



# Budget Report Second Quarter – FY13/14

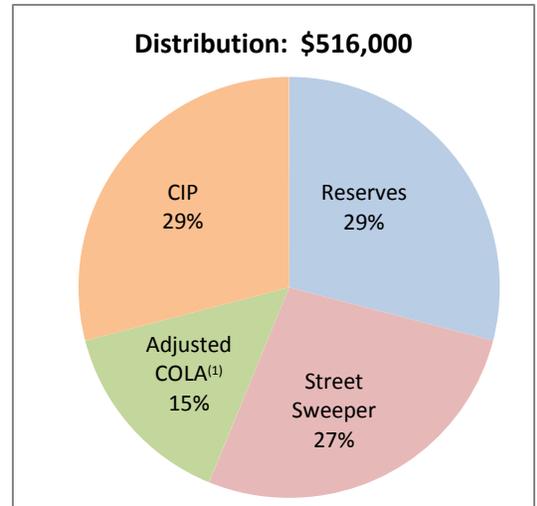
**Overview:**

This report summarizes the City’s overall financial position for the current fiscal year through December 2013. Except as noted below, revenue and operating expenditure trends are generally on target with annual projections.

**News and Information:**

**Allocation of General Fund Balance**

In Fiscal Year 2012-2013, the final operating revenues exceeded expenditures by approximately \$650,000. This operating increase resulted in a year-end fund balance of \$746,000. This surplus was primarily driven by employee staffing and efficiency improvements that resulted in \$400,000 in salary and contract savings; and a \$240,000 increase in sales and transient occupancy tax (TOT) performance. At the December 12, 2013 City Council meeting, \$516,000 of the year-end fund balance was distributed in accordance with the adjacent chart, while \$200,000 was retained to assist with minor fluctuations and unanticipated expenditures.



**Banking Services**

The City recently issued a Request for Proposal (RFP) for banking services. After a panel reviewed proposals and presentations from eight banks, the City awarded a three-year contract to Wells Fargo Bank. The City is anticipated to save approximately \$10,200 in merchant card processing fees. As part of the initial Business Process Review the City will be reviewing the potential of accepting credit cards at City Hall collection counters.

**General Fund:**

The fiscal year is 50% complete. The General Fund revenues are 43% of the annual projections, while expenditures are at 46%. While it may appear that revenues aren’t performing as projected, this pattern is consistent with prior years and the timing of key revenue receipts. In FY 13/14, increased performance in core revenues and the addition of two partial quarters of Measure O receipts have increased revenues by \$827,000 over the prior year. The City’s expenditures are fairly consistent with the number of payrolls processed through December 31, 2013; while the amount of transfers reflect 50% of the Measure O and fund balance commitments to reserves and CIP. Additional details are providing in the remaining sections.

General Fund	Budgetary Comparison			Annual Comparison
	Amended Budget	YTD Transactions	Percent	Prior Year
Beginning Fund Balance	\$ 746,000			
Revenues	13,834,396	\$ 5,973,705	43%	\$ 5,146,772
Expenditures	13,101,142	6,080,112	46%	5,583,824
Other Financing Uses - Transfers to Reserves/CIP	1,254,000	627,000	50%	
FY13/14 Operating Difference	\$ (520,746)	\$ (733,407)		\$ (437,052)
Estimated Ending Fund Balance	\$ 225,254			

**Key Revenues:**

Revenue	Budgetary Comparison			Annual Comparison
	Amended Budget	YTD Transactions	% Used / Rec'd	Prior Year
<b>Taxes:</b>				
Property Taxes	\$ 1,681,900	\$ 883,109	53%	\$ 849,198
Sales and Use Tax	7,096,000	2,657,615	37%	2,053,730
Document Transfer Tax	-	21,012	-	31,741
Business License Tax	280,000	75,099	27%	35,690
Franchise Tax	479,200	112,297	23%	110,592
TOT Tax	984,300	660,270	67%	557,816
<b>Subtotal - Taxes</b>	<b>\$ 10,521,400</b>	<b>\$ 4,409,403</b>	<b>42%</b>	<b>\$ 3,638,766</b>
<b>Other:</b>				
Licenses and permits	\$ 224,600	\$ 114,758	51%	\$ 123,330
Intergovernmental revenues	287,496	37,798	13%	81,824
Charges for services	1,980,400	1,034,514	52%	935,456
Fines and forfeitures	707,500	315,976	45%	306,296
Use of money & property	36,800	10,732	29%	12,457
Other revenues	76,200	50,524	66%	48,643
Other financing sources	-	-	0%	-
Extraordinary Items	-	-	0%	-
<b>Subtotal - Other Revenues</b>	<b>3,312,996</b>	<b>1,564,302</b>	<b>47%</b>	<b>1,508,006</b>
<b>Total Revenues</b>	<b>\$ 13,834,396</b>	<b>\$ 5,973,705</b>	<b>43%</b>	<b>\$ 5,146,772</b>

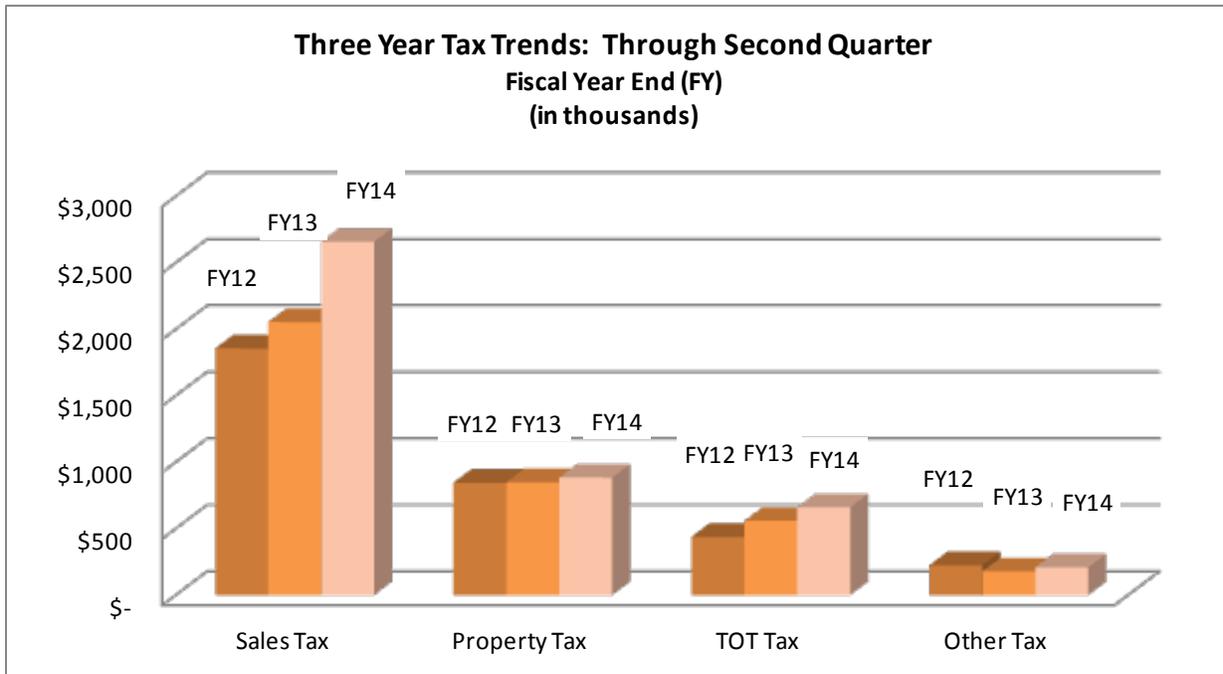
**Taxes:**

The City receives sales, franchise, and business license taxes on alternate schedules. Due to the timing of revenue receipts only 42% of revenues were received in the first two quarters of FY 13/14. The 42% excludes a portion of the second quarter sales tax receipts and a large portion of business license and franchise tax revenues. Sales tax receipts are approximately \$600,000 greater than the prior year. Approximately \$326,000 can be attributed to Measure O receipts, \$164,000 related to a greater than typical Triple Flip true-up; and \$113,000 due to general economic improvement. TOT year to date revenues are approximately \$102,000 or 18% greater than the prior year. This increase is primarily due to significant increases in the performance of two hotels and general economic improvement.

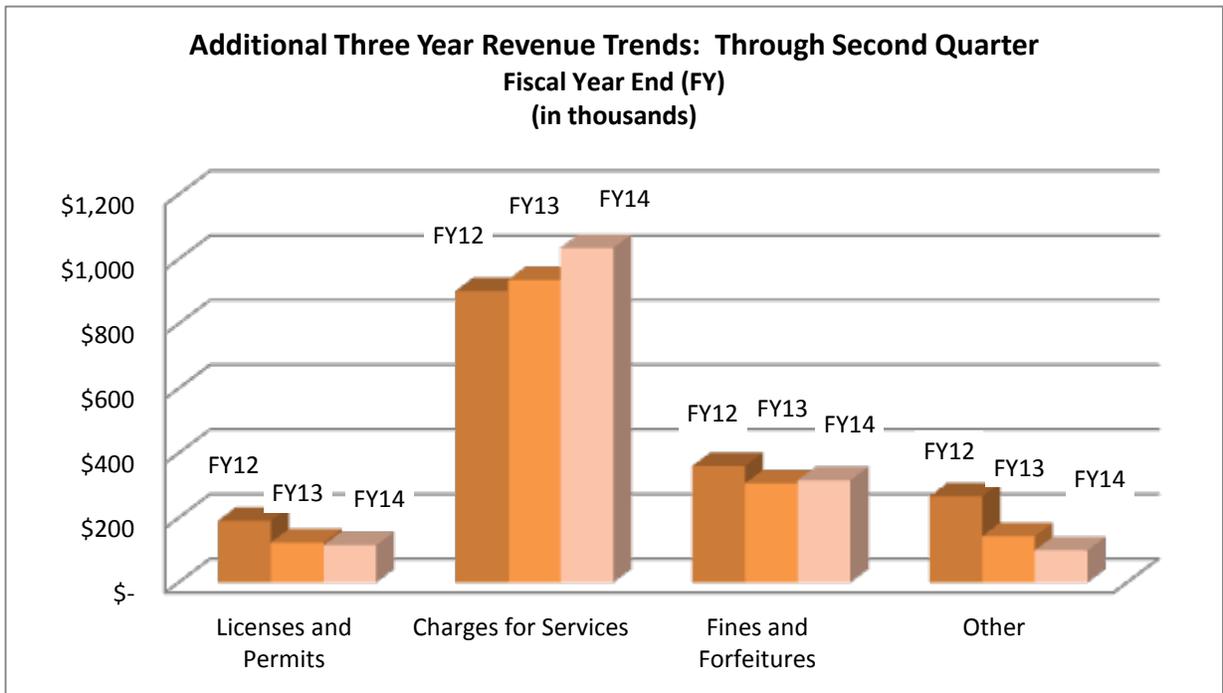
**Charges for Services** – An increase in recreation fees and the timing of classes resulted in a revenue growth of \$45,000. Due to the seasonality of major recreational programs, it may be difficult to project whether this trend will continue until the Fourth Quarter. Additional factors include a \$29,000 increase in parking meter revenues that could be attributed to increased tourism due to warm weather and/or general economic improvement; and \$30,000 in Community Development Planning fees related to a large environmental impact review project.

**Other** – Intergovernmental Revenues related to grant funding are included in this category. The budgetary and annual comparative differences are primarily the result of the timing of grant billings and receipts.

A chart providing three-year tax trend information is provided for reference:



Additional three-year revenue trend information is presented below:



**Expenditures:**

Expenditures by Category	Budgetary Comparison			Annual Comparison
	Amended Budget	YTD Transactions	% Used/ Rec'd	Prior Year
Personnel	\$ 7,883,470	\$ 3,656,318	46%	3,468,510
Contract Services	2,529,267	1,113,787	44%	1,180,810
Training & Memberships	74,315	33,708	45%	40,545
Supplies	523,952	242,448	46%	198,503
Grants and Subsidies	254,270	126,670	50%	128,733
Capital Outlay	27,531	2,358	9%	-
Internal Service Fund Charges	892,925	446,463	50%	470,187
Other Financing Uses	2,169,412	1,085,360	50%	96,538
<b>Fund Totals: General Fund</b>	<b>\$ 14,355,142</b>	<b>\$ 6,707,112</b>	<b>47%</b>	<b>\$ 5,583,824</b>

Expenditures By Department	Budgetary Comparison			Annual Comparison
	Amended Budget	YTD Transactions	% Used/ Rec'd	Prior Year
City Council	\$ 118,245	\$ 53,171	45%	\$ 58,067
City Manager	810,785	387,019	48%	382,322
Personnel	210,867	75,887	36%	79,420
City Attorney	195,000	79,000	41%	119,614
Finance	776,466	333,700	43%	324,355
Community Grants	254,270	126,670	50%	128,733
Public Safety	5,911,671	2,773,290	47%	2,709,003
Public Works	2,264,130	1,060,351	47%	911,211
Community Development & Building	707,739	275,797	39%	268,809
Culture and Leisure	936,557	456,867	49%	505,751
Transfers	2,169,412	1,085,360	50%	96,538
<b>Expenditure Totals</b>	<b>\$ 14,355,142</b>	<b>\$ 6,707,112</b>	<b>47%</b>	<b>\$ 5,583,824</b>

All expenditures are relatively consistent with the budget and prior year expenditures, with the exception of personnel expenditures and transfers. The increase in expenditures is primarily due to prior year staffing vacancies in several positions; and the FY 13/14 addition of a Measure O funded Maintenance Worker. While 48% of the payperiods have elapsed, only 46% of Personnel costs have been expended. This difference is primarily due to vacant positions that were filled at a rate lower than the budgeted amount and a 2.2% cost of living increase that is scheduled to occur in January.

Transfers have significantly risen due to \$627,000 in Measure O transfers to the CIP and Reserves; a \$160,000 contribution to the Equipment and Information Technology Funds; and \$120,000 related to Pension Obligation Bonds. In the prior year, the General Fund's share of Pension Obligation debt service costs was offset by a one-time credit related to the closure of the PERS internal service fund.

Three year expenditure trend information by category is presented in the following chart.

