



CITY OF MANTECA
Quarterly Financial Report
First Quarter Ending September 30, 2008

OVERVIEW

The following analysis reflects the financial position of the City of Manteca's General Fund as of September 30, 2008. General Fund revenues are **18% below** prior year receipts, while General Fund expenditures are less than **½% above** prior year expenditures. Staff is closely monitoring a number of factors which have potential impacts on the fiscal stability of the City including the weakening housing market, declines in consumer spending, continued problems with the State budget, and the on-going turbulence in the national economy.

General Fund	Annual Budget	Quarter 1				Prior Year to Date		
		Budget	Actual	Over(Under) Budget	% Budget Received/ Expended	Actual	Over(Under) Prior Year	Variance from Prior Year
Revenues	32,954,860	8,238,715	2,597,249	(5,150,156)	32%	3,182,995	(585,746)	-18%
Transfer In	6,000,000	1,500,000	6,000,000	4,500,000	400%	n/a	n/a	n/a
Expenditures	40,112,288	10,028,072	8,441,067	(1,587,005)	84%	8,416,860	24,207	0%

GENERAL FUND REVENUES

Sales tax and property tax account for 51% of total General Fund revenues. In light of the City's current fiscal position, it is critical to monitor significant changes in these two revenue generators.

Property Tax

In November 2007, the county assessor's office issued a warning to cities to anticipate flat or declining property tax receipts. Based on this information staff budgeted 0% growth in property taxes for FY 2008/09. Initial information received in August 2008 from the assessor's office indicates that secured property tax receipts will be **3% above** prior year receipts. The slight increase is attributable to home sales in the northern region of the city and new commercial developments. The first major apportionment of fiscal year 2008/09 property taxes will be received in January 2009 which results in a large first quarter variance. In addition to secured property tax, staff will be closely monitoring supplemental property tax receipts. A large decline in this area would indicate likely reductions in secured property tax for FY 2009/10. Due to declining home values, staff is concerned about negative receipts in supplemental property tax for FY 2008/09 and FY 2009/10. Last year, supplemental property tax receipts accounted for 4% of total property tax or \$445,400.

Sales Tax

Sales tax accounts for 22% of General Fund revenues. The top 25 sales tax contributors account for 54.3% of total sales tax receipts. Currently base line sales tax is at **21%** of the annual budget, **85%** of the quarterly budget, and **14% below** prior year receipts. This negative trend in sales tax will not only impact current year base line receipts, but will also impact FY 09/10 triple-flip receipts. Over the past 12 month period, the City has experienced significant declines in new auto sales and retail building materials. The trend in auto sales is significant to the City, in that 5 of the top 25 contributors are new sales auto dealers. While openings of major retailers will help to increase overall sales tax receipts, staff continues to monitor trends in consumer confidence and retail sales. It is important to note, that current budget projections included estimated receipts from The Promenade at Orchard Valley and Costco. Strong sales in the retail sector are critical. With the closing of Mervyns, staff will be closely monitoring the sales of other retail establishments.

Several revenues show large variances due to timing issues including sales tax in lieu, other taxes, intergovernmental receipts, and charges for services. Large revenue contributors to these categories are not received until the second and third quarters of the fiscal year. However, in reviewing current year receipts to prior year receipts, declines in year to date revenues can already be identified. The decline in charges for services is directly related to development fees, while the reduction in licenses and permits is related to changes in the processing of business license renewals. Due to the implementation of on-line processing a large portion of receipts normally received in the first quarter of the fiscal year were paid before July 1 and are therefore reflected in FY 07/08 fourth quarter receipts. A similar pattern should be seen in the fourth quarter of FY 08/09.

Revenues	Annual Budget	Quarter 1				Prior Year to Date		
		Budget	Actual	Over(Under) Budget	% Budget Received	Actual	Over(Under) Prior Year	Variance from Prior Year
Property Tax	11,005,300	2,751,325	27,450	(2,723,875)	1%	19,433	8,017	41%
Sales Tax	6,595,000	1,648,750	1,405,299	(243,451)	85%	1,631,346	(226,047)	-14%
Sales Tax in Lieu	2,044,300	511,075	0	(511,075)	0%	0	0	0%
Excise Tax	535,000	133,750	75,935	(57,815)	57%	144,749	(68,814)	-48%
All other Tax	2,096,200	524,050	89,758	(434,292)	17%	96,555	(6,797)	-7%
License & Permits	1,398,200	349,550	519,622	170,072	149%	703,481	(183,859)	-26%
Intergovernmental	820,000	205,000	108,229	(96,771)	53%	150,070	(41,841)	-28%
Fines & Forfeitures	411,500	102,875	51,848	(51,027)	50%	21,731	30,117	139%
Interest	285,000	71,250	57,731	(13,519)	81%	39,933	17,798	45%
Fees/Chg for Svc	7,673,860	1,918,465	231,402	(1,687,063)	12%	363,188	(131,786)	-36%
Other Revenue	90,500	22,625	29,976	7,351	132%	12,509	17,467	140%
Total	32,954,860	8,238,715	2,597,249	(5,641,466)	32%	3,182,995	(585,746)	-18%

GENERAL FUND EXPENDITURES

With 25% of the year complete, General Fund expenditures are at **21%** of budget with all department level expenditures being in-line or ahead of projections. Increases over prior year expenditures are primarily attributable to new personnel that were hired mid-year last year; therefore associated salaries are not included in the first quarter of prior year information.

Expenditures	Adopted Revised Budget	Quarter 1				Prior Year to Date		
		Budget	Actual	Over(Under)	% Budget Expended	Actual	Over(Under) Prior Year	Variance from Prior Year
City Clerk	689,785	172,446	134,492	(37,954)	78%	137,897	(3,405)	-2%
Attorney	159,120	39,780	35,236	(4,544)	89%	37,595	(2,359)	-6%
City Manager	727,660	181,915	170,554	(11,361)	94%	156,318	14,236	9%
Admin Services	431,065	107,766	109,284	1,518	101%	112,170	(2,886)	-3%
Finance	998,675	249,669	212,025	(37,644)	85%	171,904	40,121	23%
Information	756,330	189,083	169,419	(19,664)	90%	151,712	17,707	12%
Community Dev	2,104,084	526,021	348,354	(177,667)	66%	335,734	12,620	4%
Non Department	1,102,572	275,643	81,111	(194,532)	29%	87,034	(5,923)	-7%
Police	15,943,337	3,985,834	3,464,325	(521,509)	87%	3,465,805	(1,480)	0%
Animal Control	323,570	80,893	71,801	(9,092)	89%	68,664	3,137	5%
Fire	7,017,840	1,754,460	1,599,160	(155,300)	91%	1,630,373	(31,213)	-2%
Library	121,470	30,368	8,302	(22,066)	27%	26,566	(18,264)	-69%
Engineering	1,966,151	491,538	390,716	(100,822)	79%	372,876	17,840	5%
Street Maintenance	382,740	95,685	42,437	(53,248)	44%	54,120	(11,683)	-22%
Storm Drain	746,465	186,616	193,826	7,210	104%	188,706	5,120	3%
Building Inspections	1,053,426	263,357	216,123	(47,234)	82%	234,079	(17,956)	-8%
Vehicle Maintenance	440,980	110,245	89,906	(20,339)	82%	104,121	(14,215)	-14%
Building Maintenance	677,928	169,482	148,642	(20,840)	88%	177,182	(28,540)	-16%
Parks	4,223,180	1,055,795	899,923	(155,872)	85%	845,838	54,085	6%
Senior Center	245,910	61,478	55,431	(6,047)	90%	58,166	(2,735)	-5%
Total	40,112,288	10,028,072	8,441,067	(1,587,005)	84%	8,416,860	24,207	0%