

Sparks City Council Budget Workshop

January 31, 2012

6. Presentation of Proposed Budget/Forecast with Approved Financial Policies Applied and City Forecast for the Sparks Redevelopment Agency Areas 1 and 2

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City of Sparks
Council Retreat, January 31, 2012
FY '11 Through FY '14 Financial Review

General Fund Discussion Points

1. Property Taxes expected to decline by about 4.0% in FY '13;
2. Consolidated, Fair Share, and Licenses & Permits revenue expected to increase slightly by about 1.0% in FY '13
3. Other revenue sources are expected to decline by about 8.1% in FY '13 (driven mostly by reduced common services charges)
4. Contributions from the General Fund to the Health Insurance Fund are reduced one time by \$2.3M in FY '12
 - o G.F. contributions to be permanently reduced by \$0.5M beginning in FY '13
 - o By the end of FY '13, the Health Insurance Fund net assets are expected to be reduced to about \$1.9M
 - o FY '13 current ratio (i.e., assets over liabilities) should remain healthy at ~ 3.0x assuming exp's remain in the \$7.0M - \$7.5M range
 - o \$7.3M annual expenditures in Health Insurance Fund can be supported by \$5.9M in City contributions from all Funds (approx. 2/3 or \$4.0M from General Fund)
5. Total Dept. exp's and transfers out are expected to increase in FY '13 by about \$2.7M primarily due to higher health insurance premiums and filling currently vacant positions
6. FY '13 includes all Fiscal Stabilization Policy impacts including:
 - o Committing \$200K of Business License Revenue into the Stabilization Fund
 - o Transferring \$1.1M into the CIP Capital Projects Fund (approx. 2% of Dept. Exp's)
 - o Maintaining a Contingency Budget of \$550K (approx. 1% of Dept. Exp's)
7. The fiscal policy to maintain an unrestricted ending fund balance equal to 8.3% of expenditures is expected to be exceeded in FY '12 & FY '13, but not in FY '14
8. Personnel costs as a percentage of total revenue is projected to equal 72.2% for FY '12 (\$1.5M under goal) and 78.2% in FY '13 (\$1.7M over goal)
 - o Personnel costs as a percentage of total revenue policy goal is a maximum 75%
9. Core Services account for 77.0% of total expenditures for FY '13 budget and 77.4% of FY '12 estimated results
 - o Expenditures in Administration & Grants account for the remaining expenditures equaling 23.0% in FY '13 and 22.6% in FY '12
10. FY '14 is a 'distant look' assuming flat revenues but higher expenditures including:
 - o Effects from losing the COPS grant (~ \$726K)
 - o Anticipated subsidy for Redevelopment Agency Area #2 operations (~ \$550K)

City of Sparks
 General Fund Financial Summaries (Prepared for 1/31/12 Council Retreat -- Projections are Expected to Change as the Fiscal Year Progresses)
 FY '11 Through FY '14

	FY '13 'Initial Look'	FY '12 Est. Results	FY '12 Filed Budget	FY '11 Results	\$\$ Change FY '12-FY '13	% Change FY '12-FY '13	FY '14 'Distant Look'
General Fund (presented in \$000's)	\$ 18,349	\$ 19,118	\$ 19,118	\$ 20,445	\$ (769)	-4.0%	\$ 18,349
Property Taxes	\$ 18,534	\$ 18,350	\$ 18,350	\$ 18,055	\$ 184	1.0%	\$ 18,534
Consolidated & Fair Share Taxes	\$ 9,349	\$ 9,256	\$ 9,056	\$ 9,418	\$ 93	1.0%	\$ 9,349
Licenses & Permits	\$ (200)	\$ (200)	\$ (200)	\$ -	\$ -	0.0%	\$ (200)
Policy to Commit Business License Rev. to Stabilization Fund	\$ 5,693	\$ 6,195	\$ 6,964	\$ 7,722	\$ (502)	-8.1%	\$ 5,693
Other (Charges for Service, Grants, etc.)	\$ 51,724	\$ 52,718	\$ 53,288	\$ 55,639	\$ (995)	-1.9%	\$ 51,724
Total Revenue	\$ (51,627)	\$ (51,952)	\$ (52,829)	\$ (53,514)	\$ 326	-0.6%	\$ (51,627)
Total Dept. Exp's & Transfers-Out	\$ -	\$ 2,300	\$ -	\$ -	\$ (2,300)	-100.0%	\$ -
Less: One-Time Draw Down of Health Insurance Fund Reserves	\$ (593)	\$ -	\$ -	\$ -	\$ -	#DIV/0!	\$ (593)
Add: Filling 6 Vacant Positions	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!	\$ (726)
Add: Loss of COPS Grant (6 Officers)	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!	\$ (550)
Add: Anticipated RDA #2 Subsidy	\$ (1,210)	\$ (1,310)	\$ (1,310)	\$ (140)	\$ 100	-7.6%	\$ (1,210)
Policy Transfers-Out to CIP (2% of Dept. Exp's + Tech Refresh)	\$ -	\$ 202	\$ 202	\$ 6	\$ (202)	-100.0%	\$ -
Transfers-In	\$ (550)	\$ (550)	\$ (550)	\$ -	\$ -	0.0%	\$ (550)
Contingency (Policy is 1% of Dept Exp's)	\$ (53,980)	\$ (51,310)	\$ (54,487)	\$ (53,648)	\$ (2,669)	5.2%	\$ (55,256)
Total Expenditures & Net Transfers	\$ (2,256)	\$ 1,408	\$ (1,200)	\$ 1,991	\$ (3,664)	-260.2%	\$ (3,532)
Net Chg in Fund Balance	\$ 8,253	\$ 6,845	\$ 6,845	\$ 4,853	\$ 1,408	20.6%	\$ 5,997
Beginning Fund Balance	\$ 5,997	\$ 8,253	\$ 5,645	\$ 6,845	\$ (2,256)	-27.3%	\$ 2,465
Total Ending Fund Balance							
Ending Fund Balance Categories:							
Non-Spendable (FY '12 & '13 Assumed No Change From FY '11)	\$ 1	\$ 1	\$ 1	\$ 1	\$ -	0.0%	\$ 1
Restricted (FY '12 & '13 Assumed No Change From FY '11)	\$ 346	\$ 346	\$ 346	\$ 346	\$ -	0.0%	\$ 346
Unrestricted (Incl. Committed, Assigned, & Unassigned Balances)	\$ 5,650	\$ 7,906	\$ 5,298	\$ 6,498	\$ (2,256)	-28.5%	\$ 2,118
Unrestricted Fund Balance as a % of Exp's (Policy Goal = 8.3% Min.)	10.5%	15.3%	9.7%	12.1%	n/a	n/a	3.8%
Unrestricted Fund Balance Amount Over/(Under) 8.3% Minimum	\$ 1,075	\$ 3,375	\$ 725	\$ 1,900	n/a	n/a	\$ (2,275)

G.F. FY '12 Salaries, Wages, & Benefits (SWB's) Mid-Year Analysis (\$000's) **Comments**

FY '12 G.F. Total SWB Budget = \$40,104
 Includes est. \$400k OT budget overages and a budget savings of \$2.3M due to lower health insurance expenses.
 FY '12 Projected SWB Costs Based on Mid-Year Review = (\$38,087)
 FY '12 Projected SWB's Under/(Over) Budget = \$2,017

FY '12 & '13 Fiscal Stabilization Policy Impacts:

Stabilization Fund \$ 200,000 (set annually)
 Transfers to CIP \$ 1,100,000 (2% of Exp's)
 Contingency Budget \$ 550,000 (1% of Exp's)
 Total..... \$ 1,850,000

FY '12 Position Vacancy Notes:

-- 5 Positions vacant approximately half year within: HR, Clerk, Court, Fire, Mgt. Services
 -- 5 Positions expected to be vacant all year: 3 Police Officers, 2 Fire Fighters
 -- All vacancies are added back into the FY '13 budget (6 bold positions above are currently vacant)
Payroll Policy: Costs <= 75% of Total Revenue:
 -- FY '12 projected to be 72.2%, or about 1.5M under goal;
 -- FY '13 projected to be 78.2%, or about \$1.7M over goal.

City of Sparks

Policy Options (Prepared for 1/31/12 Council Retreat)

Current Fiscal Policies

- 1) Minimum Unrestricted Ending Fund Balance
- 2) Maximum Personnel Costs as a % of Total Revenue
- 3) Transfer 1% of Exp's to CIP
- 4) Commit a Portion of Revenue to Stabilization Fund
- 5) Contingency Budget of 1% of Exp's

Total FY '13 Budget Impact

FY '13 Impact
8.3%
75.0%
1,100,000
200,000
550,000
1,850,000

3 Optional Policies for Discussion & Consideration

1) Minimum Unrestricted Ending Fund Balance

16.6%

2) Budget Exp's to Match Projected Revenues by %:

- Payroll, Excluding Health Insurance
- Employee & Retiree Health Insurance
- Ret. PEBP Subsidy & Sick Leave Conv.
- Services & Supplies
- CIP/Infrastructure Needs
- Transfers to Parks & Rec. & Debt Service Funds
- Contingency
- Total % of Revenue

Total Payroll = 73%

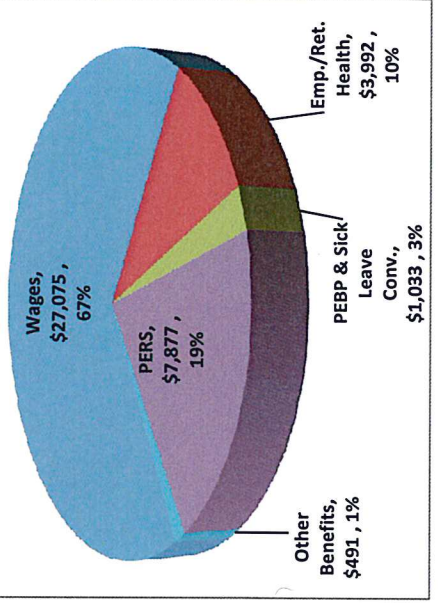
	G.F. Revenue Allocation %	FY '13 Total Projected Revenue	Allocated FY '13 Budget	FY '13 Budget Initially Compiled Under Current Policies	Changes Needed to FY '13 Budget
Payroll, Excluding Health Insurance	63.3%	\$ 51,724	\$ 32,741	\$ 35,444	\$ (2,703)
Employee & Retiree Health Insurance	7.7%	\$ 51,724	\$ 3,983	\$ 3,992	\$ (10)
Ret. PEBP Subsidy & Sick Leave Conv.	2.0%	\$ 51,724	\$ 1,034	\$ 1,033	\$ 1
Services & Supplies	19.0%	\$ 51,724	\$ 9,828	\$ 10,439	\$ (612)
CIP/Infrastructure Needs	4.0%	\$ 51,724	\$ 2,069	\$ 1,210	\$ 859
Transfers to Parks & Rec. & Debt Service Funds	2.0%	\$ 51,724	\$ 1,034	\$ 1,311	\$ (277)
Contingency	2.0%	\$ 51,724	\$ 1,034	\$ 550	\$ 484
Total % of Revenue	100.0%	\$ 51,724	\$ 51,724	\$ 53,980	\$ (2,256)

3) Close Stabilization Fund (Due to Higher G.F. Reserves)

General Fund Projections Applying New Policies

Revenues	\$ 51,724
Expenditures	
Payroll	\$ (37,758)
Services & Supplies	\$ (9,828)
Transfers:	
CIP/Infrastructure Needs	\$ (2,069)
Parks/Rec., Dev. Svcs, & Debt Service Funds	\$ (1,034)
Total Expected Dept. Expenditures	\$ (50,689)
Contingency	\$ (1,034)
Total Budgeted Expenditure Authority	\$ (51,724)
Net Revenues/(Expenditures)	\$ -
Beginning Unrestricted Fund Balance	\$ 7,906
Ending Unrestricted Fund Balance (Assuming Contingency is Spent)	\$ 7,906
Unrestricted Fund Balance as a % of Total Expenditures	15.3%
Amount Over/(Under) 16.6% Goal (Underspend of Contingency or Other)	\$ (600)

FY '13 Payroll Breakdown



Council Discussion of General Fund Revenues & Expenditures

(Prepared for 1/31/12 Council Retreat)

General Fund Revenue 5 Year Outlook -- 3% Increase vs. 3% Decline

3% annual increase in revenues

	FY13	FY14	FY15	FY16	FY17	FY18
Total Revenues	51,723,739	53,275,451	54,873,715	56,519,926	58,215,524	59,961,990
Annual Increase		1,551,712	1,598,264	1,646,211	1,695,598	1,746,466
Cumulative Increase			3,149,976	4,796,187	6,491,785	8,238,251

3% annual decline in revenues

	FY13	FY14	FY15	FY16	FY17	FY18
Total Revenues	51,723,739	50,172,027	48,666,866	47,206,860	45,790,654	44,416,935
Annual Decrease		(1,551,712)	(1,505,161)	(1,460,006)	(1,416,206)	(1,373,720)
Cumulative Decrease			(3,056,873)	(4,516,879)	(5,933,085)	(7,306,804)

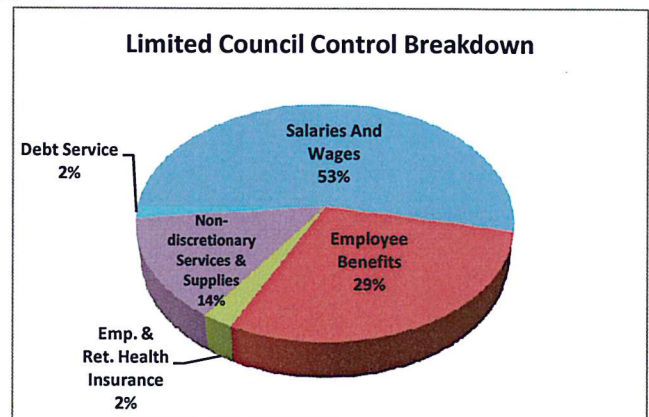
Council Control Over General Fund Expenditures

Total FY '13 General Fund Expenditures & Transfers **53,979,747**

Limited Council Control¹

Salaries And Wages	23,670,956
Employee Benefits	12,904,312
Emp. & Ret. Health Insurance	1,033,449
Non-discretionary Services & Supplies	6,129,523
Debt Service	729,879
Total	44,468,119

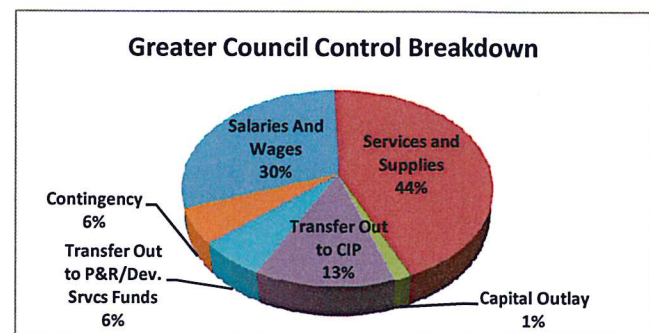
82%



Greater Council Control²

Salaries And Wages	2,860,650
Services and Supplies	4,158,769
Capital Outlay	151,093
Transfer Out to CIP	1,210,000
Transfer Out to P&R/Dev. Svcs Funds	581,116
Contingency	550,000
Total	9,511,628

18%



¹ Assumed limited Council control over contractual salaries and benefits, and services and supplies that are considered non-discretionary such as utilities, phones, vehicle rent and fuel.

² Assumed Council did have greater control over salaries related to overtime and callback, discretionary services and supplies such as professional services, Council approved subsidies, software, amounts paid to Regional Planning, travel and training and capital technology purchases.

Expenditures by Core Service - General Fund

<u>Core Service</u>	FILED BUDGET YEAR ENDING 06/30/2012	ESTIMATED CURRENT YEAR ENDING 06/30/2012	TENTATIVE BUDGET YEAR ENDING 06/30/2013	% of FY '13 Budget Prior to Transfers
City Administration				
Salaries And Wages	4,582,149	4,957,866	5,137,547	
Employee Benefits	2,481,332	2,180,081	2,529,722	
Services and Supplies	4,244,182	1,795,570	1,827,927	
Non-discretionary Services & Supplies	0	1,882,220	1,999,602	
Capital Outlay	0	110,000	110,000	
Core Service Subtotal	11,307,663	10,925,737	11,604,798	22.8%
City Grants				
Salaries And Wages	84,151	59,320	74,081	
Employee Benefits	35,144	12,345	24,045	
Services and Supplies	5,616	3,689	3,689	
Non-discretionary Services & Supplies	0	1,301	1,282	
Capital Outlay	0	0	0	
Core Service Subtotal	124,911	76,655	103,097	0.2%
City Svc #01 - SPD Patrol				
Salaries And Wages	5,798,202	5,974,221	5,900,808	
Employee Benefits	3,578,484	2,809,096	3,148,353	
Services and Supplies	885,996	265,685	122,499	
Non-discretionary Services & Supplies	0	769,312	769,312	
Capital Outlay	0	0	0	
Core Service Subtotal	10,262,682	9,818,314	9,940,972	19.5%
City Svc #02 - SFD Emergency Svcs				
Salaries And Wages	6,927,207	6,714,129	7,008,743	
Employee Benefits	3,604,561	2,947,841	3,455,625	
Services and Supplies	1,451,966	386,673	378,420	
Non-discretionary Services & Supplies	0	1,169,430	1,169,430	
Capital Outlay	0	121,083	41,093	
Core Service Subtotal	11,983,734	11,339,156	12,053,311	23.7%
City Svc #03 - SPD Communications/Dispatch				
Salaries And Wages	984,804	922,376	936,116	
Employee Benefits	419,657	324,717	385,426	
Services and Supplies	131,701	21,817	21,817	
Non-discretionary Services & Supplies	0	109,884	110,191	
Core Service Subtotal	1,536,162	1,378,794	1,453,550	2.9%
City Svc #04 - SPD Detectives				
Salaries And Wages	2,711,904	2,693,562	2,697,218	
Employee Benefits	1,564,147	1,239,351	1,400,499	
Services and Supplies	276,009	62,914	61,417	
Non-discretionary Services & Supplies	0	214,592	214,592	
Core Service Subtotal	4,552,060	4,210,419	4,373,726	8.6%

Expenditures by Core Service - General Fund

<u>Core Service</u>	FILED BUDGET YEAR ENDING 06/30/2012	ESTIMATED CURRENT YEAR ENDING 06/30/2012	TENTATIVE BUDGET YEAR ENDING 06/30/2013	% of FY '13 Budget Prior to Transfers
City Svc #05 - CSD Signal Maintenance				
Salaries And Wages	103,026	101,948	101,522	
Employee Benefits	44,370	26,037	34,816	
Services and Supplies	158,241	102,915	96,981	
Non-discretionary Services & Supplies	0	72,426	72,424	
Core Service Subtotal	305,637	303,326	305,743	0.6%
City Svc #06 - SPD Records				
Salaries And Wages	1,130,163	1,054,931	1,069,654	
Employee Benefits	528,987	390,050	489,578	
Services and Supplies	173,804	164,359	162,191	
Non-discretionary Services & Supplies	0	11,613	11,613	
Core Service Subtotal	1,832,954	1,620,953	1,733,036	3.4%
City Svc #08 - SFD Prevention				
Salaries And Wages	643,659	612,634	594,681	
Employee Benefits	291,551	232,809	261,255	
Services and Supplies	60,458	16,759	16,759	
Non-discretionary Services & Supplies	0	41,583	43,690	
Core Service Subtotal	995,668	903,785	916,385	1.8%
City Svc #09 - CSD Streets Maint				
Salaries And Wages	2,575	0	0	
Employee Benefits	3,114	0	0	
Services and Supplies	282,345	89,414	89,414	
Non-discretionary Services & Supplies	0	170,268	171,623	
Core Service Subtotal	288,034	259,682	261,037	0.5%
City Svc #10 - Sparks Muni Court				
Salaries And Wages	1,103,410	1,052,849	1,064,448	
Employee Benefits	589,072	469,944	593,651	
Services and Supplies	253,302	200,098	169,365	
Non-discretionary Services & Supplies	0	54,292	54,029	
Core Service Subtotal	1,945,784	1,777,183	1,881,493	3.7%
City Svc #11 - CA Criminal Division				
Salaries And Wages	163,661	293,328	394,307	
Employee Benefits	71,719	95,231	176,067	
Services and Supplies	66,586	65,440	65,440	
Non-discretionary Services & Supplies	0	1,146	1,146	
Core Service Subtotal	301,966	455,145	636,960	1.3%
City Svc #12 - CA Civil Division				
Salaries And Wages	459,384	344,590	276,920	
Employee Benefits	207,527	131,079	121,829	
Services and Supplies	83,548	99,610	80,046	
Non-discretionary Services & Supplies	0	3,374	3,374	
Core Service Subtotal	750,459	578,653	482,169	0.9%

Expenditures by Core Service - General Fund

<u>Core Service</u>	FILED BUDGET YEAR ENDING 06/30/2012	ESTIMATED CURRENT YEAR ENDING 06/30/2012	TENTATIVE BUDGET YEAR ENDING 06/30/2013	% of FY '13 Budget Prior to Transfers
City Svc #13 - SPD Property & Evidence				
Salaries And Wages	104,713	100,963	100,729	
Employee Benefits	29,874	25,622	27,402	
Services and Supplies	233,991	222,128	222,128	
Non-discretionary Services & Supplies	0	11,863	11,863	
Core Service Subtotal	368,578	360,576	362,122	0.7%
City Svc #14 - SPD Essential Training (incl. Marshals)				
Salaries And Wages	3,868	56,679	95,309	
Employee Benefits	2,600	24,651	57,150	
Services and Supplies	142,088	120,198	120,198	
Non-discretionary Services & Supplies	0	21,890	21,890	
Core Service Subtotal	148,556	223,418	294,547	0.6%
City Svc #15 - SFD Essential Training				
Salaries And Wages	221,852	282,066	249,337	
Employee Benefits	111,281	112,432	105,674	
Services and Supplies	81,433	64,500	64,500	
Non-discretionary Services & Supplies	0	16,933	16,933	
Core Service Subtotal	414,566	475,931	436,444	0.9%
City Svc #16 - CSD Pavement Management				
Salaries And Wages	0	0	0	
Employee Benefits	0	0	0	
Services and Supplies	13,142	11,005	11,005	
Non-discretionary Services & Supplies	0	2,137	2,137	
Core Service Subtotal	13,142	13,142	13,142	0.0%
City Svc #17 - CSD Parks Maintenance				
Salaries And Wages	765,781	624,131	613,418	
Employee Benefits	432,070	237,443	294,538	
Services and Supplies	1,303,280	265,499	260,399	
Non-discretionary Services & Supplies	0	1,012,601	1,055,049	
Core Service Subtotal	2,501,131	2,139,674	2,223,404	4.4%
City Svc #18 - CSD Facility Maintenance				
Salaries And Wages	83,240	72,789	72,570	
Employee Benefits	33,961	23,269	30,952	
Services and Supplies	530,073	301,740	288,197	
Non-discretionary Services & Supplies	0	231,649	228,544	
Core Service Subtotal	647,274	629,447	620,263	1.2%
City Svc #19 - CSD Advanced Planning				
Salaries And Wages	301,806	297,190	299,103	
Employee Benefits	135,044	88,563	109,286	
Services and Supplies	100,003	52,902	52,902	
Non-discretionary Services & Supplies	0	57,390	84,795	
Core Service Subtotal	536,853	496,045	546,086	1.1%

Expenditures by Core Service - General Fund

<u>Core Service</u>	FILED BUDGET YEAR ENDING 06/30/2012	ESTIMATED CURRENT YEAR ENDING 06/30/2012	TENTATIVE BUDGET YEAR ENDING 06/30/2013	% of FY '13 Budget Prior to Transfers
City Svc #20 - Capital Projects				
Salaries And Wages	221,140	319,576	324,514	
Employee Benefits	93,948	97,209	125,718	
Services and Supplies	73,393	15,501	15,301	
Non-discretionary Services & Supplies	0	57,587	60,960	
Core Service Subtotal	388,481	489,873	526,493	1.0%
City Svc #21 - CSD Community Appearance				
Salaries And Wages	68,928	64,267	64,291	
Employee Benefits	24,677	19,595	22,464	
Services and Supplies	46,813	23,439	23,439	
Non-discretionary Services & Supplies	0	22,249	22,166	
Core Service Subtotal	140,418	129,550	132,360	0.3%
City Svc #22 - SFD Emergency Management				
Salaries And Wages	37,607	644	0	
Employee Benefits	15,758	44	0	
Services and Supplies	7,612	4,735	4,735	
Non-discretionary Services & Supplies	0	2,877	2,877	
Core Service Subtotal	60,977	8,300	7,612	0.0%
Total Expenditures	51,407,690	48,613,758	50,908,750	100.0%

Summary by Account Group - General Fund

<u>Account Group</u>	FILED BUDGET YEAR ENDING 06/30/2012	ESTIMATED CURRENT YEAR ENDING 06/30/2012	TENTATIVE BUDGET YEAR ENDING 06/30/2013
Salary and Wages	26,503,229	26,600,061	27,075,317
Employee Benefits	14,298,880	11,487,409	13,394,050
Services and Supplies	10,605,583	10,295,209	10,288,292
Capital Outlay	0	231,083	151,093
Total Expenditures	51,407,692	48,613,762	50,908,752
Transfers Out:			
Debt Service Fund	749,170	725,078	729,879
CIP Fund	1,310,000	1,310,000	1,210,000
Parks & Rec. Fund	313,557	313,557	313,557
Development Services Fund	359,076	0	267,559
Total Transfers	2,731,803	2,348,635	2,520,995
Contingency	550,000	550,000	550,000
Total Expenditures, Contingency, & Transfers Out	54,689,495	51,512,397	53,979,747

Expenditures by Department - General Fund

<u>Department</u>	FILED BUDGET YEAR ENDING 06/30/2012	ESTIMATED CURRENT YEAR ENDING 06/30/2012	TENTATIVE BUDGET YEAR ENDING 06/30/2013	% of FY '13 Budget Prior to Transfers
LEGISLATIVE				
Salaries And Wages	237,690	246,710	254,230	
Employee Benefits	142,933	117,697	146,380	
Services and Supplies	34,031	22,830	22,830	
Non-discretionary Services & Supplies	0	11,201	11,201	
Department Subtotal	414,654	398,438	434,641	0.9%
MAYOR				
Salaries And Wages	54,537	57,477	58,673	
Employee Benefits	38,588	32,416	40,234	
Services and Supplies	6,913	4,576	4,576	
Non-discretionary Services & Supplies	0	2,337	2,337	
Department Subtotal	100,038	96,806	105,820	0.2%
MANAGEMENT SERVICES				
Salaries And Wages	1,694,766	2,058,667	2,160,087	
Employee Benefits	1,151,211	989,663	1,139,920	
Services and Supplies	1,975,659	1,244,028	1,092,624	
Non-discretionary Services & Supplies	0	299,326	393,016	
Department Subtotal	4,821,636	4,591,684	4,785,647	9.4%
LEGAL				
Salaries And Wages	875,386	867,392	879,580	
Employee Benefits	386,882	326,636	394,860	
Services and Supplies	152,135	165,051	145,487	
Non-discretionary Services & Supplies	0	6,520	6,520	
Department Subtotal	1,414,403	1,365,599	1,426,447	2.8%
JUDICIAL				
Salaries And Wages	1,103,410	1,052,849	1,064,448	
Employee Benefits	589,072	469,944	593,651	
Services and Supplies	253,302	200,098	169,365	
Non-discretionary Services & Supplies	0	54,292	54,029	
Department Subtotal	1,945,784	1,777,183	1,881,493	3.7%
FINANCE				
Salaries And Wages	1,302,123	1,255,265	1,281,211	
Employee Benefits	561,945	416,857	497,899	
Services and Supplies	430,530	293,381	493,381	
Non-discretionary Services & Supplies	0	27,648	28,482	
Capital Outlay	0	110,000	110,000	
Department Subtotal	2,294,598	2,103,151	2,410,973	4.7%
POLICE				
Salaries And Wages	11,283,182	11,427,169	11,432,435	
Employee Benefits	6,443,121	5,135,594	5,886,216	
Services and Supplies	2,193,994	920,957	772,804	
Non-discretionary Services & Supplies	0	1,387,783	1,404,231	
Capital Outlay	0	0	0	
Department Subtotal	19,920,297	18,871,503	19,495,686	38.3%

Expenditures by Department - General Fund

<u>Department</u>	FILED BUDGET YEAR ENDING 06/30/2012	ESTIMATED CURRENT YEAR ENDING 06/30/2012	TENTATIVE BUDGET YEAR ENDING 06/30/2013	% of FY '13 Budget Prior to Transfers
FIRE				
Salaries And Wages	8,292,807	8,094,104	8,394,325	
Employee Benefits	4,149,444	3,494,120	4,053,071	
Services and Supplies	1,817,950	562,398	553,432	
Non-discretionary Services & Supplies	0	1,357,629	1,361,866	
Capital Outlay	0	121,083	41,093	
Department Subtotal	14,260,201	13,629,334	14,403,787	28.3%
COMMUNITY SERVICES				
Salaries And Wages	1,659,329	1,540,428	1,550,328	
Employee Benefits	835,684	504,483	641,819	
Services and Supplies	3,741,069	943,272	904,270	
Non-discretionary Services & Supplies	0	2,791,882	2,867,841	
Department Subtotal	6,236,082	5,780,065	5,964,258	11.7%
Total Expenditures	51,407,693	48,613,763	50,908,752	100.0%

Summary by Account Group - General Fund

<u>Account Group</u>	FILED BUDGET YEAR ENDING 06/30/2012	ESTIMATED CURRENT YEAR ENDING 06/30/2012	TENTATIVE BUDGET YEAR ENDING 06/30/2013
Salary and Wages	26,503,229	26,600,061	27,075,317
Employee Benefits	14,298,880	11,487,409	13,394,050
Services and Supplies	10,605,583	10,295,209	10,288,292
Capital Outlay	0	231,083	151,093
Total Expenditures	51,407,692	48,613,762	50,908,752
Transfers Out:			
Debt Service Fund	749,170	725,078	729,879
CIP Fund	1,310,000	1,310,000	1,210,000
Parks & Rec. Fund	313,557	313,557	313,557
Development Services Fund	359,076	0	267,559
Total Transfers	2,731,803	2,348,635	2,520,995
Contingency	550,000	550,000	550,000
Total Expenditures, Contingency, & Transfers Out	54,689,495	51,512,397	53,979,747

City of Sparks
Council Retreat, January 31, 2012
FY '11 Through FY '14 Financial Review

Redevelopment Agency Discussion Points

Area #1:

1. Property tax revenue is expected to decline by about 3.4% in FY '13
2. FY '13 is expected to produce a net loss of about \$350K, and unreserved ending fund balance of about \$1.3M
3. At the current pace, FY '13 unreserved ending fund balance should be sufficient to cover the operating shortfall for about 3.8 years
4. The General Fund will need to begin subsidizing Area #1 operations and/or debt service by FY '17 or '18 (unless revenues continue to drop)
5. FY '13 debt service equals \$2,290,281 for Redevelopment-issued debt and \$305,942 for City-issued debt paid by the Agency (total debt service = \$2,596,223)
6. Overview: short-term financially alright; but long-term (3-4 years) probably needing General Fund assistance

Area #2:

1. Property tax revenue is expected to increase by about 3.1% in FY '13
2. FY '13 is expected to produce a net loss of about \$650K, leaving an unreserved ending balance of essentially \$0
3. Beginning in FY '14 (possibly sooner), the General Fund will need to begin subsidizing Area #2 operations and/or debt service
4. Biggest risk is if property tax revenue doesn't materialize as expected in FY '12 or '13 (i.e., delinquent taxes) - thus, speeding up the need for G.F. assistance
5. FY '13 debt service equals \$1,969,019 for Redevelopment-issued debt and \$1,076,905 for City-issued debt paid by the Agency (total D.S. = \$3,045,924)
6. Overview: short-term will need General Fund subsidy likely beginning in FY '14
 - o There is more potential for growth & stability pending new development within the Legends area to mitigate a subsidy. For example, adding a new theater, big box retailer, and hotel/casino would likely produce \$100K - \$150K tax increment
 - o **Stability should return in FY '18 once over \$1M of annual debt payments cease**
7. Outcome to ponder: Should Area #2 pay back General Fund once additional development comes to fruition and financial operations stabilize? (see chart attached)

**Sparks RDA #1
Financial Overview**

	FY '13 Est.	Comments
Revenues	\$2,810,340	3.4% Decline in Property Tax Revenue Expected
Expenses:		
Debt Service	\$2,596,223	
Common Service Charges	\$331,716	
Special Events Subsidy	\$76,665	
Other Operating Exp's	\$3,162,043	
Net Revenues/(Expenses)	(\$351,703)	
Est. FY '13 Unreserved Beginning Fund Balance	\$1,674,943	
Est. FY '13 Unreserved Ending Fund Balance	\$1,323,240	(Assuming an additional \$2.2M for tax increment bond reserves)
Est. Fund Balance Coverage Ratio of Net Expenses	3.8	(By FY '17 or '18, the General Fund would need to begin subsidizing costs)

	** City Issued Debt Partially Paid by RDA #1		Total RDA Debt Service
	2011 CTAX Refunding Bonds	2007 CTAX Refunding Bonds	
Original Issue Amount	\$22,165,000	\$4,180,000	\$13,635,000
Issue Date	5/11/2010	5/12/2011	2/15/2007
Maturity Date	1/15/2023	5/1/2018	5/1/2026
Interest Rate	4.0% - 5.375%	3.05%	4.09%
FY '12 Principal Payment	\$1,350,000	\$20,000	\$595,000
FY '12 Interest Payment	\$939,281	\$123,442	\$321,883
Total FY '12 Debt Service	\$2,289,281	\$143,442	\$916,883
Total FY '12 Debt Service Paid by RDA	\$2,289,281	\$41,598	\$263,131
6/30/12 Debt Outstanding	\$19,210,000	\$4,160,000	\$7,275,000
FY '13 Principal Payment	\$1,405,000	\$645,000	\$0
FY '13 Interest Payment	\$885,281	\$112,164	\$297,548
Total FY '13 Debt Service	\$2,290,281	\$757,164	\$297,548
Total FY '13 Debt Service Paid by RDA	\$2,290,281	\$219,578	\$86,365
6/30/13 Debt Outstanding	\$17,805,000	\$3,515,000	\$2,596,223

FY '13 D.S. from RDA-issued Debt =	\$2,290,281
FY '13 D.S. from City-issued Debt =	\$305,942
Total FY '13 RDA Debt Service =	\$2,596,223

**** City Issued Debt Partially Paid by RDA #1 Notes:**

- 1) Both bonds are issued in the City's name, but about 29% (\$305,942 in FY '13) is allocated to RDA #1 for Victorian Square portion of the original bonding project
- 2) \$305,942 of debt service is allocated to RDA #1 for FY '13 debt service for these bonds
- 3) The 2007 Refunding bonds will be interest only until FY '19 after the 2011 Refunding bonds mature
- 4) \$2,181,295 remains in Capital Projects Fund as unspent bond proceeds which can be used for projects or debt service

Sparks RDA #2

Financial Overview

	<u>FY '13 Est.</u>	<u>Comments</u>
Revenues	\$2,508,926	3.1% Increase in Property Tax Revenue Expected
Expenses:		
Debt Service	\$3,045,924	Total revenue provides less than 1x debt service coverage (0.8x)
Common Service Charges	\$0	Common Service Charges of \$178k removed from FY '13 (G.F. Impact)
Special Assessment Charges	\$92,924	
Other Operating Exp's	\$3,161,379	
Net Revenues/(Expenses)	(\$652,453)	
Est. FY '13 Unreserved Beginning Fund Balance	\$654,000	(Assuming an additional \$2.3M for Tax Increment Bond reserve)
Est. FY '13 Unreserved Ending Fund Balance	\$1,547	(In FY '14, the General Fund will need to begin subsidizing debt service)

	<u>Redevelopment Area #2 Debt</u>		<u>City Issued Debt Paid by RDA #2</u>		Total RDA Debt Service
	2008 Tax	2009 Tax	2007 Ad Valorem Refunding Bonds	2007 Ad Valorem Refunding Bonds	
Original Issue Amount	\$12,700,000	\$7,230,000	\$7,090,000	\$1,315,000	
Issue Date	7/30/2008	11/24/2009	3/29/2007	3/29/2007	
Maturity Date	6/1/2028	6/1/2029	3/1/2017	3/1/2017	
Interest Rate	6.4% - 6.70%	5.0% - 7.75%	3.78%	5.65%	
FY '12 Principal Payment	\$420,000	\$285,000	\$690,000	\$150,000	
FY '12 Interest Payment	\$809,780	\$511,438	\$172,746	\$58,708	
Total FY '12 Debt Service	\$1,229,780	\$796,438	\$862,746	\$208,708	\$3,097,672
6/30/12 Debt Outstanding	\$11,885,000	\$6,775,000	\$3,880,000	\$890,000	
FY '13 Principal Payment	\$445,000	\$245,000	\$720,000	\$160,000	
FY '13 Interest Payment	\$782,900	\$496,119	\$146,664	\$50,241	
Total FY '13 Debt Service	\$1,227,900	\$741,119	\$866,664	\$210,241	\$3,045,924
6/30/13 Debt Outstanding	\$11,440,000	\$6,530,000	\$3,160,000	\$730,000	
FY '13 D.S. from RDA-Issued Debt =	\$1,969,019		FY '13 D.S. from City-Issued Debt =	\$1,076,905	\$3,045,924

Redevelopment Area #2 7 Year Projection of Financial Results & Possible G.F. Impact

