CITY OF ANTIOCH BUDGET FACTS

Getting to Know the Budget

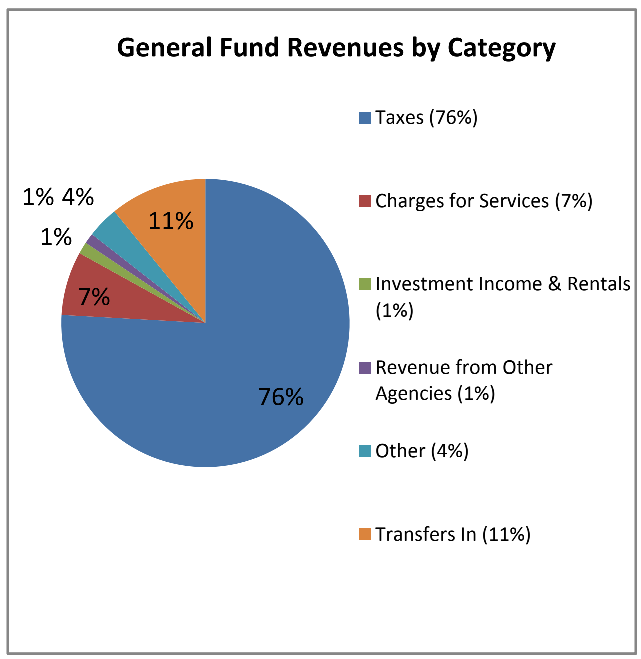
A budget is adopted annually covering all services and runs from July 1 to June 30 each fiscal year. The budget is segregated by fund type and then individual fund based upon the legally allowable use of monies received. The complete budget adopted for fiscal year 2012-13 can be viewed on the City's website at www.ci.antioch.ca.us/CityGov/Finance.

The main operating fund of the City is the General Fund which funds most of the day-to-day services the City provides. Since the recession began in late 2007, deteriorating home values and decreased consumer spending have seriously eroded the General Fund's two main sources of revenue - property and sales taxes - that pay for the vital services that affect the safety, health and welfare of our citizens. In addition, State grabs of local funds have reduced revenues, as has low interest yields on invested funds.

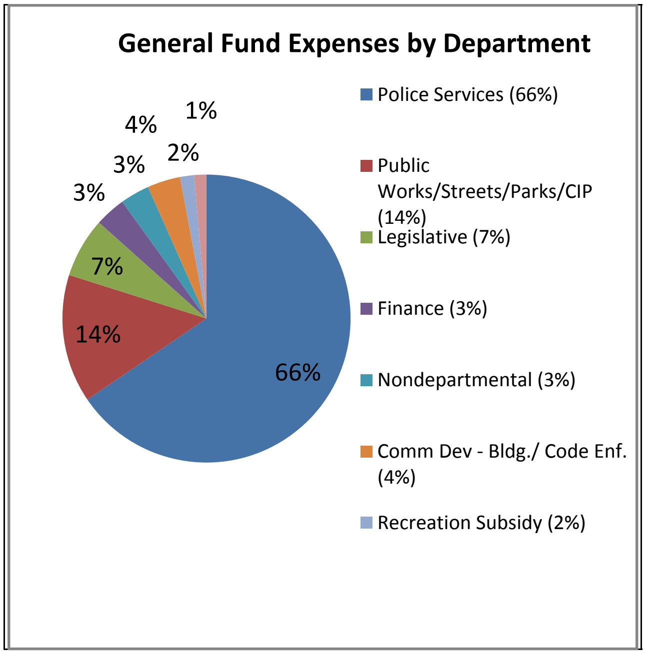
Thus, General Fund revenues have decreased by approximately $13 million since fiscal year 2006-07 and the City has reduced expenditures by approximately $7 million through a variety of measures including the following actions:

- Laid off 41 employees and not filled most vacant positions
- Sought additional grant funding (but grants do not typically cover operating costs)
- Decreased management salaries and employee work hours through furloughs and reduced overtime
- Postponed employee cost of living increases and deferred compensation and Police Department salary increases
- Eliminated non-mandatory training
- Reduced supply and equipment costs
- Deferred vehicle & equipment maintenance
- Reduced funding to the Animal Shelter and Recreation Programs
- Negotiated with labor groups for employees to contribute a higher percentage towards retirement costs
- Reduced retirement benefits for new employees

The Fiscal Year 2012-13 Budget was adopted on June 26, 2012 and amended by the City Council on September 25, 2012. Total budgeted General Fund revenues are $34,561,200 broken down by category as follows:



The next chart reflects where tax dollars and other fees collected are allocated. Of the total budgeted expenditures of $36,724,850, approximately 72% are for personnel and the remaining 28% for services and supplies.



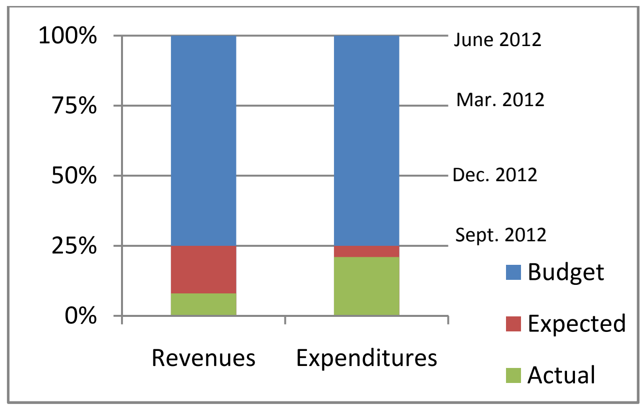
Fund Balance

Fund balance represents the net of assets and liabilities of the government and is often referred to as reserves. It is a measure of the financial stability of a City. It is important to maintain an adequate level to fund operating expenditures for a period of time in the event of a significant natural or economic event, and to cover cash flows for uneven revenue streams such as property tax. Having too low or no fund balance can result in a state of fiscal emergency or bankruptcy for a city.

The City of Antioch has adopted a fund balance policy requiring the unassigned fund balance of the General Fund to be at least 10% of total operating revenues with a goal of reaching and maintaining a level of 15%. At the close of fiscal year 2011-12, the unassigned fund balance was $8,110,949, or 23.11% of operating revenues. At the close of the current fiscal year, it is projected to be $5,719,689, or 16.55%. This is a significant decline over the prior fiscal year and means that the City is using reserves to cover all the expenditures for the current year. Or stated another way, the City is not generating enough revenues to cover current year operating costs.

Current Year Budget Status

The budget is monitored continually by City staff. A helpful tool in this analysis is to compare expected budget results on a quarterly basis to actual performance and determining the cause of any significant variances. A budget to actual comparison for the period ended 9/30/12 follows:



Based on the chart above, actual revenues and expenditures in September should be at 25% of the budgeted levels. Revenues appear significantly below the target due to the timing of the City's property tax receipts. The first allocation of 55% of the annual property tax amount will not be received until December 2012. This demonstrates the need to maintain adequate reserves, or fund balances, to cover the cash flows for operating costs until the first significant source of revenue is received.

Expenditures are slightly below expectations due to the timing of expenditures. Subsidies to Animal Services and Recreation Services do not occur until June when the actual amount needed is known. A better picture of how the City is tracking to projections will be seen at 12/31/2012 after the first installment of property tax is received.