this supplemental report on fiscal year (FY) 2012-13 Third Quarter Revenue and Expenditure Report.

### OUTCOME

The information provided in this report is to clarify the projected General Purpose Fund balance by the end of the current fiscal year 2012-13. In addition, there was a question on the billboard revenue that will not be realized in the current fiscal year.

### REASON FOR SUPPLEMENTAL

On June 11, 2013, the Finance and Management Committee directed staff to provide a supplemental report providing an update on the projected fund balance. The \$95.68 million reported in the FY 2012-13 Third Quarter Revenue and Expenditure Report did not take into account adjustments and other projections and assumptions that may impact the FY 2012-13 ending General Purpose Fund balance, as reported during the May 23, 2013 Special Budget Meeting.

### ANALYSIS

#### General Purpose Fund - Fund Balance Projection

The projected funding is reported from the accounting system in accordance with accounting standards. The attached schedule "Attachment A" is the General Purpose Fund Balance

Item: \_\_\_\_\_  
City Council Meeting  
June 18, 2013

Projection Summary dated May 16, 2013, which was the latest update provided by the City Administration during the May 23, 2013 FY 2013-15 Special Budget Meeting. The Audited "Gross" Ending Fund Balance includes the total ending General Purpose Fund balance as of the end of the prior fiscal year (June 30, 2012), which is inclusive of outstanding encumbrances carried forward from FY 2011-12 and the Council mandated 7.5% General Fund reserve, which results in the net remaining "undesignated" fund balance.

Attachment A reports revenue, expenditures, and contingencies projected as of May 16<sup>th</sup>, as well as actions taken by and/or recommended for Council action as of May 16<sup>th</sup> that will impact the General Purpose Fund balance by the end of the current fiscal year. Before the fiscal year ends, there remain many unknowns on the final results of the general fund activities, such as final resolution and related actions taken by the State Controller ("clawback") and the State Department of Finance ("boomerang funds") as a result of the dissolution of Redevelopment. In addition, the final fund balance results are dependent upon pending legal actions, claims, and other contingencies, as well as the final recognition of revenues and expenditures.

It should be noted that the amounts indicated on Attachment A are only projections, and as we are nearing the end of the fiscal year, the final ending fund balance for FY 2012-13 will be reported upon the completion of the independent external audit of the City's Comprehensive Annual Financial Report (CAFR), which is anticipated to be issued in the Fall. The next update on the City's General Purpose Fund fiscal condition will be the City Administration's issuance of the Fourth Quarter Revenue and Expenditure Report (4<sup>th</sup> Qtr. R&E), anticipated to be issued by the end of October 2013. However, it should be noted that the 4<sup>th</sup> Qtr. R&E Report will be subject to change, depending upon the final results of the audit of the City's FY 2012-13 CAFR.

#### Billboard Revenue Update

The billboard revenue was estimated at \$2 million for the current fiscal year. This was projected in June 2012. However, this revenue will not be realized in this current fiscal year and the projected revenue for the next two fiscal years will be at approximately \$475,000 each year. Staff can take a more conservative approach in future revenue projection.

#### PUBLIC OUTREACH/INTEREST

Not applicable.

#### COORDINATION

This report was prepared in coordination between the City Administrator's Budget Office, the Controller's Office, and the City Attorney's Office.

Item: \_\_\_\_\_  
City Council Meeting  
June 18, 2013

**COST SUMMARY/IMPLICATIONS**

This report presents unaudited projected General Purpose Fund, Fund Balance as of May 16, 2013, as reported during the FY 2013-15 Special Budget Meeting on May 23, 2013.

**SUSTAINABLE OPPORTUNITIES**

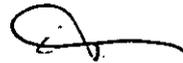
*Economic:* No direct economic opportunities have been identified.

*Environmental:* No direct environmental opportunities have been identified.

*Social Equity:* No social equity opportunities have been identified.

For questions regarding this report, please contact Donna Hom, Budget Director, City Administrator's Office, at 510-238-2038.

Respectfully submitted,



---

DONNA HOM  
Budget Director

Reviewed by:  
Osborn Solitei, Controller  
Andrew Murray, Assistant to City Administrator  
Scott P. Johnson, Assistant City Administrator

## General Purpose Fund Balance Projection Summary

Revised 5/16/2013

	Q2 R&E	Q3 R&E
Audited gross ending Fund Balance	\$ 84,600,000	\$ 84,600,000
Outstanding Encumbrance, Early Recog, RPTI & Property Sales used to balance the budget	\$ (17,982,521)	\$ (17,982,521)
Net Available Ending Fund Balance:	\$ 66,617,479	\$ 66,617,479
7.5% mandated reserved level (designated fund balance)	\$ (32,261,671)	\$ (32,261,671)
Council approved action since July 2012-April 2013 & Recognized Revenue (\$2.48M)	\$ (3,087,987)	\$ (3,087,987)
General Purpose Fund Balance Projection with Known Council Actions	\$ 31,267,821	\$ 31,267,821
<b>PROPOSED USE OF FUND BALANCE:</b>		
Reverse \$14.28 M transfer from the fund balance in FY 2012-13	\$ 14,282,521	\$ 14,282,521
Projected Revenue growth by June 30, 2013 (per Q2 / Q3 report)	\$ 12,713,345	\$ 18,943,853
Projected Overspending in FY 2012-13 (per Q2 / Q3 report)	\$ (7,667,998)	\$ (4,444,904)
Reverse land sale subject to state review	\$ (32,500,000)	\$ (32,500,000)
Litigation & Settlements	\$ (4,300,000)	\$ (7,000,000)
Use for FY 2013-15 budget balance measures (updated 4/14/2013)	\$ (10,810,930)	\$ (10,810,930)
Partial Subsidy to Head Start (saves 34 families, Eastmont Ctr)	\$ (300,000)	\$ (300,000)
Compliance Director's Salary (Court Order 4/17/13, thru Dec. 2014)	\$ (540,000)	\$ (540,000)
Compliance Director's Staff and expenses (Court Order Dated 4/17/13), \$450K/yr X 2 (Dec. 2014)	\$ (945,110)	\$ (945,110)
Compliance Director's Remedial Action Plan (May 1)	\$ (1,825,000)	\$ (1,825,000)
Additional Set aside for Remedial Action Plan cost		\$ (1,000,000)
Recommendation from Strategic Policy Partners		\$ (368,500)
Restore Graphic Design Specialist (Part-Time), \$80k x 2 yrs		\$ (160,000)
Set aside for Public Safety Radio replacement and upgrade		\$ (3,042,000)
<b>Projected fund balance as of June 30, 2013:</b>	<b>\$ (625,351)</b>	<b>\$ 1,557,751</b>

FY 2013-15 SPECIAL BUDGET MEETING - MAY 23, 2013