



CITY COUNCIL REPORT

10A

DATE: NOVEMBER 13, 2018

TO: MAYOR AND COUNCIL MEMBERS

**FROM: ANDREA MILLER, FINANCE DIRECTOR
MICHELLE FITZER, CITY MANAGER**

**SUBJECT: RECEIVE THE FY 2017-18 FOURTH QUARTER FINANCIAL
REPORT AND PROVIDE DIRECTION TO STAFF**

RECOMMENDATION

Receive the FY 2017-18 Fourth Quarter Financial Report and provide direction to staff as appropriate.

BACKGROUND

For the period July 1, 2017 through June 30, 2018, cash flows were sufficient to sustain normal City operations and to satisfy Enforceable Obligation payment commitments of the City's Successor Agency.

Staff has completed a review of the fourth quarter financial performance for the City's FY 2017-18 Budget. While the fiscal year 2017-18 financials are still being analyzed and adjusted during the course of the year-end audit, the City's financial condition continues to show signs of improvement with a projected General Fund surplus of \$3.3 million. The details of this surplus are address below.

REVIEW & ANALYSIS

General Fund Revenue Analysis

The adopted Budget for FY 2017-18 anticipated current year expenditures to be fully offset by operating revenues generating a surplus of \$1.1 million. Staff is now projecting a FY 2017-18 surplus of \$13,341,180. This is the result of revenue received \$11,846,280 over projections (largely \$10 million from the PALC sale of property proceeds), and expenditures \$431,442 less than projected.

The economy in Pinole continues to show signs of current fiscal strength, with overall revenue of 113% realized through the end of the fiscal year. The City uses HdL, Coren & Cone Consultants to provide an analysis of property assessed values and Sales Tax projections. Budget projections are based on a conservative estimate of HdL, Coren & Cone's analysis.

- **Sales Tax**

For FY 2017-18, Sales Tax revenue is the City's second largest General Fund revenue stream which has shown steady increases year-over-year. Sales Tax collections for the fourth quarter are 107% of projections which is in line with average collections for the same period in prior fiscal years. However, it must be noted that three (3) of the City's top 15 sales tax generators have either closed or will be closing. Those are Toys R Us, Orchard Supply and Kmart. The City will need to address the loss of revenue, as we have no idea when these locations will be re-tenanted, nor do we have a guarantee that a new tenant will be a sales tax generator. Roughly estimating the General Fund impact of these retail losses, it's around \$200,000. There will be similar losses in Measure S 2006 and Measure S 2014, meaning under our current model expenses charged to those funds will need to be shifted to the General Fund to balance those budgets.

- **Property Tax**

For FY 2017-18, Property Tax became the City's largest General Fund revenue stream with total fourth quarter collections at 132% of projections (basic 1% property tax received at 90% of projections). Property Tax settlements are received in December, April, and June.

Included in Property Tax are Redevelopment Property Tax Trust Funds (RPTTF) and County pass-through payments. These payments are the result of the dissolution of the former Pinole Redevelopment Agency, and represent the shift from the Agency receiving the tax revenue to the taxing entities receiving the tax revenue. These receipts vary year to year and for FY 2017-18 we received revenues at 248% of projections, for a total of \$2.3 million, inclusive of a one-time allocation detailed later in this report. The City receives 18.7% of RPTTF revenues which are not obligated to pay off former Redevelopment debt. Budget projections are based on a conservative estimate of prior year actual receipts. The FY 2017-18 budgeted amount for RPTTF and pass-through payments were \$579,690.

Staff has spent a considerable amount of time working with the County to determine the stability of these RPTTF and pass-through payments. The County has now confirmed that the RPTTF residual distributions to taxing entities, made after the debt of the former Agency has been paid, can be considered as ongoing revenue. However, they caution that they cannot predict with any certainty the amount Pinole will receive each year. Over the last three (3) years the City has received \$1.2 million, \$1.08 million, and \$1.44 million. Conservatively, it seems the City could begin to plan for \$1.1 million per year in RPTTF residual payments as ongoing revenue.

As mentioned above, the City is also receiving pass-through payments as part of the RDA dissolution. At the outset of Redevelopment Agencies the Agency was allowed to enter into pass-through agreements with other taxing entities. Basically this was a

promise to pay an amount beyond what the taxing entity would receive once the assessed value and property tax allocation was capped – remember the Agencies began receiving 100% of the property tax increment above the base year value. However, the Agency could not enter into a pass-through agreement with their sponsoring agency – the City. In 1994 the law changed to reflect that the sponsoring agency (the City) could receive a statutory pass-through payment if the Redevelopment Plan was amended. The City of Pinole did amend our Plan to extend the duration, as was allowed because of the ERAF shift of payments to the schools. Staff and the City Attorney’s Office feel it was this Plan amendment that has triggered the pass-through payments we are now seeing in the former RDA tax distribution calculations. Over the last three (3) years the City has received \$149,554, \$169,828, and \$182,810. Conservatively, it seems the City could begin to plan for \$166,000 per year in pass through payments as ongoing revenue.

For FY 2018-19 the budget includes \$1.2 million in anticipated RPTTF and pass-through payments.

Both the residual RPTTF and pass-through payments will convert to “normal” property tax payments upon the termination of all of the outstanding debt and formal dissolution of the former Redevelopment Agency. That is currently expected to occur in approximately 2025.

In FY 2017-18 the City also received \$691,000 in property sale proceeds for the Gateway site. This, and any other such property sale proceeds, is one-time money and should be treated as such. Ongoing operating expenses should not be planned with these funds.

- **All Other General Fund Revenue**

Utility Users Tax is the City’s third largest General Fund revenue stream with 101% realized at the end of the fourth quarter. Franchise Tax is at 105% of projections for the year; Other Taxes which includes Transient Occupancy Tax and Business Licenses are at 113% of projections; Intergovernmental tax revenue is at 112% (includes Motor Vehicle License Fee at 113% of projections; and Home Owner Property Tax Relief at 116% of projections).

State Grants were realized at 49% of projections for the year as a result of Post Reimbursable and AB4114 Abandoned Vehicle receipts lower than projections, and SB90 Mandated Costs reimbursements being only minimally received. Other Grant receipts which include Measure H are at 95% of projections. Permit revenue is at 172% of projections as a result of sidewalk, general, and grading permit revenue received in excess of projections. Review fees, which is comprised of plan check fees, is at 71% of projections. Other Fees were received at 1169% of the budget, which includes: Public Art Fees of \$45,000 (unbudgeted); \$16,896 payment for a garbage levy received (unbudgeted); \$9,676 for inspection fees; and \$2,060 for photocopy fees. Abatement fees for Code Enforcement activities were received at

36% of projections. Fines and Forfeitures are at 76% of projections; Public Safety Charges are at 97% of projections; Interest and Investment Income is at 685% of projections as a result of increased use of the Local Agency Investment Fund (LAIF) for idle funds; Rental Income was received at 100% of projections; Reimbursements are at 148% of projections resulting from a payroll tax refund; Other Revenue is at 281% of projections resulting from the PALC sale related staff reimbursement billing; and, Proceeds from the Sale of Property is at 85253% of projections due to \$10 million in proceeds from the sale of PALC, and surplus equipment sold during the year. Subsequent to the close of the fiscal year, the Section 115 Pension Trust was funded with monies from former PALC assets.

General Fund Expenditure Analysis

The City Council approved the FY 2017-18 General Fund Budget with specific expenditure assumptions limiting expenditures to maintain a balance between anticipated revenues and planned expenditures. The goal was to maintain a balanced budget and continue the process of rebuilding a General Fund Reserve. To build the reserve, we have used one-time allocations of Redevelopment Agency residual cash distributed to the City by the County Auditor-Controller, and have scheduled annual operating transfers in the amount of \$200,000 from Measure S 2014 funds beginning in fiscal year 2016-17.

Operating Budgets for the City's General Fund are at 95% of projections at the end of the fourth quarter. City Council expenditures are at 127% of budget resulting from increased PCTV charges for master control services, and Mayor's Conference catering expenses. Expenditures for City Manager and City Treasurer are at 108% and 125% of budget respectively as a result of indirect benefit cost allocations to other funding sources less than budgeted. City Attorney expenditures are at 125% of budget as a result of cost allocations to other funding sources less than budgeted, although total attorney services cost were 12% less than budgeted. Finance is at 106% of budget as a result of unfunded PERS liability allocated in excess of budget, additional auditing hours required, and indirect cost allocation to other funding sources less than budgeted. Human Resources is at 105% of budget as a result of unfunded PERS liability allocated in excess of budget. Community Development is at 12% of budget as a result of the Building Inspector/Code Enforcement position remaining vacant during the year. Recreation building maintenance services were inadvertently charged to General Fund in error.

Recommendation:

Staff is not recommending FY 2017-18 General Fund revenue or expenditure adjustments as the fiscal year is closed and currently being audited. Staff does recommend the following:

- **One-time Use of General Fund Balance:**

1. A transfer in the amount of \$4,600,806 from the General Fund to the General Reserve fund as a result of better than anticipated year-end results, and to achieve the Council's goal of 10% of expenditures or 180 days of cash on hand for fiscal emergencies. With this transfer the General Reserve fund balance will be \$6.9 million, and the General Fund balance will be \$3,601,255. In addition, achieving the Reserve goal will allow the discontinuation of the planned \$200,000 annual transfer from Measure S 2014.
2. Use of the General Fund balance to pay for the planned new Fire engine. As part of the FY 18/19 budget process the Council authorized use of \$400,000 in Measure S 2006 fund balance toward the purchase of a new Fire engine. The entire expenditure is anticipated to be up to \$1 million. Given the position of the General Fund balance, the entire cost of the engine could be allocated there, saving the Measure S 2006 fund balance for other public safety expenses.
3. Pay off the remaining \$1.6 million loan principal the City owes the former Redevelopment Agency. In 2008 the City borrowed \$2.5 million from the RDA to provide sufficient working capital to address the structural deficit in the City's General Fund (there was no remaining General Fund Reserve). The repayment terms were 3.8% interest and 12 year payment period, starting in FY 2014. If the City pays this debt with the accumulation of this one-time revenue we will save \$263,000 annually in debt service payments, including approximately \$251,000 in interest (7 years worth). In addition, we will receive 19% of the debt payment (about \$300,000) back to the City as one-time RPTTF.

- Future Planning

These recommended actions would leave approximately \$1 million in the fund balance. At this time it is important to maintain a healthy amount in the fund balance due to expected upcoming costs that were unanticipated when the FY 18/19 budget was adopted. For example:

- Currently the Police Department is evaluating the existing camera system throughout the community and has received a preliminary report that significant upgrades and repairs will be needed.
- Upgrades to our radios on the East Bay Regional Communication System Association (EBRCSA) will be required for Fire and Public Works. A budget adjustment for Police radio upgrades has already been approved. These items were unbudgeted.

- ❑ As has been mentioned at recent Council meetings, staff is developing plan options for the Council to consider to address deferred Code Enforcement activities. This will also have a one-time financial impact.
- ❑ Although the City Council funded \$13 million into the IRS Section 115 Pension Trust, given the recent talk about PERS again reducing the expected rate of return on investments, additional funding may be needed here.
- ❑ Pre-funding some of the City's retiree health (OPEB) costs would be beneficial. We operate on a pay-as-you-go system, which is perfectly allowable. However, setting aside funding alleviates some of the burden from current year operating revenues.

In summary, having monies available in the General Fund balance will allow the Council to consider authorizing necessary expenditures without the need to transfer from the Reserve account.

Of course, as mentioned previously, some of the ongoing property tax revenue will need to be allocated to offset the loss of sales tax in future budget years, due to recent retail closures. If the recommendation to fully fund the General Fund Reserve is implemented, that will offset the loss of revenue to Measure S 2014, as there is an annual \$200,000 transfer budgeted. Staff could monitor the Measure S 2014 revenue to determine if the savings from the transfer could actually offset the loss in Measure S 2006 as well. Meaning that expenditures currently charged to Measure S 2006 of approximately \$100,000 (the anticipated loss) would be charged to Measure S 2014 instead. That would leave approximately \$200,000 in General Fund sales tax revenue loss to be absorbed.

Keep in mind, the FY 2018-19 budget currently reflects \$1.2 million in RPTTF and pass-through property tax revenue and only indicates an anticipated surplus of \$305,909. If the RDA loan is paid off now, in FY 2019-20 we would begin to realize the debt service savings of \$263,000 annually.

OTHER FUNDS

Measure S 2006 and 2014 Analysis

The voter-approved 2006 City Use Tax is levied at 0.5% on all retail sales. These taxes have been pledged by the City Council to fund Public Safety Programs as their highest funding priority. Measure S 2006 revenue collections were 115% of projections at the end of the fourth quarter, while expenditures are at 91% of appropriations. Finance Department expenditure of \$1,392 is for auditing expenses that were inadvertently budgeted to Measure S 2014 instead of Measure S 2006.

The voter-approved 2014 City Use Tax is also levied at 0.5% on all retail sales. These funds are used to address some of the City's operational and capital improvement needs. Measure S 2014 revenue collections are 111% of projections at the end of the fourth quarter, while expenditures are 64% of appropriations. This level of expenditure is primarily due to capital projects continuing into FY 2018-19.

Interest and Investment Income Analysis

The City pools its cash together into one account to maximize interest earnings, and allocates interest earned to the pooled funds on a quarterly basis. Several funds had Interest and Investment earnings in excess of projections as noted in the financial report Attachment A. This is the result of an increased use of LAIF for idle funds.

Recreation Department

Overall, the Recreation Department realized 103% of projected revenue and 94% of expenditure projections at the fiscal year-end. Swim Center revenue was realized at 155% of projections. This is primarily the result of increased operating hours. Swim Center expenditures are at 210% of budget as a result of the approved operating contract with the Seals; the budget was inadvertently not amended. However, the net operations for the Swim Center were expenditures equal to revenues, after the City's contribution of around \$33,000.

Building & Planning Fund Analysis

The Building Fund's FY 2017-18 adopted budget projected a net \$297,217 use of fund balance to achieve a balanced budget. Revenue at the end of the fourth quarter is 100% of projections, while expenditures are 72% of appropriations. As a result, the Building and Planning Fund is now projecting a \$107,874 year-end surplus.

Refuse Management Fund Analysis

The Refuse Management Fund accounts for resources received via Richmond Sanitary Service for a fee imposed under AB 939 of \$0.83 per can per month on all residential customers in Pinole. These revenues are restricted to programs and activities that encourage and promote recycling of solid waste products and generate source reduction for sanitary landfills used for refuse disposal and trash reduction. Revenue collections at year-end are 116% of projections, and expenditures are 121% of projections. This is the result of the trash capture device project being completed a year earlier than anticipated.

Housing Administration Analysis

Activities associated with administering housing programs of the former Pinole Redevelopment Agency, use of Housing Set Aside funds, and the provision of affordable housing within the community are maintained within the Housing Fund.

Revenue at the end of the fourth quarter is at 408% of projections. This is the result of the sales proceeds from the sale of the Pinole Assisted Living Community property. Expenditures are 81% of appropriations at fiscal year-end.

Sewer Enterprise Fund Analysis

The Sewer Enterprise Fund accounts for fees charged to residents and businesses for sewer utilities. Fees are used to operate the Pinole-Hercules Wastewater Treatment Plant which services the Pinole and Hercules areas. Revenue received is 105% of projections while expenses are 94% of projections.

Recommendation:

Staff is not recommending FY 2017-18 budget adjustments in any funds as the fiscal year is closed and currently being audited.

FISCAL IMPACT

The following funds are projecting a 2017-18 fiscal year-end use of fund balance:

Fund	Amount
Measure S 2006 - 105	-\$87,638
Restricted Real state Maintenance - 201	-\$19,263
Recreation - 209	-\$144,041
Refuse Management - 213	-\$66,637

These uses of fund balance were anticipated when the FY 2017-18 budget was adopted.

ATTACHMENTS

Attachment A – FY 2017-18 Fourth Quarter Financial Report
Attachment B – PowerPoint Presentation



City of Pinole Fourth Quarter Budget Report

For FY 2017-18 Period Ending: 06/30/2018

	FY 2017-18 Revised Budget	Fiscal Activity	Variance	Percent Used	Notes
Fund: 100 - General Fund					
Revenue					
311 - Property Taxes Total:	3,492,845	4,615,198	1,122,353	132%	[1]
<i>Basic 1% Property Tax</i>	<i>2,560,503</i>	<i>2,300,253</i>	<i>(260,250)</i>	<i>90%</i>	[1]
<i>RPTTF and Passthrough Payments</i>	<i>932,342</i>	<i>2,314,944</i>	<i>1,382,602</i>	<i>248%</i>	[1]
312 - Sales and Use Taxes Total:	3,638,966	3,875,926	236,960	107%	
313 - Utility Users Tax Total:	1,912,350	1,926,796	14,446	101%	
314 - Franchise Taxes Total:	712,350	747,625	35,275	105%	
315 - Other Taxes Total:	780,000	880,271	100,271	113%	[2]
321 - Intergovernmental Taxes Total:	1,539,950	1,732,370	192,420	112%	[3]
323 - State Grants Total:	66,600	32,401	(34,199)	49%	
324 - Other Grants Total:	49,437	47,026	(2,411)	95%	
332 - Permits Total:	57,200	98,312	41,112	172%	[4]
341 - Review Fees Total:	57,905	41,002	(16,903)	71%	
342 - Other Fees Total:	6,300	73,632	67,332	1169%	[5]
343 - Abatement Fees Total:	2,000	720	(1,280)	36%	
351 - Fines and Forfeiture Total:	54,050	41,279	(12,771)	76%	
361 - Public Safety Charges Total:	1,344,283	1,300,985	(43,298)	97%	
370 - Interest and Investment Income Total:	5,000	34,244	29,244	685%	[6]
381 - Rental Income Total:	97,027	97,027	(0)	100%	
383 - Reimbursements Total:	34,748	51,568	16,820	148%	[7]
384 - Other Revenue Total:	52,702	148,153	95,451	281%	[8]
392 - Proceeds from Sale of Property Total:	11,750	10,017,210	10,005,460	85253%	[9]
Revenue Total:	13,915,463	25,761,743	11,846,280	185%	
Expenditures					
Department: 10 - City Council Total:	113,248	143,788	(30,540)	127%	[10]
Department: 11 - City Manager Total:	110,668	118,983	(8,315)	108%	[11]
Department: 12 - City Clerk Total:	236,016	189,070	46,946	80%	
Department: 13 - City Treasurer Total:	8,444	10,560	(2,116)	125%	[11]
Department: 14 - City Attorney Total:	215,775	269,917	(54,142)	125%	[12]
Department: 15 - Finance Department Total:	401,812	425,604	(23,792)	106%	[13]
Department: 16 - Human Resources Total:	310,609	325,723	(15,114)	105%	[14]
Department: 17 - Non-Departmental Total:	2,332,003	2,101,086	230,917	90%	
Total Administrative	3,728,575	3,584,730	143,845	96%	
Department: 22 - Police Department Total:	5,616,012	5,559,260	56,752	99%	
Department: 23 - Fire Department Total:	2,575,750	2,430,805	144,945	94%	
Total Public Safety	8,191,762	7,990,065	201,697	98%	
Department: 34 - Public Works Total:	864,201	837,234	26,967	97%	
Department: 46 - Community Development Total:	67,467	8,206	59,261	12%	[15]
Total Development Services	931,668	845,440	86,228	91%	
Department: 55 - Recreation Total:	-	328	(328)	-100%	[16]
Total Recreation	-	328	(328)	-100%	
Expenditure Total:	12,852,005	12,420,563	431,442	97%	
Fund: 100 - General Fund Surplus (Deficit):	1,063,458	13,341,180	12,277,722	1255%	
Fund Balance July 1, 2017		4,860,881			
Estimated Fund Balance June 30, 2018		18,202,061			[17]

Notes:

[1] Basic 1% Property Tax received 90% of projections; RPTTF and passthrough payments received at 248% of projections.

[2] Transient Occupancy Tax and Business License revenue received in excess of projections.

[3] Motor vehicle fees received in excess of projections.

[4] Sidewalk, general, and grading permit revenue received in excess of projections.

[5] Public Art fees and garbage levy unanticipated revenue received.

[6] Interest income received in excess of projections resulting from increased use of LAIF for idle funds.

[7] Refunds received in excess of projections resulting from payroll tax refund.

[8] Other revenue received in excess of budget resulting from PALC sale billing.

[9] Includes \$10M proceeds from sale of PALC and miscellaneous surplus property sold. \$10M PALC proceeds will fund Section 115 Trust.

[10] PCTV charges for services in excess of budget; and catering for Mayors Conference.

	FY 2017-18 Revised Budget	Fiscal Activity	Variance	Percent Used	Notes
[11] Indirect cost allocations to other funding sources less than budgeted.					
[12] Indirect cost allocations to other funding sources less than budgeted; total attorney services less than budgeted.					
[13] Unfunded PERS liability allocation in excess of budget; additional auditing hours; and indirect cost allocation less than budgeted.					
[14] Unfunded PERS liability allocation in excess of budget.					
[15] Code Enforcement position remained vacant all year.					
[16] Building maintenance charged to wrong fund. Should be Fund 209.					
[17] Fund balance does not include General Reserve balance of \$2.2M.					
Fund: 105 - Measure S -2006					
Revenue					
312 - Sales and Use Taxes Total:	1,919,000	2,165,664	246,664	113%	[1]
370 - Interest and Investment Income Total:	2,700	12,796	10,096	474%	[2]
383 - Reimbursements Total:	18,701	49,765	31,064	266%	[3]
Revenue Total:	1,940,401	2,228,225	287,824	115%	
Expense					
Department: 15 - Finance Department Total:	-	1,392	(1,392)	-100%	[4]
Department: 22 - Police Department Total:	1,702,837	1,600,440	102,397	94%	
Department: 23 - Fire Department Total:	854,949	714,030	140,919	84%	
Expenditure Total:	2,557,786	2,315,862	241,924	91%	
Fund: 105 - Measure S -2006 Surplus (Deficit):	(617,385)	(87,638)	529,747	14%	
Fund Balance July 1, 2017		2,388,292			
Estimated Fund Balance June 30, 2018		2,300,655			
Fund: 106 - MEASURE S-2014					
Revenue					
312 - Sales and Use Taxes Total:	1,919,000	2,121,226	202,226	111%	[1]
370 - Interest and Investment Income Total:	2,700	15,527	12,827	575%	[2]
Revenue Total:	1,921,700	2,136,753	215,053	111%	
Expense					
Department: 14 - City Attorney Total:	45,000	77,078	(32,078)	171%	[5]
Department: 15 - Finance Department Total:	5,000	4,192	808	84%	
Department: 17 - Non-Departmental Total:	900,000	763,888	136,112	85%	
Department: 18 - Information Systems Total:	150,000	81,334	68,666	54%	
Total Administrative	1,100,000	926,492	173,508	84%	
Department: 22 - Police Department Total:	129,554	38,254	91,300	30%	
Department: 23 - Fire Department Total:	359,760	199,863	159,897	56%	
Total Public Safety	489,314	238,117	251,197	49%	
Department: 34 - Public Works Total:	444,412	138,556	305,856	31%	
Department: 55 - Recreation Total:	7,000	8,130	(1,130)	116%	[6]
Expenditure Total:	2,040,726	1,311,295	729,431	64%	
Fund: 106 - MEASURE S-2014 Surplus (Deficit):	(119,026)	825,458	944,484	-694%	
Fund Balance July 1, 2017		2,148,863			
Estimated Fund Balance June 30, 2018		2,974,321			
Fund: 200 - Gas Tax Fund					
Revenue					
SubCategory: 321 - Intergovernmental Taxes Total:	528,732	479,540	(49,192)	91%	
SubCategory: 370 - Interest and Investment Income Total:	500	1,973	1,473	395%	[2]
Revenue Total:	529,232	481,513	(47,719)	91%	
Expense					
Department: 34 - Public Works Total:	462,791	356,843	105,948	77%	
Expense Total:	462,791	356,843	105,948	77%	
Fund: 200 - Gas Tax Fund Surplus (Deficit):	66,441	124,670	58,229	188%	
Fund Balance July 1, 2017		276,470			
Estimated Fund Balance June 30, 2018		401,140			
Notes:					
[1] Sales Tax received in excess of projections.					
[2] Interest income received in excess of projections resulting from increased use of LAIF for idle funds.					
[3] Reimbursements received from San Pablo and Hercules for share of dispatch upgrade costs.					
[4] Auditing expense for Measure S 2006 fund budgeted in Measure S 2014 in error.					
[5] Additional municipal code update projects in excess of budget.					
[6] Event expenses allocated in excess of budget.					

	FY 2017-18 Revised Budget	Fiscal Activity	Variance	Percent Used	Notes
Fund: 201 - Restricted Real Estate Maintenance Fund					
Revenue					
SubCategory: 342 - Other Fees Total:	3,175	3,625	450	114%	
SubCategory: 381 - Rental Income Total:	34,000	5,784	(28,216)	17%	
Revenue Total:	37,175	9,409	(27,766)	25%	
Expense					
Department: 34 - Public Works Total:	47,500	28,672	18,819	60%	
Expense Total:	47,500	28,672	18,819	60%	
201 - Restricted Real Estate Maintenance Fund Surplus (Deficit):	(10,325)	(19,263)	(8,947)	187%	
Fund Balance July 1, 2017		152,858			
Estimated Fund Balance June 30, 2018		133,595			
Fund: 203 - Public Safety Augmentation Fund					
Revenue					
SubCategory: 321 - Intergovernmental Taxes Total:	155,000	164,543	9,543	106%	
SubCategory: 370 - Interest and Investment Income Total:	500	1,442	942	288%	[1]
Revenue Total:	155,500	165,985	10,485	107%	
Expense					
Department: 22 - Police Department Total:	150,857	149,159	1,698	99%	
Expense Total:	150,857	149,159	1,698	99%	
Fund: 203 - PSAF Surplus (Deficit):	4,643	16,826	12,183	362%	
Fund Balance July 1, 2017		262,300			
Estimated Fund Balance June 30, 2018		279,125			
Fund: 204 - Police Grants					
Revenue					
SubCategory: 324 - Other Grants Total:	320,000	328,000	8,000	103%	
Revenue Total:	320,000	328,000	8,000	103%	
Expense					
Department: 22 - Police Department Total:	291,941	324,671	(32,730)	111%	
Expense Total:	291,941	324,671	(32,730)	111%	
Fund: 204 - Police Grants Surplus (Deficit):	28,059	3,329	(24,730)	12%	
Fund Balance July 1, 2017		44,013			
Estimated Fund Balance June 30, 2018		47,342			
Fund: 205 - Traffic Safety Fund					
Revenue					
SubCategory: 351 - Fines and Forfeiture Total:	57,750	32,107	(25,643)	56%	
SubCategory: 370 - Interest and Investment Income Total:	250	673	423	269%	[1]
Revenue Total:	58,000	32,780	(25,220)	57%	
Expense					
Department: 22 - Police Department Total:	26,284	9,579	16,705	36%	
Expense Total:	26,284	9,579	16,705	36%	
Fund: 205 - Traffic Safety Fund Surplus (Deficit):	31,716	23,201	(8,515)	73%	
Fund Balance July 1, 2017		110,992			
Estimated Fund Balance June 30, 2018		134,192			
Fund: 206 - Supplemental Law Enforcement Svc Fund					
Revenue					
SubCategory: 323 - State Grants Total:	100,000	100,000	-	100%	
SubCategory: 370 - Interest and Investment Income Total:	175	622	447	355%	[1]
Revenue Total:	100,175	100,622	447	100%	
Expense					
Department: 22 - Police Department Total:	96,657	92,612	4,045	96%	
Expense Total:	96,657	92,612	4,045	96%	
206 - Supplemental Law Enforcement Svc Fund Surplus (Deficit):	3,518	8,009	4,491	228%	
Fund Balance July 1, 2017		111,088			
Estimated Fund Balance June 30, 2018		119,097			
Notes:					
[1] Interest income received in excess of projections resulting from increased use of LAIF for idle funds.					

	FY 2017-18 Revised Budget	Fiscal Activity	Variance	Percent Used	Notes
Fund: 207 - NPDES Storm Water Fund					
Revenue					
SubCategory: 321 - Intergovernmental Taxes Total:	315,768	295,916	(19,852)	94%	
SubCategory: 370 - Interest and Investment Income Total:	175	151	(24)	87%	
SubCategory: 384 - Other Revenue Total:	400	378	(22)	95%	
Revenue Total:	316,343	296,445	(19,898)	94%	
Expense					
Department: 34 - Public Works Total:	305,420	273,919	31,501	90%	
Expense Total:	305,420	273,919	31,501	90%	
Fund: 207 - NPDES Storm Water Fund Surplus (Deficit):	10,923	22,526	11,603	206%	
Fund Balance July 1, 2017		77,976			
Estimated Fund Balance June 30, 2018		100,502			
Fund: 209 - Recreation Fund					
Revenue					
Division: 551 - Recreation Administration	27,500	24,689	(2,811)	90%	
Division: 552 - Senior Center	361,700	372,734	11,034	103%	
Division: 553 - Tiny Tots	191,557	193,085	1,528	101%	
Division: 554 - Youth Center	51,297	53,402	2,105	104%	
Division: 555 - Day Camp	54,141	37,419	(16,722)	69%	
Division: 556 - Performing Arts	45,270	48,369	3,099	107%	
Division: 557 - Swim Center	52,500	81,194	28,694	155%	[1]
Division: 558 - Memorial Hall	5,600	5,000	(600)	89%	
Division: 559 - Tennis	200	410	210	205%	
Revenue Total:	789,765	816,302	26,537	103%	
Expense					
Division: 551 - Recreation Administration	188,626	142,805	45,821	76%	
Division: 552 - Senior Center	429,591	428,493	1,098	100%	
Division: 553 - Tiny Tots	114,304	110,783	3,521	97%	
Division: 554 - Youth Center	165,235	146,138	19,097	88%	
Division: 555 - Day Camp	38,428	4,438	33,990	12%	
Division: 556 - Performing Arts	40,007	39,525	482	99%	
Division: 557 - Swim Center	38,691	81,194	(42,503)	210%	[2]
Division: 558 - Memorial Hall	4,838	3,869	969	80%	
Division: 559 - Tennis	3,495	3,100	395	89%	
Total Recreation	1,023,215	960,343	62,872	94%	
Expense Total:	1,023,215	960,343	62,872	94%	
Fund: 209 - Recreation Fund Surplus (Deficit):	(233,450)	(144,041)	89,409	62%	
Fund Balance July 1, 2017		211,735			
Estimated Fund Balance June 30, 2018		67,694			
Fund: 212 - Building & Planning					
Revenue					
SubCategory: 370 - Interest and Investment Income Total:	1,500	5,445	3,945	363%	[3]
SubCategory: 315 - Other Taxes Total:	1,800	159	(1,641)	9%	
SubCategory: 332 - Permits Total:	913,000	762,459	(150,541)	84%	
SubCategory: 341 - Review Fees Total:	147,000	262,891	115,891	179%	[4]
SubCategory: 342 - Other Fees Total:	54,050	81,516	27,466	151%	[5]
SubCategory: 343 - Abatement Fees Total:	500	6,500	6,000	1300%	[6]
SubCategory: 384 - Other Revenue Total:	17,000	19,857	2,857	117%	[7]
Revenue Total:	1,134,850	1,138,827	3,977	100%	
Expense					
Department: 46 - Community Development Total:	1,432,067	1,030,953	401,114	72%	
Expense Total:	1,432,067	1,030,953	401,114	72%	
Fund: 212 - Building & Planning Surplus (Deficit):	(297,217)	107,874	405,091	-36%	
Fund Balance July 1, 2017		653,652			
Estimated Fund Balance June 30, 2018		761,526			

Notes:

- [1] Swim Center fees received in excess of projections due to increased service hours.
- [2] Swim Center contract approved, but budget amendment not added; additional maintenance expenses with increased use.
- [3] Interest income received in excess of projections resulting from increased use of LAIF for idle funds.
- [4] Specic Plan and plan check review fees recvied in excess of projections.
- [5] Fee revenue received in excess of projections.
- [6]Code enforcement abatement revenue received in excess of projections.
- [7] Code enforcement abatement and various building receipts posted and received in excess of projections.

	FY 2017-18 Revised Budget	Fiscal Activity	Variance	Percent Used	Notes
Fund: 213 - Refuse Management Fund					
Revenue					
SubCategory: 323 - State Grants Total:	60,060	66,513	6,453	111%	[1]
SubCategory: 370 - Interest and Investment Income Total:	1,000	4,071	3,071	407%	[2]
Revenue Total:	61,060	70,584	9,524	116%	
Expense					
Department: 34 - Public Works Total:	113,522	137,220	(23,698)	121%	[3]
Expense Total:	113,522	137,220	(23,698)	121%	
Fund: 213 - Refuse Management Fund Surplus (Deficit):	(52,462)	(66,637)	(14,175)	127%	
Fund Balance July 1, 2017		713,366			
Estimated Fund Balance June 30, 2018		646,729			
Fund: 215 - Measure C and J Fund					
Revenue					
SubCategory: 324 - Other Grants Total:	303,590	366,959	63,369	121%	[4]
SubCategory: 370 - Interest and Investment Income Total:	1,000	5,004	4,004	500%	[2]
Revenue Total:	304,590	371,963	67,373	122%	
Expense					
Department: 34 - Public Works Total:	188,525	134,006	54,519	71%	
Expense Total:	188,525	134,006	54,519	71%	
Fund: 215 - Measure C and J Fund Surplus (Deficit):	116,065	237,957	121,892	205%	
Fund Balance July 1, 2017		1,016,913			
Estimated Fund Balance June 30, 2018		1,254,870			
Fund: 285 - Housing Land Held for Resale					
Revenue					
SubCategory: 342 - Other Fees Total:	4,700	4,700	-	100%	
SubCategory: 370 - Interest and Investment Income Total:	75,000	13,610	(61,390)	18%	
SubCategory: 381 - Rental Income Total:	72,253	72,253	0	100%	
SubCategory: 384 - Other Revenue Total:	35,000	5,500	(29,500)	16%	
SubCategory: 392 - Proceeds from Sale of Property Total:	-	987,791	987,791	-100%	[5]
SubCategory: 393 - Loan/Bond Proceeds Total:	81,000	10,241	(70,759)	13%	
Revenue Total:	267,953	1,094,095	826,142	408%	
Expense					
Department: 46 - Community Development Total:	223,996	182,358	41,638	81%	
Expense Total:	223,996	182,358	41,638	81%	
Fund: 285 - Housing Land Held for Resale Surplus (Deficit):	43,957	911,737	867,780	2074%	
Fund Balance July 1, 2017		1,340,191			
Estimated Fund Balance June 30, 2018		2,251,928			
Fund: 500 - Sewer Enterprise Fund					
Revenue					
SubCategory: 344 - Impact Fees Total:	-	26,894	26,894	-100%	[6]
SubCategory: 363 - Sewer Enterprise Charges Total:	6,242,610	6,480,691	238,081	104%	
SubCategory: 370 - Interest and Investment Income Total:	10,250	47,274	37,024	461%	[2]
Revenue Total:	6,252,860	6,568,375	315,515	105%	
Expense					
Department: 64 - Sewer Total:	5,545,948	4,196,191	1,349,757	76%	[7]
Expense Total:	5,545,948	4,196,191	1,349,757	76%	
Depreciation Expense	-	1,029,881		1,029,881	[8]
Fund: 500 - Sewer Enterprise Fund Surplus (Deficit):	706,912	2,372,184	1,665,272	336%	
Fund Balance July 1, 2017		10,681,604			
Estimated Fund Balance June 30, 2018		13,053,788			

Notes:

- [1] Recycling grant in the amount of \$5,038 received unbudgeted.
[2] Interest income received in excess of projections resulting from increased use of LAIF for idle funds.
[3] Trash capture device project completed a year earlier than anticipated.
[4] Measure J funds received in excess of amount anticipated.
[5] Proceeds from sale of PALC.
[6] Impact Fee revenue received and unbudgeted.
[7] Asset replacement, \$290,000, and collection improvements, \$395,000, not expended.
[8] Depreciation expense excluded from estimated fund balance calculation.

	FY 2017-18 Revised Budget	Fiscal Activity	Variance	Percent Used	Notes
Fund: 505 - Cable Access TV					
Revenue					
SubCategory: 314 - Franchise Taxes Total:	36,788	36,910	122	100%	
SubCategory: 365 - Cable TV Charges Total:	178,585	220,758	42,173	124%	[1]
SubCategory: 384 - Other Revenue Total:	2,100	3,330	1,230	159%	[2]
SubCategory: 399 - Transfers In Total:	183,566	84,095	(99,471)	46%	[3]
Revenue Total:	401,039	345,093	(55,946)	86%	
Expense					
Department: 19 - Cable Access TV Total:	399,091	338,681	60,410	85%	
Expense Total:	399,091	338,681	60,410	85%	
Fund: 505 - Cable Access TV Surplus (Deficit):	1,948	6,413	4,465	329%	
Fund Balance July 1, 2017		(38,016)			
Estimated Fund Balance June 30, 2018		(31,604)			
Fund: 750 - Recognized Obligation Retirement Fund					
Revenue					
SubCategory: 311 - Property Taxes Total:	253,500	250,000	(3,500)	99%	
SubCategory: 370 - Interest and Investment Income Total:	-	15,739	15,739	-100%	
SubCategory: 393 - Loan/Bond Proceeds Total:	13,539	19,084	5,545	141%	[4]
Revenue Total:	267,039	284,822	17,783	107%	
Expense					
Department: 46 - Community Development Total:	253,500	269,150	(15,650)	106%	
Expense Total:	253,500	269,150	(15,650)	106%	
Fund: 750 - RORF Fund Surplus (Deficit):	13,539	15,672	2,133	116%	

Notes:

- [1] Increased cable TV charges for Council and Planning Commission meetings in excess of projections.
[2] PVH broadcast revenue in excess of projections.
[3] General Fund operating contribution is transferred based on funding need.
[4] Loan paid in excess of amount anticipated.

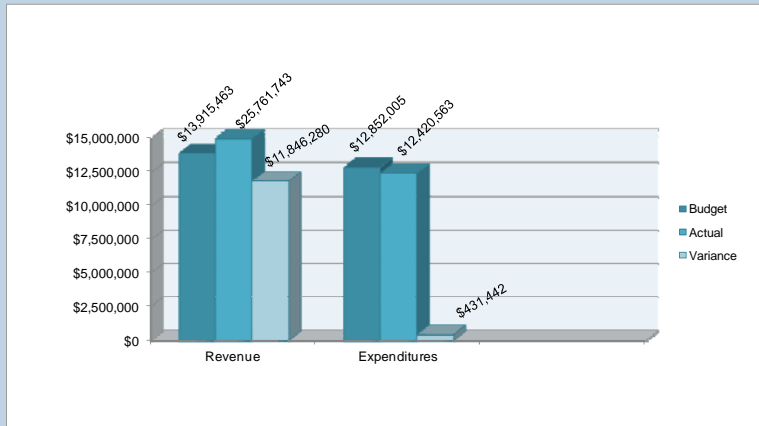


FY 2017-18 FOURTH QUARTER FINANCIAL REPORT

Highlights:

- FY 2017-18 budget anticipated General Fund surplus of \$1,063,458
- General Fund 4th quarter revenues realized at 185% of projections
- General Fund 4th quarter expenditures realized at 97% of projections

General Fund Overview



General Fund Revenue Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Variance
Property Tax	3,492,845	4,615,198	1,122,353
Sales Tax	3,638,966	3,875,926	236,960
Utility Users Tax	1,912,350	1,926,796	14,446
Other Taxes	3,032,300	3,360,266	327,966
Other Revenue	1,839,002	11,983,557	10,144,555
Total Revenue	13,915,463	11,846,280	11,846,280

General Fund Expenditures by Function Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Variance
Administration	3,728,575	3,584,730	143,845
Public Safety	8,191,762	7,990,065	201,697
Public Works	864,201	837,234	26,967
Comm. Dev.	67,467	8,206	59,261
Recreation	0	328	-328
Total Expenditures	12,852,005	12,420,563	431,442

Measure S 2006 Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Variance
Sales Tax	1,919,000	2,165,664	246,664
Other Revenue	21,401	62,561	41,160
Total Revenue	1,940,401	2,228,225	287,824
Finance Dept	0	1,392	-1,392
Police Dept	1,702,837	1,600,440	102,397
Fire Dept	854,949	714,030	140,919
Total Expenditures	2,557,786	2,315,862	241,924

Measure S 2014 Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Variance
Sales Tax	1,919,000	2,121,226	202,226
Other Revenue	2,700	15,527	12,827
Total Revenue	1,921,700	2,136,753	215,053
Administration	1,100,000	926,492	173,508
Public Safety	489,314	238,117	251,197
Public Works	444,412	138,556	305,856
Recreation	7,000	8,130	-1,130
Total Expenditures	2,040,726	1,311,295	729,431

Recreation Fund Budget-to-Actual

	Revenue Actual	Expenditure Actual	Net Difference
Administration	24,689	142,805	-118,116
Senior Center	372,734	428,493	-55,759
Tiny Tots	193,085	110,783	82,302
Youth Center	53,402	146,138	-92,736
Day Camp	37,419	4,438	32,981
Performing Arts	48,369	39,525	8,844
Swim Center	81,194	81,194	0
Memorial Hall	5,000	3,869	1,131
Tennis	410	3,100	-2,690
Total	816,302	960,343	-144,041

Building & Planning Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Variance
Revenue:			
Permits	913,000	762,459	-150,541
Review Fees	147,000	262,891	115,891
Other Revenue	74,850	113,477	38,627
Total	1,134,850	1,138,827	3,977
Expenditures:			
Community Dev.	1,432,067	1,030,953	401,114
Total	1,432,067	1,030,953	401,114

Housing Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Variance
Revenue:			
Rental Income	72,253	72,253	0
Proceeds-Prop.	0	987,791	987,791
Other Revenue	195,700	34,051	-161,649
Total	267,253	1,094,095	826,142
Expenditures:			
Community Dev.	223,996	182,358	41,638
Total	223,996	182,358	41,638

Sewer Enterprise Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Variance
Revenue:			
Impact Fees	0	26,894	26,894
Sewer Charges	6,242,610	6,480,691	238,081
Interest & Invest	10,250	47,274	37,024
Total Revenue	6,252,860	6,568,375	315,515
Expenditures:			
Sewer Dept.	5,545,948	4,196,191	1,349,757
Total Expenses	5,545,948	4,196,191	1,349,757

Cable Access TV Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Variance
Revenue:			
Franchise Fees	36,788	36,910	122
Cable TV Charges	178,585	220,758	42,173
Other Revenue	185,666	87,425	-98,241
Total Revenue	401,039	345,093	-55,946
Expenditures:			
Cable Access TV	399,091	338,681	60,410
Total Expenses	399,091	338,681	60,410

Recommended Actions

Use the one-time monies accumulated in the General Fund balance as follows:

- A transfer in the amount of \$4,600,806 from the General Fund to the General Reserve fund to achieve the Council's goal of 10% of expenditures or 180 days of cash on hand for fiscal emergencies - \$6.9 million. Achieving the Reserve goal will allow the discontinuation of the planned \$200,000 annual transfer from Measure S 2014.

Recommended Actions, cont.

Use the one-time monies accumulated in the General Fund balance as follows:

- Use of the General Fund balance to pay for the planned new Fire engine. As part of the FY 18/19 budget process the Council authorized use of \$400,000 in Measure S 2006 fund balance toward the purchase of a new Fire engine. The entire expenditure is anticipated to be up to \$1 million.

Recommended Actions, cont.

Use the one-time monies accumulated in the General Fund balance as follows:

- Pay off the remaining \$1.6 million loan principal the City owes the former RDA. Repayment terms were 3.8% interest and 12 years, starting in FY 2014. If the City pays this debt we will save approximately \$251,000 in interest (7 years worth of payments). In addition, we will receive 19% of the debt payment (about \$300,000) back to the City as one-time RPTTF.

Questions and Comments?

