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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Donna Hom
Interim Budget Director

SUBJECT: FY 2011-12 Q4 R&E Report

DATE: November 14, 2012

City Administrator
Approval

Date

11/15/12

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the Finance & Management Committee accept this unaudited report on FY 2011-12 Fourth Quarter Revenue and Expenditure Results and Year-End Summaries For Four Selected Funds - General Purpose Fund (GPF, 1010), Landscape & Lighting Assessment District Fund (2310), Equipment Fund (4100) and Facilities Fund (4400); and Overtime Analysis for the General Purpose Fund (1010) and All Funds.

OUTCOME

No policy action is established by acceptance of this report. This is an informational report related to the unaudited financial activities of the City for FY 2011-12.

EXECUTIVE SUMMARY

The City has made strides in exercising prudent financial management, particularly in collaborating with labor unions for employee contributions, controlling expenditures, implementing proactive revenue collection efforts, and paying down unfunded liabilities and negative fund balances, despite difficult financial times. The City fully funded its GPF reserve and plans to continue to strengthen its financial policies and fiscal practices in the coming year. If the City continues this trend, it has the capacity to make prudent financial decisions to bring revenues and expenditures into long-term balance while maintaining certain service levels. The Oakland economic condition continues to show steady indicators of improvement as follows:

(1) Sales tax revenue grew from \$41.24 million in FY 2010-11 to \$44.74 million in FY 2011-12 (unaudited), after a one-time adjustment of \$1.3 million; the net increase was \$2.2 million, which represents a 4.54% growth factor;

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(2) Job growth from 172,600 jobs in September 2011 to 177,800 jobs in September 2012, a net gain of 5,200 jobs, representing a 3.1% increase in employment (per Employment Development Department);

(3) The City's unemployment rate dropped from 15.5% in September 2011 to 13.1% in September 2012 according to the Employment Development Department;

(4) Business License Tax revenue grew from \$53.14 million in 2010-11 to \$57.84 million in FY 2011-12 (unaudited), after a one-time adjustment of \$1.64 million; there was a net growth of \$3.06 million, which represents a 5.8% growth rate; and

(5) Transient Occupancy Tax revenue increased from \$8.47 million in FY 2009-10 to \$9.54 million in FY 2010-11 and further increased to \$10.71 million in FY 2011-12 (unaudited), which represents a 26.5% growth rate within 2 years.

This report provides analysis and details on the unaudited actual revenues and expenditures in the General Purpose Fund (GPF; 1010), Landscaping and Lighting Assessment District Fund (2310), Equipment Fund (4100) and City Facilities Fund (4400) through the end of the fourth quarter of the fiscal year (June 30, 2012). Pre-audit expenditures for these funds and overtime analysis for all funds are presented in this report. As such, additional adjustments may be made during the annual audit, of which the City is currently in the process.

The unaudited actual revenues for the GPF totaled \$449.5 million which exceeds the budget by \$34.8 million (see Table 1). Details of unaudited revenues in comparison to budget are listed in Attachment A-1. It should be noted that of the \$34.8 million in revenues exceeding the budgeted amount, \$24.4 million was due to one-time, non-recurring revenues and early recognition of revenues; the remaining \$10.4 million are due to economic growth. The non-recurring revenues include land sales, business tax audits (including the landlord audit project), early recognition of lease revenue and a one-time sales tax adjustment.

The unaudited actual expenditures for the GPF totaled \$398.2 million which is approximately \$.5 million over budget, representing slightly over one one-hundredth of a percent (.133%) (see Table 1). Expenditures by agency/department are listed in Attachment A-2.

The unaudited preliminary year-end available fund balance is estimated to be \$63.5 million. The City's General Purpose Fund is projected to achieve the Council-mandated 7.5% reserve fund balance of approximately \$30 million. It should be noted that this balance reflects and accounts for a number of adjustments and uncertainties as follows: Due to the uncertainty of the status of the Negotiated Settlement Agreement (NSA), the Administration is earmarking \$.8 million for Negotiated Settlement Agreement (NSA) compliance. The Administration is also earmarking \$4.3 million in a special reserve for potential litigation due to the State Board of Equalization related to sales tax allocations from prior years. In addition, in the event that transactions that occurred between the former Redevelopment Agency and the City are reversed, the fund balance

will be further reduced. After these adjustments, the net after the items listed, the GPF Fund is expected to maintain a fund balance of \$30.02 million (see below).

- Approximately \$19.4 million of this reserve is already included in the FY 2012-13 budget
- Approximately \$28 million of this \$83 million is subject to being “clawed back” by the State of California if it disallows the transfer of real property from the Redevelopment Agency to the City following the dissolution of Redevelopment.
- Reserve approximately \$5 million as an unanticipated expenditure fund to address as-yet unknown court orders, litigation and NSA compliance costs
- Therefore, the net “available” is \$30.02 million, which is slightly above the level mandated by the City Council.

Although the GPF fund balance has steadily grown back to the Council-mandated 7.5% GPF funding level (see Table 3), it is important to note that while the financial status improved in the General Purpose Fund (GPF), LLAD fund, Equipment fund and Facilities fund due to the steadily improved economy, diligent fiscal management, employee contributions, and one-time revenues; the City has over \$79 million in negative fund balances that are under a Repayment Plan; and there are \$14 million that are not reimbursable and not in the Repayment Plan (see Table 4). In addition, \$3.7 million from the County’s Residual Property Tax Trust (RPTT) (for property tax revenues of the City’s former Redevelopment Agency) was received earlier than expected and already accounted for in the FY 2012-13 mid-cycle amended budget.

Despite manageable challenges, the City remains optimistic in the steady economic growth the City is experiencing and accordingly, is preparing to set realistic goals to address our public safety priority by proposing to the City Council that it appropriates funding for the following: two police academies; road repairs, investment in economic development; and partner with the school district in enhancing education and youth activities. Details of the proposals will be forthcoming as part of the FY 2013-15 biennial budget.

BACKGROUND/LEGISLATIVE HISTORY

In June 2011, the City Council passed the FY 2011-13 Biennial Policy Budget, resolving a projected \$58 million shortfall in the GPF for FY 2011-12 and \$76 million in FY 2012-13. The shortfalls were eliminated through employee contributions (including furloughs, pension contributions, and salary reductions), departmental service reductions including the elimination of approximately 170 PTEs, and the use of minimal one-time revenues. The budget also made several organizational changes to reduce expenditures and eliminate administrative layers, and in an effort to improve the effectiveness of individual programs and services by aligning them closely with other related functions.

Subsequently, upon receipt of the California Supreme Court’s decision on December 29, 2011 to dissolve Redevelopment Agencies, the City took swift action to rebalance the budget again, in order to remove redevelopment funds from budgeted operations. On January 31, 2012, the City Council adopted an amended policy budget for both FY 2011-12 and FY 2012-13, which

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resolved projected GPF deficits of approximately \$12.4 million and \$28 million in FY 2011-12 and 2012-13, respectively, as a result of the dissolution of the Redevelopment Agency (prorated for FY 2011-12). The budget was rebalanced through a combination of the elimination of approximately 100 positions, substantial reorganizations and consolidations of departments, use of non-GPF funds (including Successor Agency resources), and the downgrading of high-level manager positions, all while focusing on preserving core governmental services such as public safety, infrastructure investment and protecting our social safety net. The Administration focused on mitigating the impact to employees and direct services. In the end, more than 700 positions were ultimately affected in this major overhaul of the City's budget, on an order of magnitude the City had not implemented since Proposition 13 in the 1970's.

On June 28, 2012, the City Council passed the FY 2012-13 Amended Mid-cycle Policy Budget, which contained no layoffs for the first time in four years, modest revenue growth, investment in essential services, such as two additional police academies, restoration of senior and recreation center hours, investment in economic development initiatives, funding for police evaluation and reforms, and the removal of one furlough day (and the dollar equivalent for sworn staff).

This report contains unaudited year-end budget information for FY 2011-12. The First Quarter Revenue & Expenditure Report for the current fiscal year (FY 2012-13), will be presented later this fall. In addition, staff will be publishing the Five Year Financial Plan in October.

ANALYSIS

General Purpose Fund

In the General Purpose Fund (1010), preliminary results indicate that overall the fund will end the year in a better state than anticipated in the Third Quarter Report. Unaudited revenues exceeded budgeted revenues by \$34.8 million (see Table 1).

It should be noted that of the \$34.8 million revenue exceeding the budgeted amount, \$24.4 million are due to one-time payments and early recognition of revenue; the remaining \$10.4 million are due to the economic growth. Details of the one-time payments are listed below:

- \$1.3M due to reallocation of sales tax from the county (strong fiscal control)
- \$1.6M due to the Landlord Audit project (strong fiscal control)
- \$8.4M due to retro-payment for Residual Property Tax Trust Fund (RPTTF) (Jan. – June 2012)
- \$4.4M due to early recognition of RPTTF (July – Dec. 2012)
- \$8.7M property sales (included in FY 2012-13 budget)
- \$24.4M due to one-time or early recognition

It should also be noted that \$10.7 million of the FY 2011-2012 revenue surplus was anticipated in the FY 2012-13 Budget documents. The additional surplus (beyond the \$10.7 million anticipated in Third Quarter) is the result of an additional \$13 million in "Residual Property Tax Trust (RPTT)" revenues received due to the dissolution of the City's Redevelopment Agency, including \$8.4 million that was received in July 2012 as a retroactive payment mandated by

recent State legislation and accrued back to FY 2011-12 (\$3.7 million of the \$13 million has already been appropriated in FY 2012-13); sale proceeds (\$3.4 million) from several properties sold to the Redevelopment Agency in FY 2011-12 instead of as anticipated to occur in FY 2012-13 (also already appropriated in FY 2012-13); as well as continued modest growth in Business License Tax, Property Tax, Transfer Tax and other economically sensitive revenue categories. In addition to the modest growth, land sale proceeds, and RPTT revenues. The GPF revenues also benefitted from one-time Business License and Sales Tax audit adjustment revenues, as noted in the Third Quarter.

On the expenditure side, unaudited year-end expenditures were approximately \$.53 million over-budget, primarily due to additional Police overtime. The over-expenditure was slightly less than anticipated in the third quarter report, due to the removal of a budgeted \$1.7 million GPF subsidy to Measure Y, which was unnecessary because of savings from on-the-job injury personnel cost charged to other funds.

The unaudited FY 2011-12 ending fund balance is \$82.9 million – an increase from the estimated gross ending fund balance included in the FY 2011-12 Mid-cycle Amended Budget.

Importantly, this amount represents the total uncommitted ending fund balance, which is very different from the “available” year-end fund balance. The year-end available fund balance is estimated to be approximately \$63.5 million, after including \$5.1 million in unspent project balances and contract encumbrances that have carried over to FY 2011-12, and removal of funds budgeted in FY 2012-13 (See Table 2). The City’s General Purpose Fund is projected to achieve the Council-mandated 7.5% reserve fund balance. Of note, the 7.5% requirement is projected to also be achieved even if presented with a scenario related to transactions that occurred between the former Redevelopment Agency and the City that could potentially be ordered to be reversed by the State, as well as potential payments due to court orders and potential litigations (see Table 2).

It is important that the City continues to plan for this contingency and cautiously approach the projected GPF fund balance presented in this report, especially in light of large unfunded liabilities, negative fund balances and other risks that may impact the fund balance this year, such as continued police overtime in order to cover empty beats, Negotiated Settlement Agreement (NSA), and economic uncertainties. Due to the uncertainty of the status of the Negotiated Settlement Agreement (NSA), the Administration is earmarking \$.8 million for NSA compliance. The Administration is also earmarking \$4.3 million in a special reserve for potential litigation due to the State Board of Equalization related to sales tax allocations from prior years (see Table 2). Net after items listed, the GPF is expected to maintain a fund balance of \$30.02 million.

Landscaping and Lighting Assessment District Fund (LLAD)

In the Landscaping and Lighting Assessment District Fund (2310) (LLAD), revenues are anticipated to exceed expenditures by \$1.1 million. This effectively strengthens the fund balance, reducing the negative balance from -\$0.25 million to -\$1.5 million. Pre-audit revenues

are \$19.4 million, an increase from the adjusted budget of \$18.7 million; pre-audit expenditures were as anticipated at \$18.3 million. The LLAD has steadily improved its negative fund balance from approximately -\$6 million in FY 2008-09 to its current -\$1.5 million. Furloughs and staff's diligent expenditure controls is attributed to helping close this negative fund balance.

Equipment Fund

Pre-audit results for the Equipment Fund (4100) indicate that revenues are anticipated to exceed expenditures by \$2.5 million. This surplus reduces the negative value of the cash balance to -\$7.8 million (excluding the asset value of the equipment), or -\$9.3 million after accounting for carry forward project balances. The revenue reflects actual charges to departments for equipment maintenance. This fund is reported on a cash basis. The Equipment Fund has steadily improved its negative fund balance from approximately -\$16 million in FY 2007-08 to its current -\$7.8 million. Discipline in adhering to repayment plans, more accurate departmental billing, furloughs, vacancies, and staff's diligent expenditure control is attributed to helping to reduce this negative fund balance.

Facilities Fund

Pre-audit results for the Facilities Fund (4400) indicate that revenues are anticipated to exceed expenditures by \$2.3 million. The surplus is due to two factors: (1) lower than anticipated negative interest income on the negative fund balance; and (2) savings in supplies, materials and service expenditures. The impact on the fund balance reduces the negative from -\$26.3 million to -\$23.9 million or -\$25.1 million after accounting for carry forward project balances. This fund is also reported on a cash basis. The Facilities Fund has steadily improved its negative fund balance from approximately -\$31 million in FY 2008-09 to its current -\$23.9 million. Discipline in adhering to repayment plans, furloughs, vacancies, and staff's diligent expenditure monitoring is attributed to helping to reduce this negative fund balance.

Of note, both the Equipment and Facilities Funds continue on ten-year repayment plans for their negative fund balances, and they are both projected to eliminate these negative fund balances by FY 2018-19.

The summary table on the following page reflects the pre-audit year-end results. It should be noted that the unaudited revenue data presented here are subject to adjustments due to the City's accrual policy and the FY 2011-12 annual audit that is currently in progress. The current year's financial audit in progress is expected to be completed by December 2012 and may provide some additional audit adjustments that affect revenue and expenditure information.

Table 1: Summary of FY 2011-12 Year-End Revenues & Expenditures

**FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
 Through Fourth Quarter (July 1, 2011 - June 30, 2012)**

Summary (\$ in millions)

GENERAL PURPOSE FUND (1010)

	FY 2011- 12 Adjusted Budget	FY 2011- 12 Q4 Unaudited YE Actuals	Year- End \$ Over / (Under) v Budg.
Beginning Fund Balance	\$31.6	\$31.6	
Revenue	\$414.8	\$449.5	\$34.8
Expenditures	\$397.7	\$398.2	\$0.5
Estimated Current Year Surplus/(Shortfall)	\$17.1	\$51.3	
Fund Balance [A]	48.7	\$82.9	
Included in FY 12-13 Adopted Amended Budget	(14.3)	(14.3)	
Carryforwards	(5.1)	(5.1)	
Ending Fund Balance (est.) [B]	\$29.3	\$63.5	

LANDSCAPING & LIGHTING ASSESSMENT DISTRICT FUND (2310)

Beginning Fund Balance	(2.5)	(2.5)	
Revenue	\$18.7	\$19.4	\$0.7
Expenditures	\$18.9	\$18.3	(0.6)
Estimated Current Year Surplus/(Shortfall)	(0.2)	\$1.1	
Fund Balance [A]	(2.7)	(1.4)	
Carryforwards	(0.1)	(0.1)	
Ending Fund Balance (est.) [B]	(2.7)	(1.5)	

EQUIPMENT FUND (4100)

Gross Beginning Cash Balance	(10.4)	(10.4)	
Revenue	\$18.0	\$17.7	(0.2)
Expenditures	\$16.8	\$15.2	(1.6)
Estimated Current Year Surplus/(Shortfall)	<u>\$1.2</u>	<u>\$2.5</u>	
Cash Balance [A]	(9.2)	(7.8)	
Carryforwards	<u>(1.4)</u>	<u>(1.4)</u>	
Ending Cash Balance (est.) [B]	(10.6)	(9.3)	

FACILITIES FUND (4400)

Gross Beginning Cash Balance	(26.3)	(26.3)	
Revenue	\$23.3	\$23.8	\$0.5
Expenditures	\$23.5	\$21.5	(2.0)
Estimated Current Year Surplus/(Shortfall)	<u>(0.2)</u>	<u>\$2.3</u>	
Cash Balance [A]	(26.4)	(23.9)	
Carryforwards	<u>(1.2)</u>	<u>(1.2)</u>	
Ending Cash Balance (est.) [B]	(27.6)	(25.1)	

[A] GPF and LLAD pre-audit fund balances. Equipment and Facilities pre-audit cash balances.

[B] GPF and LLAD estimated ending fund balance, net of prior year encumbrances, project carryforwards and budgeted transfers from fund balance. Equipment and Facilities estimated ending cash balance, assuming full expenditure of prior year carryforwards and encumbrances.

A. GENERAL PURPOSE FUND
(Attachments A-1 and A-2)

REVENUE HIGHLIGHTS

The FY 2011-12 adjusted revenue budget for the General Purpose Fund is \$414.8 million. Pre-audit year-end actuals total \$449.5 million, which represents a difference of \$34.75 million. Increases in many revenue categories were offset by slight declines in Interest Income and Fund Transfer revenues. Significant unaudited variances in each revenue category are shown below:

- Property Tax: +13.63 million
- Sales Tax: +\$5.95 million
- Business License Tax: +\$7.68 million
- Utility Consumption Tax: +\$.26 million
- Real Estate Transfer Tax: +\$2.06 million
- Transient Occupancy Tax: +\$1.99 million
- Parking Tax: +\$.95 million
- Service Charges: +\$1.53 million
- Miscellaneous: +\$.94 million

Attachment A-1 provides details of pre-audited revenue collection in comparison to budget. Highlights are provided below.

Property Tax: +\$13.63 million

Property Tax revenue received through the fourth quarter totaled \$138.80 million, \$13.63 million higher than the adjusted budget of \$125.17 million. Of note, this increase was primarily due to revenues received as part of the "Residual Property Tax Trust (RPTT)" due to the dissolution of Redevelopment. The unaudited results for other base property tax categories were very closed to the amount budgeted. The City received two RPTT payments that were booked as part of FY 2011-12 revenues: 1) \$4.4 million based on the July 2012-December 2012 Successor Agency Recognized Obligations Payment Schedule (ROPS) recognized, which has already been budgeted in the FY 2012-13 budget; 2) \$8.6 million retroactive payment received in July 2012 based on the January 2012-June 2012 ROPS.

Sales Tax: +\$5.95 million

Sales Tax revenue received through the fourth quarter totaled \$44.74 million, \$5.95 million higher than the adjusted budget of \$38.79 million. This total includes a one-time positive adjustment of \$1.3 million the City received as a result of a previous misallocation of sales tax into the Alameda County pool. Strong sales tax receipts are consistent with results across California. Jet fuel and gasoline sales make up a large component of Oakland's sales tax base, and the City benefited in FY 2011-12 from higher fuel prices in both categories. The City has also benefited from the opening of new high sales tax producing businesses including Target, One Source, and new car dealerships.

Business License Tax: +\$7.68 million

Business License Tax (BLT) revenue received through the fourth quarter totaled \$58.55 million, \$7.68 million higher than the adjusted budget of \$50.87 million. Growth was driven by one-time special audits, such as the Landlord Audit Project Phase III and Landlord Audit project, which identified 1,200 new residential rental business tax accounts. Business License Tax is driven by gross receipts in Oakland, which generally tracks with taxable sales. BLT is also benefiting from the opening of new businesses in the City. Business tax has also grown due to higher residential rental rates which have increase the gross receipts of residential landlords. New medical and transportation construction projects have also contributed the increase in BLT revenues.

Utility Consumption Tax: +\$.26 million

Utility Consumption Tax revenue received through the fourth quarter totaled \$51.43 million, \$0.26 million higher than the adjusted budget of \$51.18 million. Minimal growth was primarily driven by telecommunications and energy utilities. Continued leakage due to consumer substitution toward non-taxable services (pre-paid cell phones, voice over internet protocol, data plans) and energy efficiency initiatives eroded some revenues.

Real Estate Transfer Tax: +\$2.06 million

Real Estate Transfer Tax revenue received through the fourth quarter totaled \$30.55 million, \$2 million higher than the adjusted budget of \$28.5 million, primarily due to an increase in the average transfer value of properties.

Transient Occupancy Tax: +\$1.99 million

Transient Occupancy Tax revenue received through the fourth quarter totaled \$10.71 million, \$1.99 million higher than the adjusted budget of \$8.7 million, showing an increase in tourism and business travel. The regional hotel market has experienced some resurgence during the fiscal year, and Oakland's increased occupancy and rental rates are consistent with regional trends.

Parking Tax: +\$.95 million

Parking Tax revenue received through the fourth quarter totaled \$8.62 million, almost \$1.0 million higher than the adjusted budget of \$7.67 million. Similar to Transient Occupancy Tax revenue, this increase is primarily due to improved travel and economic activity. Parking Tax revenue from the Oakland International Airport has remained relatively flat since the loss of airlines in FY 2008-09.

Service Charges (Including Parking Meters): +\$1.53 million

Service Charges (including parking meter revenue) revenue totaled \$45.95 million, \$1.53 million above the adjusted budget of \$44.42 million. The increase is consistent with increased activity in Oakland's commercial districts as well as a true-up of Franchise Fee revenues, offset by unrealized fire inspection and East Oakland Sports Center revenues.

Miscellaneous Revenue: +\$.94 million

Miscellaneous Revenue consists of land sales, and other income that do not fit other revenue categories. Revenues received through the fourth quarter totaled \$32.08 million, \$.94 million

higher than the adjusted budgeted of \$31.14 million due to property sales that occurred in FY 2011-12 instead of as anticipated in FY 2012-13, which was offset by lower billboard revenues.

Carryforwards (Drawdown of Fund Balance)

At the end of each fiscal year, the City has committed but unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. For the General Purpose Fund, \$5.1 million in unspent project balances and contract encumbrances has carried over from FY 2011-12 to FY 2012-13.

EXPENDITURE HIGHLIGHTS

As outlined in Attachment A-2, the FY 2011-12 Q4 Adjusted Budget was \$397.7 million. The General Purpose Fund (GPF) unaudited expenditure projection through June 30, 2012 is \$402.5 million resulting in an over-spending of \$4.8 million.

Attachment A-2 also summarizes agency / department-level spending. Attachment B provides the breakdown of overtime spending through fiscal year-end for the General Purpose Fund and All Funds. Provided below is a discussion of each agencies / departments unaudited savings or overspending in the GPF at year-end.

Mayor's Office

The Mayor's Office under spent its appropriation of \$1.18 million by \$10,000.

City Administrator

The City Administrator's office spent \$16.32 million compared to the Adjusted Budget of \$16.81 million. The under-expenditure of \$.49 million is due to partial year vacancy savings in Public Ethics and the Budget Office, as well as a \$.25 million year-end technical accounting adjustment.

City Council

The City Council spent reached \$2.61 million compared to the Adjusted Budget of \$2.28 million. The over expenditure of \$330,000 is due to delayed implementation of budget reductions and insufficient leave-taking.

City Attorney

The Office of the City Attorney spent \$4.0 million compared to the Adjusted Budget of \$4.10 million. The \$0.10 million under-expenditure is due to vacancy savings that offset low levels of paid leave-taking.

City Auditor

The Office of the City Auditor spent \$1.35 million compared to the Adjusted Budget of \$.89 million. The \$0.46 million over-expenditure is due to budget reductions not being implemented. The City Auditor's Office justifies continuing to not implement the targeted reductions by citing

a legal opinion from the Office of the City Attorney which opines budget reductions would prevent the City Auditor's Office from carrying out its charter-mandated duties.

City Clerk

The Office of the City Clerk spent \$1.89 million compared to the Adjusted Budget of \$2.58 million, a difference of \$.69 million. Savings were due to salary and O&M savings, which have been carried forward to fund future election costs.

Administrative Services

Administrative Services (Information Technology, Treasury, Controller, Human Resources) unaudited expenditures were \$28.4 million compared to the Adjusted Budget of \$25.29 million. The over-spending of \$3.1 million is primarily due to year-end accounting adjustments to reflect (1) a \$2.0 million allowance for prior years' doubtful Port receivables for Personnel Services, and (2) a \$1.10 million County Parking Settlement. In addition, the overage is due to not being able to achieve the budgeted vacancy factor and insufficient leave taking as well as overtime spending on resolving IT issues in public safety.

Police Services (OPD)

Police Services spent \$159.78 million compared to its Adjusted Budget of \$157.22 million. The over expenditure of \$2.57 million was primarily due to overtime costs for sworn and civilian personnel, which was partially offset by civilian vacancy savings. As noted in the Third Quarter Report, \$2 million of the department's GPF overspending was offset by transfers to other OPD grant and other one-time funds.

Fire Services

Fire Services spent \$91.3 million compared to the Adjusted Budget of \$91.58 million, saving \$.28 million. It is important to note that while overtime was overspent, overall personnel services expenditures for Fire were under budget.

Community Services

Community Services spent \$17.18 million compared to the Adjusted Budget of \$17.77, a difference of \$.59 million. Savings were anticipated due to the timing of some of Human Resources contract payments (after the year-end closing) as well as the Raiders Ticket Surcharge carryforward.

Public Works

Public Works GPF spent \$.51 million compared to the Adjusted Budget of \$.34, a difference of \$.17 million, due to overspending in the Parking Meter Repair unit, which has subsequently been resolved for the current fiscal year.

Museum

While the Oakland Museum of California is no longer managed by the City or considered a City department, \$.24 million of expenditures occurred in early FY 2011-12, due to the delayed implementation of position reductions into July 2011, in order to comply with employee layoff noticing requirements.

Non-Departmental

The Non-Departmental unit spent \$62.17 million and had savings of \$3.67 million out of an Adjusted Budget of \$65.84 million. The variance primarily stems from the Central Service Overhead recovery account exceeding budget due to insufficient leave taking in other funds, which offsets unanticipated spending on protest/demonstration operations costs.

FUND BALANCE ANALYSIS

The unaudited gross ending fund balance is \$82.9 million – an increase from the estimated gross ending fund balance included in the FY 2011-12 Mid-cycle Amended Budget. Importantly, this number represents the gross ending fund balance, but that is very different from the “available” year-end fund balance. The year-end available fund balance is estimated to be approximately \$63.5 million, after including \$5.1 million in unspent project balances and contract encumbrances that have carried over to FY 2011-12, and removal of funds budgeted in FY 2012-13 (See Table 2).

The unaudited preliminary year-end available fund balance is estimated to be \$63.5 million. The City’s General Purpose Fund is projected to achieve the Council-mandated 7.5% reserve fund balance roughly \$30 million. Due to the uncertainty of the status of the Negotiated Settlement (NSA), the Administration is earmarking \$.8 million for Negotiated Settlement Agreement (NSA) compliance. The Administration is also earmarking \$4.3 million in a special reserve for potential litigation due to State Board of Equalization related to sales tax allocation from prior years. In addition, in the event that transactions that occurred between the former Redevelopment Agency and the City are reversed the GPF fund balance will be further reduced. Net after items listed, the GPF is expected to maintain a fund balance of \$30.02 million (see Table 2).

The City Council-mandated reserve level of at least 7.5% of the GPF budget requires a reserve of approximately \$30 million. The GPF is projected to achieve the Council-mandated 7.5% reserve fund balance. Of note, the 7.5% requirement is projected to also be achieved even if presented with a scenario related to transactions that occurred between the former Redevelopment Agency and the City that could potentially be ordered to be reversed by the State (see Table 1). It is important that the City continue to plan for this contingency and cautiously approach the projected GPF fund balance presented in this report, especially in light of large unfunded liabilities, negative fund balances and other risks that may impact the fund balance this year,

such as continued police overtime in order to cover empty beats, compliance with the Negotiated Settlement Agreement (NSA) and economic uncertainties.

The City Council-mandated reserve level of at least 7.5% of the GPF requires a reserve of approximately \$30 million. The current fund balance exceeds the \$30 million requirement for the first time in five years (see Table 3). However, as noted above, the City must approach its fund balance very cautiously, due to the potential of unbudgeted expenditures related to the NSA compliance, potential litigation result, and police overtime overages to cover empty beats.

Table 2: FY 11-12 Year-End Available GPF Fund Balance

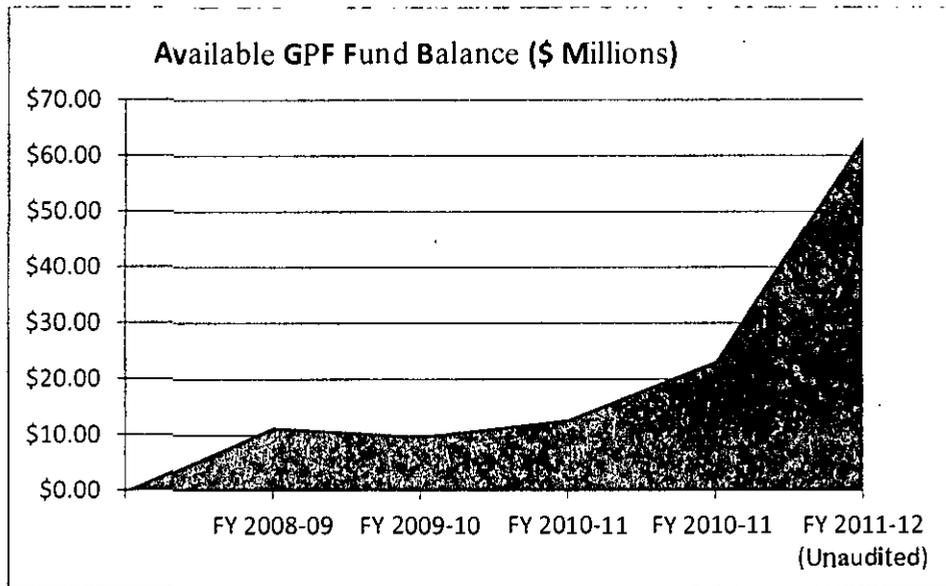
Gross ending Fund Balance	\$	82,900,000
Minus Jun-Dec ROPS Residual Prop Tax Trust (RPTT) already included in 12-13 budget	\$	(3,700,000)
Minus \$8.7m for 12-13 budget (property sales)	\$	(8,782,521)
Minus \$1.8m for Coliseum City EIR already included in 12-13 budget	\$	(1,800,000)*
Minus Project CFs and Encumbrances	\$	(5,100,000)
NET AVAILABLE ENDING FB (proj.)	\$	63,517,479
Minus return of property transfer proceeds if subject to State action	\$	(35,700,000)
PLUS expected RPTT if state action taken	\$	7,500,000 **
Minus contingent reserved for NSA, court orders and litigation	\$	(5,100,000)***
NET AVAILABLE ENDING FB W/State Action (proj.)	\$	30,217,479

*City Council directed the City Administrator to send the request to fund the Coliseum City EIR (\$1.8 million) to the Oversight Board and/or identify other sources of remaining funds. The GPF fund balance has been used as a placeholder, pending implementation of Council's direction, which includes the following sources: oversight board funding, ACTC advance, JPA funding, and last resort, General Purpose Fund.

**This estimation is contingent upon due diligence review, only approximately 40% of the tax increment portion of land sale proceeds can be transferred to the City.

***This estimation is low for full compliance of all NSA terms.

Table 3: Historical Available GPF Balance



It is important that the City continues to plan for this contingency and cautiously approach the projected GPF fund balance presented in this report, especially in light of large unfunded liabilities, negative fund balances and other risks that may impact the fund balance this year, such as continued police overtime in order to cover empty beats, Negotiated Settlement Agreement (NSA), and economic uncertainties.

It is also important to note the progress the City continued to make in FY 2011-12 on its funds that had negative fund balances. Over the past decade, many Non-GPF have been depleted creating financial pressures on the GPF. They are largely attributable to historical overspending and/or under-recovery and transfers to the GPF for budget balancing measures. Other contributing factors include the more recent operational shortfalls. At the close of FY 2009-10, over \$138 million remained in negative fund balances (see Table 4).

The FY 2009-11 and FY 2011-13 Adopted Policy Budgets included repayment plans for the City to repay itself for the use of pooled cash for both Program Funds and Internal Service Funds (ISFs). The Repayment Plan has been monitored closely by staff, and staff has also instituted more frequent draw-downs of grant funds, as well as increased oversight and management of expenditures for funds with negative balances. Since FY 2009-10, over \$32 million has been repaid, reducing the negative balances and mitigating the accumulation of negative interest. Continued commitment to repayment, especially while interest rates are low, is strongly encouraged to ensure the necessary financial progress as a commitment to external auditors. Negative balances continue to draw resources from other funds, and ultimately become the responsibility of the GPF. A detail list of the negative fund balances is provided in Appendix F.

Table 4: Negative Fund Balance Summary FY 2009-10 Through FY 2011-12

	Negative Fund Category	Fund Balance FY 2009-10	Fund Balance FY 2010-11	Fund Balance FY 2011-12
1	Negative Funds with Repayment Plan	(98,175,474)	(94,379,909)	(79,260,347)
2	Reimbursable Negative Funds	(22,448,746)	(13,525,732)	(12,485,594)
3	Non-Reimbursable Negative Funds without Repayment Plan	(17,542,656)	(13,441,408)	(14,031,629)
Total Negative Funds		\$ (138,166,876)	\$ (121,347,049)	\$ (105,777,570)
FY 2010-11 through FY 2011-12 repayment amount		\$ 32,389,306		

PUBLIC OUTREACH/INTEREST

Not applicable.

COORDINATION

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

COST SUMMARY/IMPLICATIONS

This report presents unaudited year-end results for the General Purpose Fund and three key City funds for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

SUSTAINABLE OPPORTUNITIES

Economic: No direct economic opportunities have been identified.

Environmental: No direct environmental impacts have been identified.

Social Equity: No social equity opportunities have been identified.

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

Respectfully submitted,



DONNA HOM
Interim Budget Director

Attachments:

- A-1: General Purpose Fund Revenues*
- A-2: General Purpose Fund Expenditures*
- B: Overtime Analysis*
- C-1: Landscape and Lighting Assessment District Fund Revenues*
- C-2: Landscape and Lighting Assessment District Fund Expenditures*
- D-1: Equipment Fund Revenues*
- D-2: Equipment Fund Expenditures*
- E- 1: Facilities Fund Revenues*
- E- 2: Facilities Fund Expenditures*
- F: Negative Fund Balance Details*

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
Through Fourth Quarter (July 1, 2011 - June 30, 2012)
GENERAL PURPOSE FUND REVENUES (\$ in millions)

Revenue Category	FY 2011-12 Adjusted Budget (Q4)	FY 2011-12 Q4 Actuals	FY 2011-12 Percent to Date	FY 2011-11 Unaudited Year- End Actuals	FY 2011-12 Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection
PROPERTY TAX	125.17	138.80	110.9%	138.80	13.63	Residual Property Tax Trust (RPTT) due to dissolution of redevelopment, as well as modest growth
SALES TAX	38.79	44.74	115.3%	44.74	5.95	One-time positive audit adjustment; increased tax receipts consistent with State growth; opening of new high sales tax producing businesses
VEHICLE LICENSE FEE (VLF) - TAX & BACKFILL	0.00	0.00	0%	0.00	0.00	
BUSINESS LICENSE TAX	50.87	58.55	115.1%	58.55	7.68	One-time special audits; gross receipts base growth
UTILITY CONSUMPTION TAX	51.18	51.43	100.5%	51.43	0.26	
REAL ESTATE TRANSFER TAX	28.49	30.55	107.2%	30.55	2.06	Increased median sales prices
TRANSIENT OCCUPANCY TAX	8.73	10.71	122.7%	10.71	1.99	Increase in tourism and business travel
PARKING TAX	7.67	8.62	112.3%	8.62	0.95	Improved travel activity
LICENSES & PERMITS	0.94	1.16	123.3%	1.16	0.22	
FINES & PENALTIES	24.07	24.25	100.7%	24.25	0.18	
INTEREST INCOME	0.80	0.74	92.6%	0.74	(0.06)	
SERVICE CHARGES	44.42	45.95	103.4%	45.95	1.53	Franchise Fees true-up offset by lower fee revenues
GRANTS & SUBSIDIES	0.01	0.23	2291.1%	0.23	0.22	
MISCELLANEOUS	31.14	32.08	103.0%	32.08	0.94	Property sales that occurred in 11-12 instead of as anticipated in 12-13, offset by lower billboard revenues
FUND TRANSFERS	2.50	1.72	68.7%	1.72	(0.78)	Was anticipated and covered by transfer from prior year GPF fund balance
Total Revenue	\$414.77	\$449.52	108.4%	\$449.52	\$34.75	

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
Through Fourth Quarter (July 1, 2011 - June 30, 2012)
GENERAL PURPOSE FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2011-12 Adjusted Budget (Q4)*	FY 2011-12 Q4 Actual	FY 2011-12 Percent To Data	Year-End Explanation of Year-End Adjustments Adjustments	FY 2011-12 Unaudited Year-End Actuals	FY 2011-12 Year-End \$ Over / (Under) Adjusted Budget	FY 2011-12 Year-End (Over) / Under as % of Adjusted Budget	Explanation of (Overspending) / Savings
MAYOR	1.18	1.17	99.4%		1.17	(0.01)	(0.6%)	
CITY COUNCIL	2.28	2.61	114.6%		2.61	0.33	14.6%	The over spending is associated with insufficient leave taking and delayed implementation of reductions
CITY ADMINISTRATOR	16.81	16.57	98.6%	-0.25 Parking adjustments	16.32	(0.49)	(2.9%)	
CITY ATTORNEY	4.10	4.00	97.7%		4.00	(0.10)	(2.3%)	
CITY AUDITOR	0.89	1.35	152.3%		1.35	0.46	52.3%	The over-expenditure is due to budget reductions not implemented by the department
CITY CLERK	2.58	1.89	73.1%		1.89	(0.69)	(26.9%)	The under spending is associated with vacant positions; however, the savings may be consumed by elections or ballot initiatives
ADMINISTRATIVE SERVICES						0.00		
INFORMATION TECHNOLOGY	7.27	7.07	97.3%		7.07	(0.20)	(2.7%)	The over-expenditure is primarily due to allowance for prior year's doubtful Port receivables for Personnel Services.
FINANCE & MANAGEMENT	14.14	15.93	112.7%		15.93	1.79	12.7%	
HUMAN RESOURCES	3.63	5.39	139.1%		5.39	1.52	39.1%	
POLICE SERVICES	157.22	159.78	101.6%		159.78	2.57	1.6%	Deficit primarily due to overtime costs for both sworn and civilians exacerbated by Occupy Oakland, demonstrations, and overtime overage in efforts to cover empty beats
FIRE SERVICES	91.58	91.30	99.7%		91.30	(0.28)	(0.3%)	
LIBRARY SERVICES	9.06	9.03	99.7%		9.03	(0.02)	(0.3%)	
COMMUNITY SERVICES						0.00		
PARKS & RECREATION	12.30	12.17	98.9%		12.17	(0.13)	(1.1%)	
HUMAN SERVICES	5.47	5.02	91.7%		5.02	(0.46)	(8.3%)	
PUBLIC WORKS	0.34	0.51	151.6%		0.51	0.17	51.6%	
MUSEUM	0.00	0.24	0%		0.24	0.24		
COMMUNITY & ECONOMIC DEVELOPMENT	0.23	0.24	102.5%		0.24	0.01	2.5%	
PLANNING, BUILDING & NEIGHORHOOD PRESERVATION	0.00	0.00	0%		0.00	0.00	0%	
HOUSING & COMMUNITY DEVELOPMENT	1.94	1.94	100.0%		1.94	0.00	0.0%	
NON-DEPARTMENTAL	65.54	62.17	94.4%		62.17	(3.67)	(5.6%)	Primarily due to Central Service Overhead recoveries exceeding budget
SUBTOTAL	397.10	395.38	100.3%	-0.25	398.13	1.04	0.3%	
CAPITAL IMPROVEMENT PROGRAM	0.61	0.11	17.4%		0.11	(0.50)	(82.6%)	
Total Expenditures	\$397.70	\$398.49	100.2%	-\$0.25	\$398.24	\$0.53	0.1%	
*Net of Prior Year Carryforward								

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
Through Fourth Quarter (July 1, 2011 - June 30, 2012)
OVERTIME ANALYSIS (in Dollars)GENERAL PURPOSE FUND

Agency / Department	FY 2011-12 Adjusted Budget (Q4)*	FY 2011-12 Q4 Overtime Actual	FY 2011-12 Percent Exp To Date	FY 2011-12 Unaudited Year-End Actuals	FY 2011-12 Year-End \$ (Over) / Under Adjusted Budget	FY 2011-12 Year-End (Over) / Under as % of Adjusted Budget	Explanation of Over / (Under) Collection
MAYOR	8,960	0	0.0%	0	8,960	100.0%	
CITY COUNCIL	0	75	0.0%	75	(75)	0.0%	
CITY ADMINISTRATOR	8,869	13,219	149.1%	13,219	(4,351)	(49.1%)	
CITY ATTORNEY	(570)	141	(24.7%)	141	(711)	124.7%	
CITY AUDITOR	0	0	0.0%	0	0	0.0%	
CITY CLERK	11,570	9,070	78.4%	9,070	2,500	21.6%	
ADMINISTRATIVE SERVICES							
INFORMATION TECHNOLOGY	2,040	64,789	3176.0%	64,789	(62,749)	(3076.0%)	Overtime spent pertains to DIT Staff responding to technical issues and outages of applications for Public Safety and Citywide services.
FINANCE & MANAGEMENT	81,330	26,448	32.5%	26,448	54,882	67.5%	
HUMAN RESOURCES	26,230	14,830	56.5%	14,830	11,400	43.5%	
POLICE SERVICES	13,424,438	18,564,788	138.3%	18,564,788	(5,140,350)	(38.3%)	Historically low levels of sworn staffing leading to high OT costs, and Occupy Oakland
FIRE SERVICES	151,550	9,987,358	6590.1%	9,987,358	(9,835,808)	(6490.1%)	Overspending in overtime offset by savings in personnel.
LIBRARY SERVICES	6,260	857	13.7%	857	5,403	86.3%	
COMMUNITY SERVICES							
PARKS & RECREATION	0	6,383	0.0%	6,383	(6,383)	0.0%	
HUMAN SERVICES	0	4,247	0.0%	4,247	(4,247)	0.0%	
PUBLIC WORKS	3,550	0	0.0%	0	3,550	100.0%	
MUSEUM	0	2,082					
COMMUNITY & ECONOMIC DEVELOPMENT	0	0	0.0%	0	0	0.0%	
PLANNING, BUILDING & NEIGHBORHOOD PRESERVATION	0	0	0.0%	0	0	0.0%	
HOUSING & COMMUNITY DEVELOPMENT	0	0	0.0%	0	0	0.0%	
NON-DEPARTMENTAL	0	0	0.0%	0	0	0.0%	
CAPITAL IMPROVEMENT PROGRAM	0	0	0.0%	0	0	0.0%	
TOTAL	\$13,724,227	\$28,694,289	209.1%	\$28,692,206	(\$14,967,980)	(109.1%)	

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
Through Fourth Quarter (July 1, 2011 - June 30, 2012)
OVERTIME ANALYSIS (in Dollars)ALL FUNDS

Agency / Department	FY 2011-12 Adjusted Budget (Q4)*	FY 2011-12 Q4 Overtime Actual	FY 2011-12 Percent Exp To Date	FY 2011-12 Unaudited Year-End Actuals	FY 2011-12 Year-End \$ (Over) / Under Adjusted Budget	FY 2011-12 Year-End (Over) / Under as % of Adjusted Budget	
MAYOR	11,419	431	3.8%	431	10,988	96.2%	
CITY COUNCIL	0	94	0.0%	94	(94)	0.0%	
CITY ADMINISTRATOR	47,605	40,203	84.5%	40,203	7,402	15.5%	
CITY ATTORNEY	(570)	194	(34.1%)	194	(764)	134.1%	
CITY AUDITOR	0	0	0.0%	0	0	0.0%	
CITY CLERK	23,140	14,086	60.9%	14,086	9,054	39.1%	
ADMINISTRATIVE SERVICES							
INFORMATION TECHNOLOGY	11,746	104,663	891.1%	104,663	(92,918)	(791.1%)	Overtime spent pertains to DIT Staff responding to technical issues and outages of applications for Public Safety and Citywide services.
FINANCE & MANAGEMENT	88,903	32,534	36.6%	32,534	56,369	63.4%	
HUMAN RESOURCES	26,230	15,061	57.4%	15,061	11,169	42.6%	
POLICE SERVICES	15,137,155	21,793,171	144.0%	21,793,171	(6,656,016)	(44.0%)	Historically low levels of sworn staffing leading to high OT costs and Occupy Oakland
FIRE SERVICES	4,507,821	14,292,175	317.1%	14,292,175	(9,784,354)	(217.1%)	Overspending in overtime offset by savings in personnel,
LIBRARY SERVICES	6,260	2,919	46.6%	2,919	3,341	53.4%	
COMMUNITY SERVICES							
PARKS & RECREATION	0	7,427	0.0%	7,427	(7,427)	0.0%	
HUMAN SERVICES	0	5,924	0.0%	5,924	(5,924)	0.0%	
PUBLIC WORKS	1,354,326	1,871,186	138.2%	1,871,186	(516,860)	(38.2%)	OT spending primarily due to sewer maintenance related to EPA administrative order, street cleaning and tree service activities, and Occupy Oakland
MUSEUM	0	2,371					
COMMUNITY & ECONOMIC DEVELOPMENT	8,652	341,700	3949.4%	341,700	(333,048)	(3849.4%)	OT is primarily associated with building/permitting services
PLANNING, BUILDING & NEIGHBORHOOD PRESERVATION	187,809	203,445	108.3%	203,445	(15,637)	(8.3%)	
HOUSING & COMMUNITY DEVELOPMENT	166	5,491	3309.3%	5,491	(5,326)	(3209.3%)	
NON-DEPARTMENTAL	0	0	0.0%	0	0	0.0%	
CAPITAL IMPROVEMENT PROGRAM	0	0	0.0%	0	0	0.0%	
TOTAL	\$21,410,662	\$38,733,076	180.9%	\$38,730,705	(\$17,320,043)	-60.9%	

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS**Through Fourth Quarter (July 1, 2011 - June 30, 2012)****LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT FUND REVENUES (\$ in millions)**

Revenue Category	FY 2011-12 Adjusted Budget (Q4)	FY 2011-12 Q4 Actuals	FY 2011-12 Percent To Date	FY 2011-12 Year-End Estimate	FY 2011-12 Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection
TAX LEVY	18.53	19.18	103.5%	19.18	0.65	
LICENSES & PERMITS	0.01	0.02	143.3%	0.02	0.01	
INTEREST INCOME	0.00	(0.01)	0.0%	(0.01)	(0.01)	
SERVICE CHARGES	0.17	0.18	103.8%	0.18	0.01	
OTHER	0.00	0.02	0.0%	0.02	0.02	
Total Revenue	\$18.71	\$19.38	104.6%	\$19.38	\$0.67	

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS

Through Fourth Quarter (July 1, 2011 - June 30, 2012)

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2011-12 Adjusted Budget (Q4)	FY 2011-12 Q4 Actual	FY 2011-12 Percent To Date	FY 2011-12 Unaudited Year-End Actuals	FY 2011-12 Year-End \$ Over / (Under) Adjusted Budget	FY 2011-12 Year-End Over / (Under) as % of Adjusted Budget	Explanation of (Overspending) / Savings
CITY ADMINISTRATOR	0.06	0.04	64.3%	0.04	-0.02	(35.71%)	
MUSEUM	0.00	0.00	0.0%	0.00	0.00	0.0%	
ADMINISTRATIVE SERVICES							
FINANCE & MANAGEMENT	0.03	0.18	686.5%	0.18	0.15	586.48%	Cost associated with bad debt
COMMUNITY SERVICES							
PARKS & RECREATION	3.90	3.95	101.1%	3.95	0.04	1.10%	Overspending due to personnel overages
PUBLIC WORKS	14.88	14.10	94.8%	14.10	-0.77	(5.21%)	
NON-DEPARTMENTAL			0.0%	0.00	0.00	0.0%	
Total Expenditures	\$18.86	\$18.26	96.8%	\$18.26	-\$0.60	(3.19%)	

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
Through Fourth Quarter (July 1, 2011 - June 30, 2012)
EQUIPMENT FUND REVENUES (\$ in millions)

Revenue Category	FY 2011-12 Adjusted Budget (Q4)	FY 2011-12 Q4 Actuals --	FY 2011-12 Percent to Date	FY 2011-12 Unaudited Year- End Actuals	FY 2011-12 Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection
INTERNAL SERVICE	17.48	17.29	98.9%	17.29	(0.18)	
SERVICE CHARGES	0.16	0.01	5.0%	0.01	(0.15)	
INTEREST INCOME	(0.04)	(0.03)	80.8%	(0.03)	0.01	
LICENSES & PERMITS	0.08	0.04	54.6%	0.04	(0.04)	
MISCELLANEOUS	1.03	0.41	40.2%	0.41	(0.62)	
Total Revenue	\$18.71	\$17.73	94.8%	\$17.73	(0.98)	

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
Through Fourth Quarter (July 1, 2011 - June 30, 2012)
EQUIPMENT FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2011-12 Adjusted Budget (Q4)	FY 2011-12 Q4 Actual	FY 2011-12 Percent to Date	FY 2011-12 Unaudited Year-End Actuals	FY 2011-12 Year-End \$ Over / (Under) Adjusted Budget	FY 2011-12 Year-End Over / (Under) as % of Adjusted Budget	Explanation of (Overspending) / Savings
ADMINISTRATIVE SERVICES							
FINANCE & MANAGEMENT	0.03	0.03	100.0%	0.03	0.00	0.00%	
INFORMATION TECHNOLOGY	0.00	0.00	0.0%	0.00	0.00	0.0%	
HUMAN RESOURCES	(0.01)	0.01	0.0%	0.01	0.00	0.0%	
COMMUNITY SERVICES							
PARKS & RECREATION	0.00	0.00	0.0%	0.00	0.00	0.0%	
PUBLIC WORKS	16.75	17.43	104.0%	17.43	0.67	4.02%	
COMMUNITY & ECONOMIC DEVELOPMENT	0.00	0.00	0.0%	0.00	0.00	0.0%	
PLANNING, BUILDING & NEIGHORHOOD PRESERVATION	0.00	0.00	0.0%	0.00	0.00	0.0%	
NON-DEPARTMENTAL	0.00	-0.89	0.0%	(0.89)	(0.89)	0.0%	
CAPITAL IMPROVEMENT PROGRAM	0.00	0.17	0.0%	0.17	0.17	0.0%	
Total Expenditures	\$16.77	\$16.74	99.8%	\$16.74	(0.05)	(0.31%)	
Less:							
Depreciation	0.00	(2.62)		(2.62)			
Use of Trustee Cash	0.00	0.00		0.00			
Addbacks:							
Debt payment	0.90	0.89		0.89			
Adjustments	0.20	0.20		0.20			
NET EXPENDITURE	\$17.87	\$15.21		\$15.21			

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
Through Fourth Quarter (July 1, 2011 - June 30, 2012)
FACILITIES FUND REVENUES (\$ in millions)

Revenue Category	FY 2011-12 Adjusted Budget (Q4)	FY 2011-12 Q4 Actuals	FY 2011-12 Percent to Date	FY 2011-12 Unaudited Year- End Actuals	FY 2011-12 Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection
INTERNAL SERVICE	22.26	22.47	101.0%	22.47	0.21	Additional revenue from Musuem complex
SERVICE CHARGES	0.05	0.48	966.9%	0.48	0.43	
INTEREST INCOME	(0.01)	(0.01)	76.5%	(0.01)	0.00	
MISCELLANEOUS	0.90	0.46	51.3%	0.46	(0.44)	
GRANTS & SUBSIDIES	0.12	0.42	344.4%	0.42	0.30	
Total Revenue	\$23.32	\$23.82	107.0%	\$23.82	\$0.51	

FY 2011-12 REVENUE AND EXPENDITURE ANALYSIS
Through Fourth Quarter (July 1, 2011 - June 30, 2012)
FACILITIES FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2011-12 Adjusted Budget (Q4)	FY 2011-12 Q4 Actual	FY 2011-12 Percent to Date	FY 2011-12 Unaudited Year-End Actuals	FY 2011-12 Year-End \$ Over / (Under) Adjusted Budget	FY 2011-12 Year-End Over / (Under) as % of Adjusted Budget	Explanation of (Overspending) / Savings
ADMINISTRATIVE SERVICES							
HUMAN RESOURCES	0.01	0.01	83.9%	0.01	0.00	(16.1%)	
FINANCE & MANAGEMENT	0.00	0.00	0.0%	0.00	0.00	0.0%	
PUBLIC WORKS	23.23	21.64	93.2%	21.64	-1.59	(6.8%)	Personnel savings and work order expenditures
POLICE SERVICES	0.00	0.00	0.0%	0.00	0.00	0.0%	
NON-DEPARTMENTAL	0.00	-0.32	0.0%	(0.32)	-0.32	0.0%	
CAPITAL IMPROVEMENT PROGRAM	0.25	0.01	4.6%	0.01	-0.24	(95.4%)	
Total Expenditures	\$23.49	\$21.35	90.9%	\$21.35	-\$2.14	(9.13%)	

Fund	Fund Description	Assigned Agency / Dept	Ending Fund Balance (as of 6/30/10)	Ending Fund Balance (as of 6/30/11)	Un-audited Fund Balance (as of 6/30/12)	Explanation of negative fund balance
Negative Funds with Repayment Schedules:						
1100	Self Insurance Liability	Budget Office	(23,482,665)	(28,885,586)	(22,980,339)	On repayment plan through 2022
1700	Mandatory Refuse Program	ASD	(7,401,479)	(7,742,916)	(6,486,133)	Rising lien receivables due to non-payments of garbage fees, and previous multiple transfer to GPF. Negative Funds should be eliminated over time as liens are collected through sale of properties. Additionally the recent increase of surcharge rate will leave a positive effect on this fund balance.
1730	Henry J Kaiser Convention Ce	Budget Office	(4,710,045)	(4,062,136)	(3,490,580)	On repayment plan through 2018
1750	Multipurpose Reserve	PWA	(4,047,612)	(4,599,488)	(4,626,298)	Negative was created due to two \$2.1 million transfer to the GPF and in FY 2005-06 an additional \$800K was transferred to GPF. Garage rate increases and expenditure reductions were adopted for FY09-11. Additionally transportation staff will charge a percentage of their time directly to capital projects in other funds where possible which will reduce personnel costs.
1760	Telecommunications Reserve	CAO	(1,074,609)	(567,646)	(197,957)	The fund was previously on a re-payment plan but will now be drawn down by surplus franchise fee revenues.
1791	Contract Administration Fee	DCP	(4,131,840)	(3,515,594)	(2,942,764)	On repayment plan through 2016
2310	Lighting and Landscape Assessment District	PWA	(4,620,719)	(2,516,548)	(1,403,288)	PWA is working diligently to reduce the deficit/negative fund balance.
4100	Equipment	PWA	(13,224,994)	(10,363,365)	(7,759,377)	On repayment plan through 2019
4300	Reproduction	DIT	(187,543)	(441,775)	(815,669)	On repayment plan through 2019
4400	City Facilities	PWA	(29,088,831)	(26,260,574)	(23,885,961)	On repayment plan through 2019
4500	Central Stores	ASD	(5,209,132)	(4,659,415)	(4,146,005)	On repayment plan through 2019. To reduce the cost of the fund Central Store section was eliminated in FY2011-2012 adopted budget. Agencies/departments will now manage their supplies on a just-in-time basis.
4550	Purchasing	DCP	(996,004)	(764,866)	(525,975)	On repayment plan through 2019
	Total		(98,175,474)	(94,379,909)	(79,260,347)	
Reimbursable Negative Funds:						
2061	2006 FEMA: 1628 Winter Storm	PWA	(235,261)	(235,102)	(223,546)	The City is waiting for FEMA to issue the final dose out report of the disaster, send final reimbursement and release retention payment.
2062	2006 FEMA: 1646 Spring Storm	PWA	(547,880)	(547,509)	(547,108)	The City is waiting for FEMA to issue the final dose out report of the disaster, send final reimbursement and release retention payment.
2102	Department of Agriculture	DHS	(100,264)	(169,913)	(107,943)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2103	HUD-ESG/SHP/HOPWA	DHS	(4,643,601)	(3,346,704)	(2,916,975)	Historical negative balance (pre FY1999-2000) requires one-time offset of \$3.9M. A portion of this uncollectible amount (approximately \$1.2 M) is due to HDD's modified cost reimbursement methodology.
2105	HUD-EDI Grants	HOD	(252,675)	(164,752)	-	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2107	HUD-108	HCD			(202,353)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2112	Department of Justice	DHS			(24,104)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2114	Department of Labor	DHS	(106,599)	(46,084)	(38,325)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2116	Department of Transportation	PWA			(205,489)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2118	National Foundation of the Arts and Humanities	OPR	(83,907)	-	-	Fund closed in FY 2011
2120	Federal Action Agency	DHS	(17,186)	(17,134)	(18,118)	Historical negative balance is due to accumulated negative interest of \$17K. Timing of drawdown and/or reimbursement.
2123	US Dept of Homeland Security	Fire	(2,133,256)	(917,713)	-	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2124	Federal Emergency Management	Fire	(3,721,008)	(1,236,157)	(898,403)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2126	Department of Education	Library	(155,263)	-	-	Fund closed in FY 2011
2126	Dept. of Health and Human Services	DHS	(974,408)	(657,620)	(259,954)	Historical negative balance (pre FY1999-2000) relates to \$255K in accumulated negative interest and also timing of drawdowns and/or reimbursements. The fund requires one-time revenue offset.

Fund	Fund Description	Assigned Agency / Dept	Ending Fund Balance (as of 6/30/10)	Ending Fund Balance (as of 6/30/11)	Un-audited Fund Balance (as of 6/30/12)	Explanation of negative fund balance
2134	California Parks and Recreation	PWA	(369,418)	(526,383)	(381,120)	Historical negative balance (pre FY1999-2000) requires one-time offset. \$107K is related to SB174 Park Grant Activities, and \$109K is related to non-project related charges. Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2138	California Department of Education	DHS	-	-	(33,537)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2144	California Housing and Community Development	HCD/DHS	(1,376,467)	(21,645)	(182,670)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2148	California Library Services	Library/PWA	(1,156,376)	(594,074)	(563,451)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2152	California Board of Corrections	OPD	(49,451)	(47,708)	(28,846)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2154	California Integrated Waste Management Board	PWA	(317,590)	(108,773)	(73,475)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2159	State of California Other	PWA	(424,599)	(366,412)	(344,849)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2162	Metro Transportation Com: TD	PWA	-	(104,670)	(171,800)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2163	Metro Transportation Com: Program Grant	PWA	(360,709)	(848,470)	(472,025)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2164	Congestion Mitigation & Air	PWA	(218,576)	(218,428)	(91,804)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2166	Bay Area Air Quality Management District	PWA	(210,974)	(566,752)	-	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2185	Oakland Redevelopment Agency Grants	HCD	(814,314)	-	-	Fully reimbursed
2190	Private Grants	Various	(305,049)	(380,107)	(382,939)	Historical negative balance due to Neighborhood law project (City Attorney's Office). This project requires a one-time revenue offset.
2214	ACTIA Reimbursable Grants	PWA	(100,645)	(88,159)	(265,410)	The remaining deficit balance is from several streetscape projects. Staff is continuing to review the ability to receive reimbursement for these projects.
2260	Measure WW: East Bay Regional Parks District Local Grant	PWA	(698,364)	(283,596)	(1,653,960)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor and retention amount.
2415	Development Service Fund	Planning	(607,050)	-	(1,056,220)	The fund balance is created by long-term lien receivables not collected through the County and restricted Record Management & Technology Enhancement Fees (PERTS) and General Planning fees. Planning is working diligently to reduce the deficit/negative fund balance.
2511	Local Law Enforce Block Grant (LLEBG) 2001	OPD	(17,130)	-	-	Fund closed in FY 2011
2513	Local Law Enforce Block Grant (LLEBG) 2003	OPD	(239,753)	-	-	Fund closed in FY 2011
2603	HUD-ESG/SHP/HOPWA (ARRA)	HCD			(171)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2605	Dept of Health & Human Services	DHS			(139)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2608	Environmental Protection Agency	HCD			(21,438)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2609	Dept of Energy-EECBG Program	PWA			(187,077)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2610	State Water Control Board-CW	PWA			(175,264)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2611	HUD-CDBG (ARRA)	HCD			(5,525)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2613	Port Security Grant Program	Fire			(17)	Current negative fund balance is due to lag time between spending grant funds and receiving reimbursement from the grantor.
2822	Title I Loans: Revolving	HCD	(30,507)	-	-	Fund closed in FY 2011
2824	FHA 203k Loan: Revolving	HCD	(17,853)	-	-	Fund closed in FY 2011

Fund	Fund Description	Assigned Agency / Dept	Ending Fund Balance (as of 6/30/10)	Ending Fund Balance (as of 6/30/11)	Un-audited Fund Balance (as of 6/30/12)	Explanation of negative fund balance
2990	Public Works Grants	PWA	(837,789)	(1,062,145)	(651,723)	PWA staff will be continuing efforts to coordinate with responsible departments to move ineligible grant charges to other matching fund sources. The \$886K estimate of unrecoverable costs is made up of historical expenditures (\$856K) and accumulated negative interest of \$32K.
5008	Emergency Response: GOB Series 1992	PWA	(64,006)	(155,553)	(155,911)	
5550	Municipal Capital Improvement: Revenue Bonds	PWA	(14,443)	(15)	-	Fully reimbursed
6570	JPFA Pooled Assessment: 1996 Revenue Bonds	Non-Departmental	(131,025)	(143,578)	(143,909)	Fund balance to be recovered by assessment
7760	Grant Clearing	PWA	(452,558)	-	-	Fully reimbursed
7780	Oakland Redevelopment Agency Projects	OSRA	(662,790)	(670,573)	-	The fund is currently fully reimbursed after the AB 1x26 Dissolution Act
Total			(22,448,746)	(13,525,732)	(12,485,594)	
Non-Reimbursable Negative Funds without Repayment Plan:						
1600	Underground District Revolving Fund	PWA	(2,484,901)	(866,705)	(965,744)	Fund is no longer being used. This fund was originally set up as a pass thro for undergrounding projects. Very little recovery took place in FY 1999-00 and FY2000-01. The fund has accumulated negative interest of \$721K and all remaining charges are considered un-collectable. This fund requires a one-time revenue off-set.
2992	Parks and Recreation Grants	OPR	(2,578,538)	(2,592,622)	(2,590,719)	Historical negative balance (FY1993-1994) requires one-time offset. \$161K is related to accumulated negative interest. OPR has confirmed current activity will be reimbursed on a quarterly basis.
5012	JPFA Admin Building: Series 1996	PWA	(1,606,363)	(1,611,033)	(1,614,742)	Historical negative balance (FY2001-2002) is related Admin building projects (Civic Center Complex/City Hall) that are uncollectable. This fund requires a one-time revenue offset.
5500	Municipal Capital Improvement	Budget Office	(5,660,261)	(4,969,515)	(5,471,106)	Historical negative balance caused by expenditures exceeding revenues. This fund requires a one-time revenue offset.
5999	Miscellaneous Capital Projects	Budget Office/PWA	(3,979,340)	(3,381,533)	(3,389,318)	Historical negative balance related to \$1.3 million in negative interest and \$2.1 million in various project expenditures (e.g. Y2K conversion). This fund requires one-time revenue offset.
6999	Miscellaneous Debt Service	Non-Departmental	(49,642)	-	-	Fully reimbursed
7660	Museum Preservation Trust	Museum	(140,902)	-	-	Fund closed in FY 2011
7752	Rehabilitation Trust: City Funded	ASO	(1,042,610)	-	-	Fund closed in FY 2011
Total			(17,542,656)	(13,441,408)	(14,031,629)	
Total Negative Funds			(138,166,876)	(121,347,049)	(105,777,570)	