City of Huntington Beach

Mid Year Finance Report
FY 2007/08

May 19, 2008

STUDY SESSION

Comprehensive Annual Financial Report
Government-Wide Financial Analysis
(In thousands)

	FY 2003/04	FY 2004/05	FY 2005/06	FY 2006/07	Total Change
Investment in Capital Assets	$541,107	581,965	$584,023	$606,775	$65,668
Restricted	94,019	73,312	99,490	107,087	13,068
Unrestricted	24,386	81,789	87,289	113,655	89,269
Total Government-Wide Net Assets	$659,512	$737,066	$770,802	$827,517	$168,005

SS . 2

General Fund Balance Historical Perspective

	Fiscal Year Beginning Fund Balance	Total Change Over 4 Years
October 1, 2003	$14,974,000	
October 1, 2004	$26,332,000	
October 1, 2005	$38,286,000	
October 1, 2006	$40,586,000	
October 1, 2007	$43,696,000	
		$28,722,000

Comprehensive Annual Financial Report General Fund Balance -- 09/30/07

- **Reserves and Designations:**

Encumbrances	$6,202,000
Long-term Receivables	1,620,000
Insurance	2,857,000
Capital Projects	3,483,000
Equipment Replacement	4,602,000
Economic Uncertainties (7%)	12,953,000
Second Tier	6,807,000
Condo Conversion Settlement	890,000
Unreserved, Undesignated	4,282,000
Total Fund Balance	**$43,696,000**

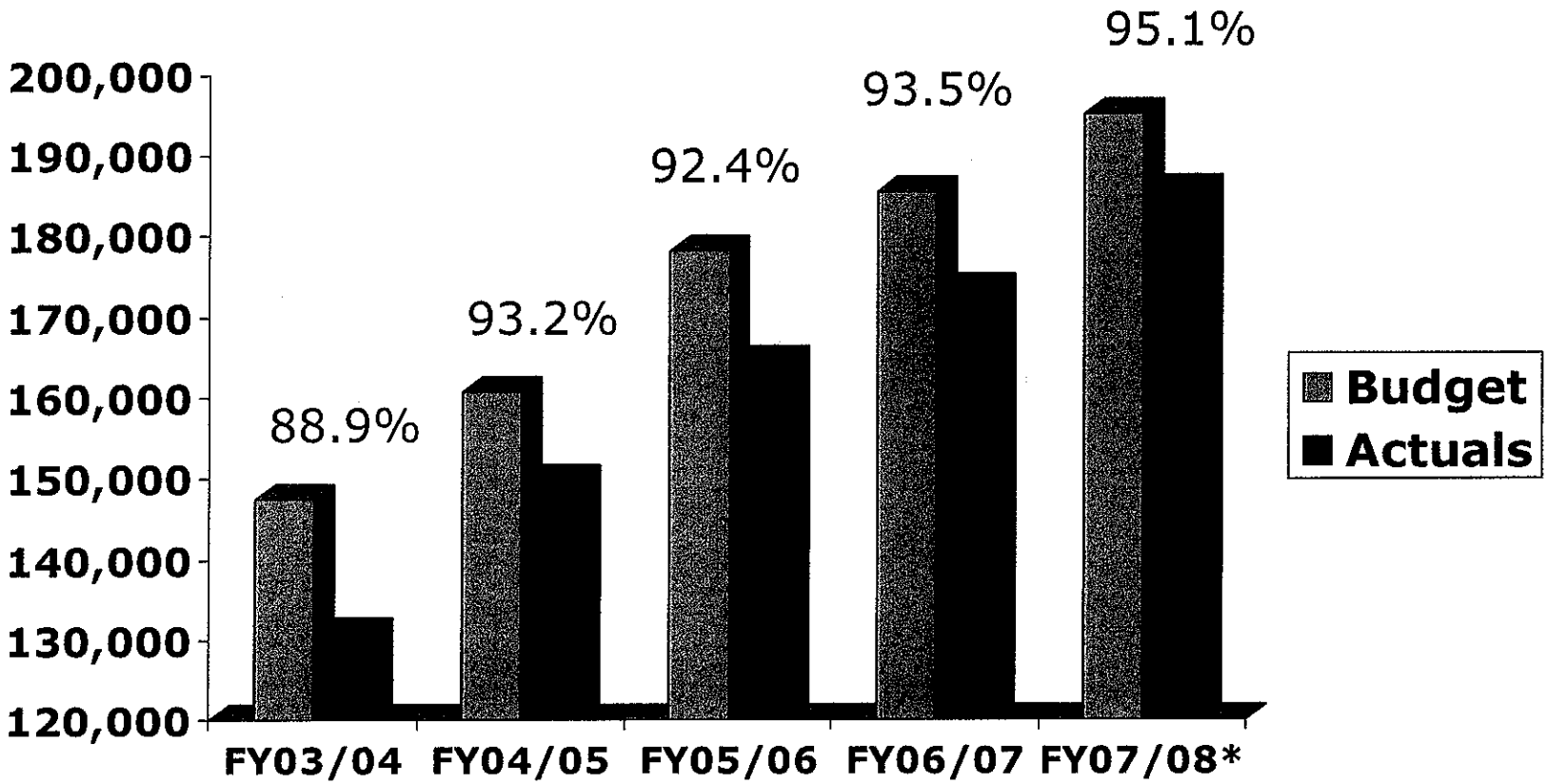
Financial Policy
Distribution of Undesignated, Unreserved Fund Balance

☐ 25% to the Infrastructure Fund	$1,070,500
☐ 25% to the Capital Improvement Reserve	1,070,500
☐ 50% to Second Tier Reserve	2,141,000
Undesignated / Unreserved Fund Balance	**$4,282,000**

Financial Policy
2nd Tier Reserve Amount Available

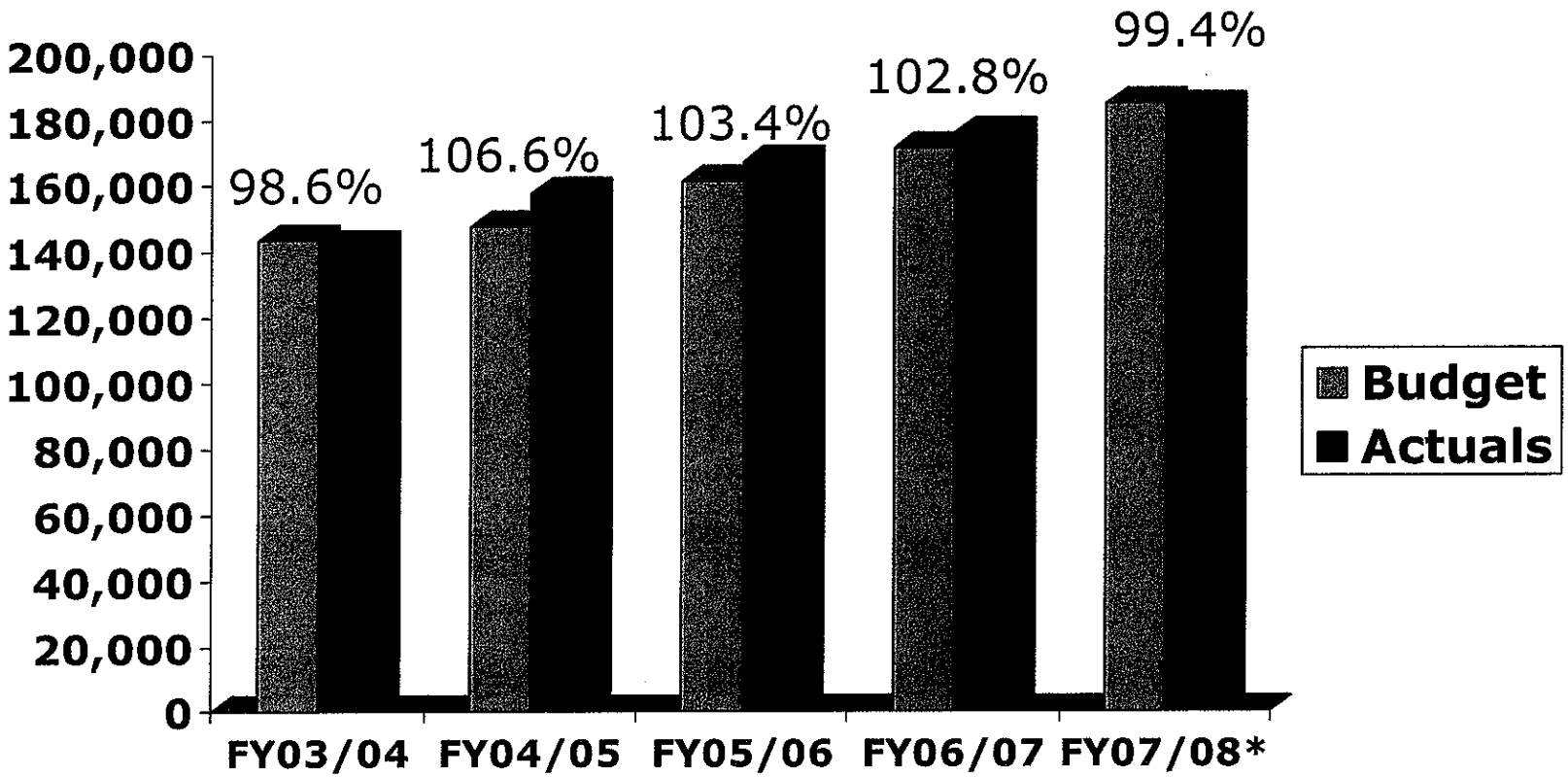
☐ 2nd Tier, 09/30/2007 Audited Balance	$6,807,000
☐ 50% to 2nd Tier Reserve	2,141,000
☐ Beach Erosion Project	(39,200)
☐ Bushard Street Improvement	(90,000)
☐ Public Safety Dispatch	(44,500)
☐ Centennial Celebration Funding	(200,000)
☐ Hearing officer contract	(50,000)
Total 2nd Tier Reserve Available	**$8,524,300**

Historical Expenditures
Revised Budget vs. Actuals



* *Projected FY 07/08 Actuals. Budget figures have been adjusted to account for reserves.*

Historical Revenue
Adopted Budget vs. Actuals



* *Projected FY 07/08 Actuals.*

General Fund Expenditure Projection

	FY 2006/07 Actual	FY 2007/08 Adopted	FY 2007/08 Revised	FY 2007/08 Projected	(Over) / Under
Personnel	$121,602,307	$132,425,710	$131,873,597	$127,413,552	$4,460,045
Operating & Transfers	45,856,096	46,078,947	52,361,277	49,251,849	3,109,428
Capital	5,961,282	9,625,831	13,385,046	11,309,000	2,076,046
Total	**$173,419,685**	**$188,130,488**	**$197,619,920**	**$187,974,401**	**$9,645,519**

General Fund Revenue Projection

	FY 2006/07 Actual	FY 2007/08 Adopted	FY 2007/08 Projected	Over / (Under)
Property Taxes	$60,607,078	$65,001,000	$64,619,000	($382,000)
Other Local Taxes*	$58,978,727	$63,765,000	$61,930,000	($1,835,000)
License & Permits	$10,026,027	$9,802,813	$9,077,363	($725,450)
Fines & Forfeitures	$4,165,046	$4,968,800	$4,678,700	($290,100)
Use of Money & Property	$14,032,122	$14,126,000	$14,926,079	$800,079
Revenue from Other Agencies	$6,091,696	$5,564,500	$5,158,192	($406,308)
Charges for Services	$15,695,262	$15,721,876	$16,202,376	$480,500
Other Revenue	$2,216,928	$1,212,000	$1,673,000	$461,000
Non-Operating (Transfers)	$4,410,859	$5,636,428	$5,706,491	$70,063
	$176,223,745	$185,046,804	$183,971,202	($1,827,216)

** While the entire category is projecting lower, TOT revenue is projected at $500,000 higher than originally budgeted.*

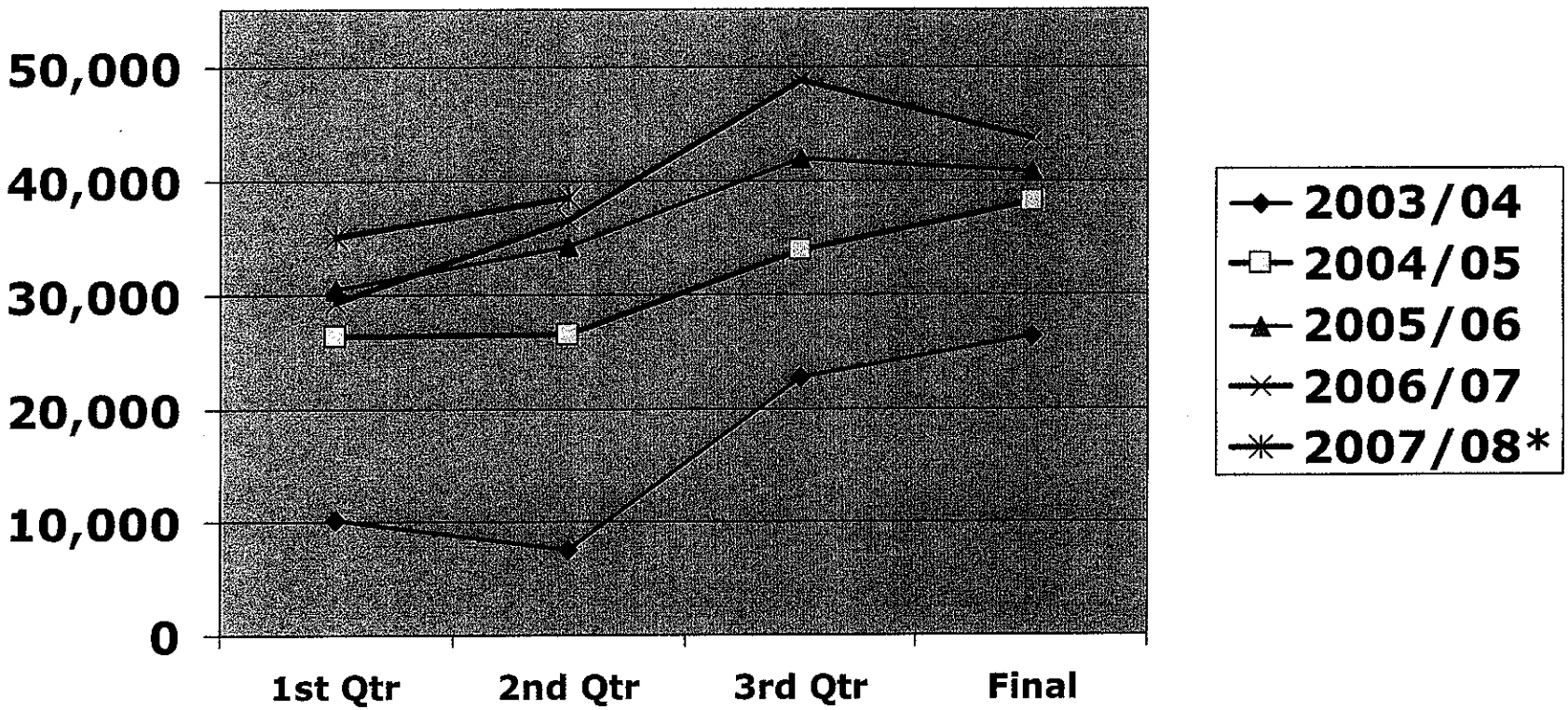
Working Capital

- Working capital is defined as current assets (cash, receivables) minus current liabilities
- The General Fund working capital for the first six months of FY 2007/08 has increased compared to the prior three fiscal years

Working Capital

Fiscal Year	Working Capital through 6 months
2004/05	26,534,398
2005/06	34,206,396
2006/07	36,511,074
2007/08	38,501,845

Working Capital by Quarter



* *Through first six months of FY 07/08*

Conclusion

- The City's financial condition has improved over the past four years
- Based on two independent projection methods, it is anticipated that the City's ending fund balance for the current fiscal year will remain at or slightly above the beginning year balance
- Preparation of the FY 2008/09 budget is underway
- City Administrator will review new budget requests beginning in June
- City Council will receive the FY 2008/09 proposed budget on August 1st
- The budget will be reviewed by the City Council in August for adoption on September 2nd

City of Huntington Beach Finance Department Report

FY 2007/08 Mid Year Report – End of Report

INTENTIONALLY
LEFT
BLANK