



2009-2010 Budget Monitoring Report

Quarter Ending September 30, 2009

The Administrative Services Department – Finance Division produces the quarterly Budget Monitoring Report using month-end financial information from the City’s financial system, input from staff in City departments, and relevant information from local, regional, and national sources (e.g., newspapers, economists, League of California Cities, etc.).

If you are new to this report, we suggest that you start by first reviewing the Reader’s Guide located at the end of the document for information on the organization and layout of the report.

Please contact Gary Ameling at (619) 667-1122 if you have any questions, comments, or suggestions.

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EXECUTIVE SUMMARY

ECONOMY

- During the past quarter, several national economic indicators have shown signs of improvement. The most recent survey of economists indicated that a strong majority believe that the national recession has “technically” ended. Even with the recession coming to an end, most economists believe that the recovery will be slow with job losses continuing to be a major deterrent to economic growth.
- Below is a summary of recent national economic indicators and other news:
 - ✓ The Conference Board’s Consumer Confidence Index was down in July, up in August, and down in September. The readings for the quarter were 47.4 in July (down from a revised reading of 49.3 in June), 54.5 in August, and 53.4 in September. Lynn Franco, the Director of the Conference Board’s Consumer Research Center, indicated that “...consumers remain quite apprehensive about the short-term outlook and their incomes”.
 - ✓ The Consumer Price Index was unchanged in July, then increased by 0.4% in August and 0.2% in September. The larger August increase was once again primarily due to increases in energy costs. The overall change in the index during the last 12 months is a decline of 1.4%. The energy index declined 0.4% in July, then rose 4.6% in August and 0.6% in September. Despite the August and September increases, the index has declined 21.6% over the past year. After removing the energy and food components, the core rate of inflation rose 0.1% in July and August and 0.2% in September for a 12 month change of 1.5%. The Federal Reserve’s unofficial target for the core rate of inflation is 2% on an annualized basis.
 - ✓ The Municipal Cost Index rose 0.3% in July and 0.8% in August before declining 0.4% in September. For the past 12 months, the index has decreased by 4.3%. This index, as published by *American City & County* magazine since 1978, measures changes in the cost of providing services to residents of cities and counties and includes components for cost of materials and supplies, wages, and contracted services. This index typically lags the Consumer Price Index by one to two months.
 - ✓ The Conference Board’s Index of Leading Economic Indicators increased each month during the quarter. The Index was up 1.0% in July, 0.4% in August, and 1.0% in September. The index has now risen for six straight months. In the September reading, 8 of the 10 leading indicators were positive (only the average workweek and building permits were negative).

ECONOMY (CONT'D)

- ✓ The seasonally adjusted U.S. unemployment rate declined slightly in July to 9.4% from its June reading of 9.5%. However, the rate then rose to 9.7% in August and 9.8% in September. The 9.8% reading is the highest since the rate stood at 10.1% in June 1983. The September 2008 reading was 6.2% (3.6% below the current reading). While the number of non-farm jobs continued to decline, the rate of the decline slowed. After three consecutive quarters of at least one million job losses, 0.8 million jobs were lost during the past quarter. This brings the total job losses since the beginning of 2008 to over 7 million.
- ✓ Since the Federal Reserve lowered the Federal Funds Rate to an all-time low range of 0.0% to 0.25% in December 2008, they have left the benchmark rate unchanged. With most economists now calling the recession over, speculation about when the Fed may raise interest rates has escalated. While the majority of economists still expect the Fed to keep the rate as is through mid-2010, the number who believe the Fed will start raising rates in the first or second quarter of 2010 has increased.
- California economic indicators were mixed during this past quarter. While the employment picture has continued to worsen, the San Diego County Index of Leading Economic Indicators has now risen for six straight months. The following is a summary of recent California economic news:
 - ✓ The State unemployment rate (seasonally adjusted) has now been above the national unemployment rate for 39 consecutive months. The unemployment rate readings during the quarter were 11.9% in July, 12.3% in August, and 12.2% in September. The August reading was the highest in data going back to 1976. One year ago, in September 2008, the unemployment rate stood at 7.8%.
 - ✓ The Conference Board's Help-Wanted Online Data Series tracks the number of new unduplicated online jobs posted for every 100 people within each of 52 large Metropolitan Statistical Areas (MSAs). This quarter, San Diego's online jobs posted per 100 persons in the labor force readings were 2.6 in July, 2.9 in August, and 2.6 in September. This compares to national readings of 2.1 in July and 2.2 in August and September. San Diego is tied for 19th of the 52 MSAs based on the September rate.
 - ✓ San Diego County's unadjusted unemployment rate rose to 10.4% in July and 10.6% in August before dropping back to 10.2% in September. The September 2008 rate was 6.4%.
 - ✓ La Mesa's unadjusted unemployment rate followed the same trend as the County's with increases to 8.7% in July and 8.9% in August followed by a slight decline to 8.6% in September. The September 2008 rate was 5.3%.

ECONOMY (CONT'D)

- ✓ The San Diego County Index of Leading Economic Indicators has now risen for six consecutive months after concluding a period in which it declined for 35 of 36 months. The Index saw increases of 0.1% in July, 0.6% in August, and 1.0% in September. University of San Diego economist Dr. Alan Gin indicated increases in local consumer confidence, building permits, and the outlook for the national economy were the primary drivers behind the healthy increase in September. On the down side, increases in unemployment claims continue to be a major concern. With respect to the employment picture, Dr. Gin expects the economy to bottom out in the first half of 2010.

STATE BUDGET IMPACTS

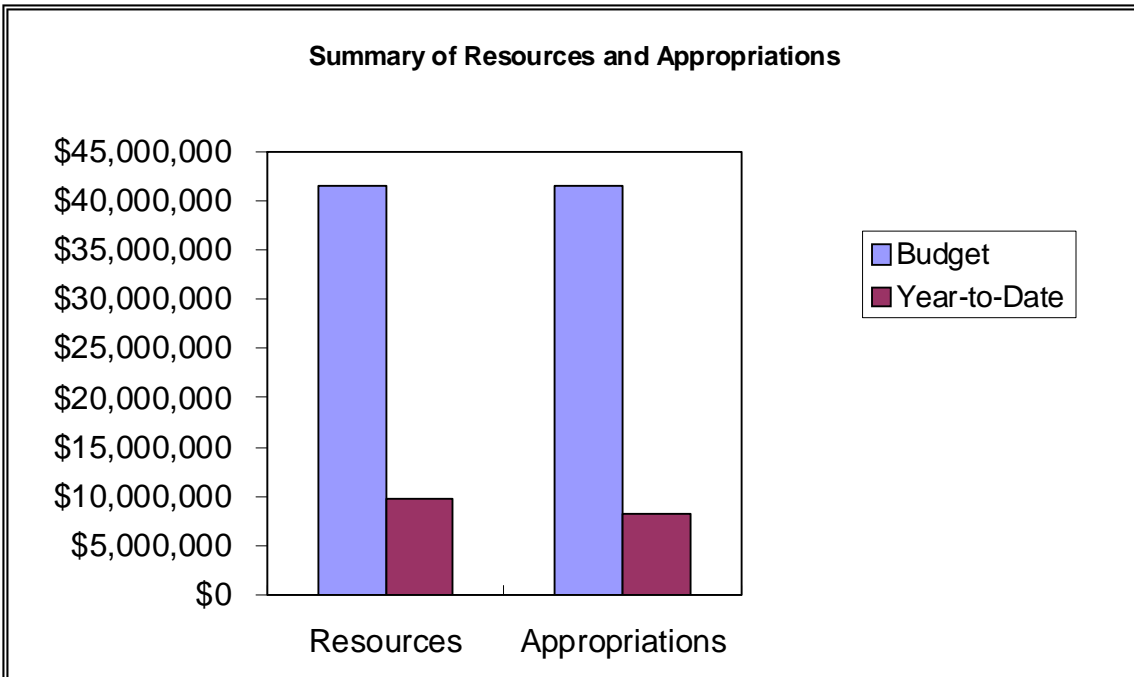
- The adopted State budget for 2009-2010 has three main impacts on La Mesa that were included in the 2009-2011 Final Budget:
 - ✓ The State suspended Proposition 1A (2004) and will borrow 8% of local government property taxes during 2009-2010 to be repaid with interest no later than June 30, 2013. For La Mesa, our share is estimated to be about \$1,046,000. Recent clean-up legislation has allowed a securitization program to move forward with local government agencies able to sell the receivable for 100% of its face value. The 2009-2010 Budget assumed lower property tax collections due to the borrowing of this money. Should the City decide to participate in the securitization program, ending reserve levels will be higher by about \$1,046,000 this year and each of the next two fiscal years.
 - ✓ The State is once again attempting a takeaway of monies from Redevelopment Agencies. For La Mesa, the estimated impact included in the 2009-2011 Budget is about \$1,081,000 in 2009-2010 and \$225,000 in 2010-2011. As two of La Mesa's three redevelopment project areas were planning on making debt service payments on debt owed to the City's General Fund, the takeaway will have a direct impact on General Fund reserves and likely necessitate additional cash flow borrowing. The California Redevelopment Association has filed a lawsuit to challenge the constitutionality of this takeaway (note that the State's similar planned takeaway of redevelopment monies was ruled unconstitutional in May 2009).
 - ✓ The State has once again deferred gas tax payments to local jurisdictions in 2009-2010. Recent clean-up legislation has clarified these deferrals. There are two separate deferral periods for this fiscal year. The payments deferred for July through September will be repaid during the last week in October with the October payment made on time. The November through March payments will be deferred and paid in April. The April through June payments are expected to be made on time. The State is not paying interest on these deferrals.
- Staff will continue to closely monitor the State budget situation and its impacts on La Mesa.

GENERAL FUND SUMMARY

- Beginning fund balance exceeded budget by \$41,000 or 0.5% primarily due to greater expenditure savings than anticipated in 2008-2009.
- General Fund resources are currently expected to finish the year about \$100,000 below budget due to lower than expected transit occupancy tax collections. Sale tax collections have started off 2009-2010 below target but federal incentive programs are expected to result in higher auto sales tax collections during the second quarter. Proposition L sales tax collections are on budget through the first quarter. See pages 7-9 for more information.
- General Fund department expenditures are in line with budget expectations through the first quarter. Proposition L proceeds are being used to maintain vital City services that otherwise would have had to be reduced. See page 10 for more information.
- The General Fund's ending fund balance (i.e., reserves) is projected to be close to budget. If the City Council joins the statewide Proposition 1A securitization program to sell our property tax receivable from the State, our ending reserves will be about \$1 million over budget. If the Council decides not to participate in the program, ending reserves are expected to be close to budget and the City will book a long-term receivable from the State to be repaid by June 30, 2013 with 2% annual interest. See pages 11-13 for more information.
- The following page contains a table and graph displaying the General Fund resource and appropriation budgets and year-to-date (YTD) collections or expenditures for fiscal year 2009-2010. For more detailed information refer to the Resources or Appropriations sections of this report.

Summary of General Fund Resources and Appropriations			
Through 25% of Year	2009-2010 Budget (1)	YTD Collected/ Expended (2)	% of Budget Collected/ Expended
Resources			
Beginning Fund Balance	\$7,408,310	\$7,448,817	100.5%
Revenues	33,416,160	2,506,385	7.5%
Plus: Operating Transfers In	3,071,600	387,700	12.6%
Less: Operating Transfers Out	(2,365,700)	(585,775)	24.8%
Total Resources	\$41,530,370	\$9,757,127	23.5%
Appropriations			
Department Expenditures	\$36,527,660	\$8,201,664	22.5%
Ending Fund Balance	5,002,710	0	0.0%
Total Appropriations	\$41,530,370	\$8,201,664	19.7%

(1) Budget reflects any amendments approved by the City Council through end of quarter reported.
(2) Includes expenditures encumbered through end of quarter reported.



RESOURCES

General Fund Resources			
Through 25% of Year	2009-2010 Budget (1)	YTD Collected	% of Budget Collected
Beginning Fund Balance	\$7,408,310	\$7,448,817	100.5%
Revenues:			
Taxes			
Property	8,955,000	156,081	1.7%
Sales	9,095,000	690,487	7.6%
Proposition L	5,900,000	503,366	8.5%
Other	2,986,700	78,038	2.6%
Subtotal Taxes	26,936,700	1,427,972	5.3%
Licenses & Permits	860,400	161,251	18.7%
Fines, Forfeitures and Penalties	652,500	118,447	18.2%
Use of Money and Property	734,900	206,021	28.0%
Revenue from Other Agencies	1,322,260	110,545	8.4%
Service Charges	2,192,300	450,290	20.5%
Other Revenue	717,100	31,859	4.4%
Total Revenues	33,416,160	2,506,385	7.5%
Plus: Interfund Transfers In	3,071,600	387,700	12.6%
Less: Interfund Transfers Out	(2,365,700)	(585,775)	24.8%
Total Resources	\$41,530,370	\$9,757,127	23.5%

(1) Budget reflects any amendments approved by the City Council through end of quarter reported.

Current Highlights

- Beginning fund balance at July 1, 2009 was \$41,000 or 0.5% above estimate due to greater expenditure savings than anticipated in 2008-2009.

Current Highlights (Cont'd)

- Monitoring sales tax collections is complicated by three factors:
 - ✓ Tax distributions from the State Board of Equalization (BOE) represent taxes collected by businesses in prior periods. Each quarter, the BOE makes distributions based on the amount collected for the same quarter in the prior year. The BOE then includes a “true up” payment in the following month. Therefore, the most accurate snapshots of how sales tax collections are doing can be seen in our month end numbers for March, June, September, and December.
 - ✓ Because La Mesa uses the accrual basis of accounting, the taxes received by the City in July and August are accrued back to June so that they are shown in the fiscal year in which they were earned. Therefore, the amount of collections shown in the year-to-date collected column in the table in this section is smaller than one would ordinarily expect (note that other revenues are also accrued including property taxes, transient occupancy tax, and franchise fees).
 - ✓ Beginning in 2004-2005, the State implemented the “Triple Flip” which reduces sales tax distributions by one quarter in exchange for a like amount of property taxes which are distributed in January and May rather than monthly. These property taxes in lieu of sales taxes are shown as sales taxes in our financial reports.
- Sales tax collections representing transactions that took place in the second quarter of calendar year 2009 (the first amounts receipted as 2009-2010 revenues), came in lower than expected. As compared to last year, collections during the quarter were down 12.6%. Although this decline is significant, it is important to note that La Mesa’s change was the fifth best of the 18 cities in San Diego County. The average decline was 17.2%. The 2009-2010 sales tax budget is 2.0% lower than actual 2008-2009 collections based on projected impacts of the recession.
- ✓ Our two largest sales tax categories, the general consumer goods and autos and transportation categories, were down 5.4% and 19.6% respectively. This compares favorably to countywide averages which were down 13.6% and 24.8% respectively.
- ✓ From the first quarter results, it appears that the City will likely be below budget on sales taxes again this year. However, with economists now calling the recession over and with the impact of the federal auto stimulus programs yet to be seen (i.e., Cash for Clunkers and sales tax credit), it is really too early to revise our year end estimate down from budget.
- ✓ The next quarter will include transactions that took place from July through August which will include the impact of the Cash for Clunkers program. Staff will continue to closely monitor sales tax collections.
- Property tax in lieu of sales tax payments from the County are now expected to be above budget by about \$119,000 due to a smaller negative adjustment for prior year overpayment than expected. Despite this good news, 2009-2010 collections will still be \$0.7 million lower than in 2008-2009.

Current Highlights (Cont'd)

- Proposition L sales tax collections have a somewhat different base than the rest of our sales tax collections. These collections include transactions that take place outside the City if the items are being delivered into the City (e.g., furniture or large appliances) and autos and other large vehicles purchased that are being registered in La Mesa. The time delay for the Proposition L sales tax is the same as described under the sales tax category. The collections during the first quarter of 2009-2010, representing transactions that took place in the second quarter of calendar year 2009, are in line with our budget expectations. We are working with our sales tax consultant HdL to make sure that businesses are correctly collecting and reporting this new tax.
- The other taxes category is expected to come in under budget by about \$100,000 due to lower than expected transit occupancy tax collections.
- Other revenue categories are currently projected to be on budget.

As Previously Reported

- None.

APPROPRIATIONS

General Fund Appropriations			
Through 25% of Year	2009-2010 Budget (1)	YTD Expended (2)	% of Budget Expended
General Fund Department Expenditures			
Police	\$13,395,850	2,938,088	21.9%
Fire	7,789,820	1,852,807	23.8%
Public Works	7,119,460	1,636,299	23.0%
Administrative Services	4,199,530	841,304	20.0%
Community Development	1,640,850	451,944	27.5%
Community Services	2,382,150	481,222	20.2%
Subtotal Expenditures	36,527,660	8,201,664	22.5%
Ending Fund Balance	5,002,710	0	0.0%
Total Appropriations	\$41,530,370	\$8,201,664	19.7%
(1) Budget reflects any amendments approved by the City Council through end of quarter reported. (2) Includes expenditures encumbered through end of quarter reported.			

Current Highlights

- Department expenditures are largely in line with expectations through the first quarter.
- Unrestricted Proposition L proceeds are being utilized to pay for ongoing vital City services that otherwise would have had to be reduced. These services cross departmental boundaries and it is estimated that without the passage of Proposition L, approximately 55 positions would have had to be eliminated.

As Previously Reported

- None.

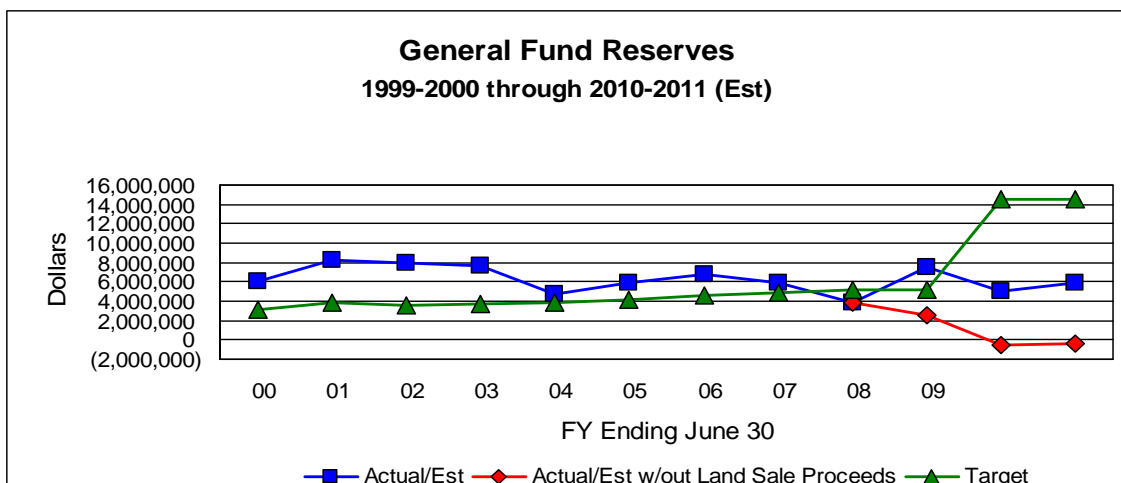
RESERVES

BACKGROUND

- The General Fund’s reserve has been serving the dual purpose of acting as a buffer during an economic downturn and providing cash flow funding to even out the differences in timing between our revenues and expenditures. These reserves are one-time monies, once spent, are not available again unless replenished.
- Even when the budget is balanced, reserves are used for cash flow purposes during the first half of the fiscal year to pay for ongoing services until revenue collections “catch up”. For example, property taxes are typically paid in two installments in the fall and spring while the cost of providing General Fund services is fairly even throughout the year.
- The City Council modified the City’s General Fund Reserve policy on June 23, 2009, adding a reserve target for cash flow purposes equal to 25% of General Fund operating expenses. This is in addition to the previously existing 15% rainy day reserve target.

GENERAL FUND RESERVE HISTORY

- General Fund reserves fell below target in fiscal year 2007-2008. As displayed in the following graph, for the first several years of this period, reserves increased largely due to temporary reductions in CalPERS retirement rates because of unusually high investment returns in the late 1990s. These savings were wisely carried forward year after year in the General Fund’s reserves rather than being allocated to one-time or ongoing needs. In recent years, retirement rates increased dramatically due to investment losses in the early part of this decade. These rate spikes caused the reserve balances to decrease. (Note that due to changes in the CalPERS rate smoothing model, retirement rates are now much more stable.) Higher retirement costs, coupled with other large cost increases (e.g., health insurance) and the effects of the recession, caused the reserve balance to drop below target.
- The following chart shows the history of the General Fund reserve levels in relation to target since 1999-2000.



- The actual reserve balance at the end of 2008-2009 includes the initial \$1 million payment from the Redevelopment Agency for the sale of the old Police Station site and \$4 million for the property sold at the northeast corner of Baltimore Drive and El Cajon Boulevard. The estimated actual reserve balances for 2009-2010 and 2010-2011 include these one-time amounts plus an additional \$600,000 for 2009-2010 and \$700,000 for 2010-2011 for the next two payments due on the sale of the old Police Station site. The chart on the previous page shows the anticipated balance at the end of the year, both with and without these land sale proceeds.
- By looking at the General Fund’s monthly cash balance over the past several years, we can see the need for cash flow reserves. The following table displays the General Fund’s monthly cash balance based on the balance sheet cash account (note that the June 2009 cash balance is unaudited).

Monthly General Fund Cash Balance¹				
	2006-2007	2007-2008	2008-2009	2009-2010
July	3,712,287	3,393,364	1,576,344	4,497,839
August	3,257,149	2,548,095	104,940	3,849,992
September	3,261,262	1,143,550	(905,745)	2,569,426
October	2,216,715	(537,676)	(3,232,641)	NA
November	2,047,132	(2,222,746)	(4,379,281)	NA
December	1,191,127	(1,494,063)	(2,770,410)	NA
January	4,525,565	1,467,985	721,476	NA
February	4,078,700	974,021	18,328	NA
March	3,117,560	(402,919)	(1,272,259)	NA
April	3,633,550	(173,409)	(1,935,400)	NA
May	6,616,978	3,229,553	5,025,684	NA
June	6,162,966	4,000,008	6,924,656	NA

(1) General Fund cash account from monthly balance sheet.

- By analyzing the cash balance information, we can clearly see the importance of reserves from a cash flow standpoint. Over the last two fiscal years, we had 11 months end with a negative cash balance. In fiscal year 2008-2009, six months ended with negative cash balances (i.e., September through December and March through April). In these months, the General Fund borrowed against the cash balance of other City funds. From an interest earnings standpoint, the City’s interest earnings calculations take these negative positions into account and reduce the General Fund’s allocation of yearly interest earnings accordingly (note that the interest earnings in the funds that are borrowed against are therefore not affected by these interfund loans).
- The decline in the cash balance from June 30, 2008 to November 30, 2008 was \$8.4 million. This amount matched the decline from June 30, 2007 to November 30, 2007. Management actions to preserve cash balance (i.e., eliminating vacant positions and limiting travel/training expenditures) resulted in savings that if not realized would otherwise have resulted in an even greater cash balance deficit.

CONCLUSIONS

- Due to the structural budget deficit and depth of the recession, reserve balances declined to levels that were well below target. These lower reserve balances caused cash flow shortages as the General Fund's cash balance was insufficient to pay bills in advance of receipts during the year. As reserves declined, the City has had to rely more on interfund borrowing in order to cover these shortfalls.
- The State budget for 2009-2010 includes suspension of Proposition 1A (2004) protections of local property tax monies. It includes borrowing the maximum 8% from local government allowed by law. For La Mesa, 8% is estimated to be a cash flow loss of \$1,046,000 (this borrowing is scheduled to be repaid with interest by no later than June 30, 2013). Rather than booking the receivable and having this borrowing negatively impact our cash flow situation for three years, the City has the opportunity to participate in a statewide securitization. As part of this effort, the City would sell its receivable in exchange for 100% of its face value at no cost to the City.
- The State budget also includes the takeaway of \$1,081,000 of La Mesa redevelopment monies. Due to the relationship between the City's redevelopment agency and the General Fund, this loss will have a direct impact on cash balance.
- Based on revenue and expenditure estimates through the first quarter of the year, the General Fund's ending reserves are estimated to be close to budget. Should the City Council decide to participate in the Proposition 1A securitization program, ending reserves would be about \$1 million above budget.

READER'S GUIDE

Managing a municipality the size of La Mesa is, in many ways, like managing a for profit corporation. Instead of focusing upon bottom-line profits, La Mesa managers must skillfully steward public dollars and ensure the effectiveness and efficiency of the City's operations. They must live within legislatively approved budgets that are reviewed by residents, business leaders, and others interested in the City.

Like private corporations, public entities report their financial condition on a regular basis. Corporations make reports to stockholders while public entities report to their "stakeholders" -- the individuals and organizations that have a "stake" in the entity's operations.

In addition to an annual financial report and biennial budget document, the City of La Mesa publishes a quarterly Budget Monitoring Report to provide stakeholders with current information about the City's financial condition and performance in the essential areas of the City's operations.

This report is designed to give the reader a sense of how well La Mesa is doing fiscally and what its current successes or challenges might be. It includes a high level overview of the City's financial condition followed by more detailed information on resources and expenditures for those readers who are interested in going beyond the bottom line.

This Reader's Guide has been developed to assist you in reviewing the City of La Mesa's quarterly Budget Monitoring Report. It highlights the type of information contained in each section and presents a glossary of commonly used budget terms.

Please contact Gary Ameling at (619) 667-1122 if you have any questions, comments, or suggestions.

QUARTERLY BUDGET MONITORING REPORT ORGANIZATION

Executive Summary – A broad level overview of the City of La Mesa's current financial condition. It begins with comments on the economy, followed by a summary financial table and graph along with any comments highlighting resources and expenditures.

Resources – A more detailed discussion of revenue collections and other resources supporting the City's expenditures. Included in the discussion is a financial table showing the current year's budget, year-to-date collections, and calculated percent of budget collected. The discussion also includes comments on the significant factors and conditions affecting these items.

Appropriations – A more detailed discussion of expenditures and reserves. Included in the discussion is a financial table showing the current year's budget by department, year-to-date expenditures, and calculated percent of budget expended. The discussion also includes comments on the significant factors and conditions affecting these items.

The comments in the **Resources** and **Appropriations** sections will follow the following format:

“Current Highlights” – Important information being reported for the first time.

“As Previously Reported” – Relevant information that was reported in previous editions.

Reserves - Commentary on estimated ending fund balance and its relationship to reserve targets. Included is a graph displaying historical ending fund balance related to reserve targets and a table showing historical monthly cash balances.

FUNDS NOT REPORTED ON

This report focuses on the General Fund which provides the majority of government services. Other funds have been excluded from this report.

GLOSSARY

The following are definitions of some of the more common terms one may encounter in reviewing this document.

Accrual Basis – The basis of accounting under which revenues are recorded when they are earned and expenditures are recorded when they result in liabilities for benefits received.

Accrued Revenue – Revenue earned during the current accounting period but which is not collected until a subsequent accounting period.

Appropriation – Amount authorized for expenditure by the City Council.

Beginning Fund Balance – An account used to record resources available for expenditure in one fiscal year because of revenues collected in excess of the budget and/or expenditures less than the budget in the prior fiscal year.

Budget - A financial operating plan for a given period which displays the expenditures to provide services or to accomplish a purpose during that period together with the estimated sources of revenue (income) to pay for those expenditures. Once the fund totals shown in the budget are appropriated by the City Council, they become maximum spending limits.

Ending Fund Balance - An account used to record resources available at year end as a result of revenues collected in excess of the budget and/or expenditures less than the budget during the fiscal year. The City’s operating reserves are budgeted in the General Fund ending fund balance.

Expenditure – The payment for City obligations, goods, and services.

Fiscal Year – A twelve-month period designated as the operating year for accounting and budgeting purposes. The City of La Mesa’s fiscal year is July 1 through June 30.

Fund - Governmental accounting systems are organized and operated on a fund basis. A fund is an independent financial and accounting entity with a self-balancing set of accounts in which financial transactions relating to revenues, expenditures, assets, and liabilities are recorded. Funds are established to account for the use of restricted revenue sources and, normally, to carry on specific activities or pursue specific objectives.

General Fund – The financial and accounting entity that comprises typical operations of a municipality such as police, fire, public works, and other departments.

Grants – A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantor.

M&O (Maintenance and Operating) Costs – Expenditure category that represents amounts paid for supplies and other services and charges.

Proposition L – The La Mesa Vital City Services Measure which was passed by voters on November 4, 2008 authorizing a $\frac{3}{4}$ cent local transactions and use tax (commonly referred to as a sales tax). This general purpose tax became effective on April 1, 2009.

Reserve – An account used either to set aside budgeted revenues that are not required for expenditure in the current budget or to earmark revenues for a specific future purpose.

Resources - Total dollars available for appropriation, including estimated revenues, interfund transfers, and beginning fund balances.

Revenue - Sources of income received during the fiscal year, operating transfers from other funds, and other financing sources such as the proceeds derived from the sale of fixed assets.

Revenues from Other Agencies – Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Taxes – Compulsory charges levied by a government for financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Trust Funds – Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds. Examples are pension trust funds, nonexpendable trust funds, and expendable trust funds.