



Budget Report

Second Quarter – FY14/15

Overview:

This report summarizes the City’s overall financial position for the current fiscal year through December 2014. Except as noted below, revenue and operating expenditures are generally consistent with annual projections.

Measure O Progress Report

On November 26, 2012, voters approved Measure O, instituting a 0.25% local sales tax. The City also receives a second 0.25% sales tax, Measure D, which is anticipated to expire in 2017. During the five-year period when both sales tax measures are in place, a plan was developed to devote 100% of Measure O revenues to the following priorities: Restore reserves, repair and repave City streets; and support community policing projects. An update on the five-year plan, as well as the status on funded CIP projects are listed below:

	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
CIP/Street Maint.	\$94,600	\$490,900	\$504,900	\$655,000	\$965,000	\$2,710,400
Reserves	136,500	463,100	447,700	273,000	-	1,320,300
PW Crew	9,100	45,950	63,300	100,000	100,000	318,350
PD Staff	5,400	18,800	26,000	35,000	35,000	120,200
Total Measure O	\$245,600	\$1,018,750	\$1,041,900	\$1,063,000	\$1,100,000	\$4,469,250
<i>Funding Goal Met</i>	✓	✓	<i>In Progress</i>			
GF to Reserves	\$350,000	\$150,000	\$200,000			\$700,000

Measure O - CIP Project Update

	Funded	In Progress	Complete
Cliffwood Heights Slurry Seal			
Riverview Terrace Slurry Seal			
Clares & Wharf Traffic Calming			
Bay Street Streetscape			
Park Avenue Sidewalk			
Park Avenue Paving & Bike Lane			
Rosedale Ave., Rosedale Circle, Carl and Alma Lanes			
Monterey & Park Railroad Station Park & Pathway			

Fiscal Year 2014/15 General Fund - Second Quarter Results:

The fiscal year is 50% complete, with General Fund revenues trending at 43% of the Amended Budget and expenditures at 48%. Although revenues are less than 50% of the budget, this variation is typical due to revenue receipting patterns. The negative operating difference is covered from the General Fund balance or through short-term loans from the Contingency Reserve Fund. Additional details can be found in the preceding sections.

General Fund	Budgetary Comparison			Prior Year
	Amended Budget	YTD Transactions	Percent	
Beginning Fund Balance	\$ 1,077,216	\$ 1,077,216		
Revenues	14,284,050	6,166,403	43%	\$ 5,974,542
Expenditures	12,512,449	5,981,822	48%	5,629,448
Operating Subtotal	1,771,601	184,581		345,094
Other Financing: (CIP, Debt Service, Reserves)	2,320,025	812,037	35%	1,085,360
FY14/15 Operating Difference	\$ (548,424)	\$ (627,456)		\$ (740,266)
Est. Fund Balance	\$ 528,792	\$ 449,760		

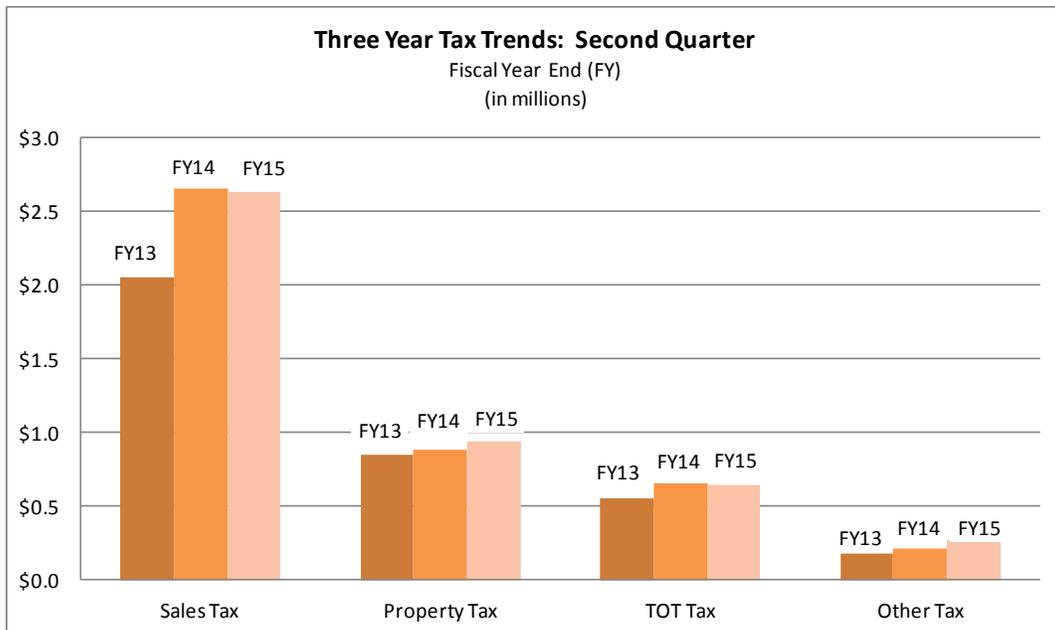
Key Revenues:

Revenue	Budgetary Comparison			Prior Year
	Amended Budget	YTD Transactions	% Used / Rec'd	
Taxes:				
Property Taxes	\$ 1,762,900	\$ 944,797	54%	\$ 883,109
Sales and Use Tax	7,318,600	2,637,539	36%	2,657,615
Document Transfer Tax	-	33,153	-	21,012
Business License Tax	280,800	100,083	36%	75,937
Franchise Tax	485,200	135,433	28%	112,297
TOT Tax	1,251,000	649,090	52%	660,270
Subtotal - Taxes	\$ 11,098,500	\$ 4,500,095	41%	\$ 4,410,240
Other:				
Licenses and permits	\$ 254,450	\$ 122,177	48%	\$ 114,758
Intergovernmental revenues	168,700	108,721	64%	37,798
Charges for services	1,921,400	1,009,288	53%	1,034,514
Fines and forfeitures	718,800	373,390	52%	315,976
Use of money & property	51,800	11,750	23%	10,732
Other revenues	70,400	40,982	58%	50,524
Other financing sources	-	-	0%	-
Extraordinary Items	-	-	0%	-
Subtotal - Other Revenues	3,185,550	1,666,308	52%	1,564,302
Total Revenues	\$ 14,284,050	\$ 6,166,403	43%	\$ 5,974,542

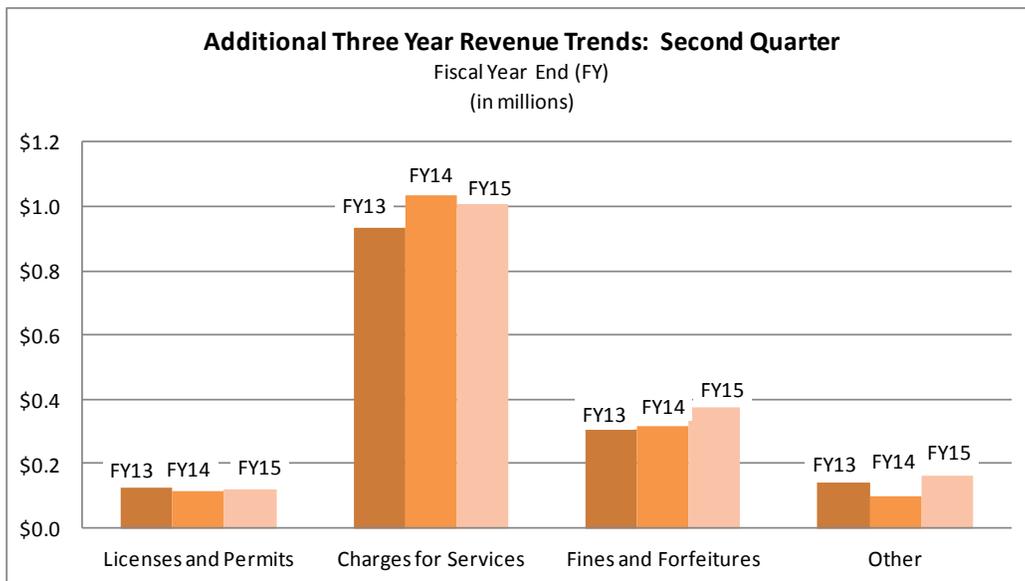
Taxes

The City receives sales, property, franchise, and business license taxes on alternate schedules. Due to the timing of revenue receipts only 41% of the revenues were received in the first two quarters of FY 14/15. The 41% excludes a portion of the second quarter sales tax receipts and a large portion of business license and franchise tax revenues. While sales tax receipts are \$20,076 below the prior year, the actual performance has increased by more than 2.4% or \$47,483. This variance is due to a \$67,559 greater than typical In-Lieu adjustment in FY 13/14. Property tax is trending \$61,688 greater than the prior year. This is largely due to increased secured property tax assessment valuations and related property taxes in-lieu of motor vehicle receipts in the amounts of \$32,140 and \$26,162, respectively. This increase is consistent with projected increases provided by the County Auditor Controller.

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



Additional three-year revenue trend information is presented below:



Charges for Services

Charges for Services are relatively consistent with the budget; however it is trending \$25,226 less than the prior year. This is primarily due to a planned annual reduction in Successor Agency Administrative fees of \$100,000, with a \$50,000 reduction attributed to the first half of the year. This amount is primarily offset by increased parking meter revenues of approximately \$14,000.

Fines and Forfeitures

Fines and Forfeitures have increased over the prior year by \$57,414, with over \$48,000 representing increased parking citation fines.

Other - Intergovernmental Revenues

Due to reimbursement patterns related to grants, the timing of intergovernmental revenue receipts can be variable. Increased reimbursements include approximately \$11,000 in Peace Officers Standards and Training (POST) reimbursements, \$15,484 in State Mandated Claims, and \$42,800 in Police Department grants.

Expenditures:

All expenditures are relatively consistent with the budget and prior year expenditures. The subsequent notes provide a description of any variances.

Expenditures by Category	Budgetary Comparison			Prior Year
	Amended Budget	YTD Transactions	% Used/ Rec'd	
Personnel	\$ 7,985,744	\$ 3,816,518	48%	\$ 3,663,417
Contract Services	2,762,750	1,352,826	49%	1,112,787
Training & Memberships	83,545	36,503	44%	33,708
Supplies	550,000	226,686	41%	243,045
Grants and Subsidies	269,763	123,965	46%	127,670
Capital Outlay	10,000	-	0%	2,358
Internal Service Fund Charges	850,647	425,324	50%	446,463
Other Financing Uses - Transfers	2,320,025	812,037	35%	1,085,360
Fund Totals: General Fund	\$ 14,832,474	\$ 6,793,859	46%	\$ 6,714,808

Expenditures By Department	Budgetary Comparison			Prior Year
	Amended Budget	YTD Transactions	% Used/ Rec'd	
City Council	\$ 127,115	\$ 61,971	49%	\$ 52,171
City Manager	850,228	378,618	45%	387,019
Personnel	201,926	85,461	42%	75,887
City Attorney	185,000	79,157	43%	79,000
Finance	805,886	317,143	39%	333,700
Community Grants	269,763	123,965	46%	127,670
Public Safety	5,968,947	2,969,054	50%	2,773,887
Public Works	2,442,029	1,177,876	48%	1,060,351
Community Development & Building	702,830	327,459	47%	282,896
Culture and Leisure	958,725	461,118	48%	456,867
Other Financing Uses - Transfers	2,320,025	812,037	35%	1,085,360
Expenditure Totals	\$ 14,832,474	\$ 6,793,859	46%	\$ 6,714,808

Personnel

The personnel numbers presented are trending consistently with the number of payrolls processed. The FY 14/15 salaries are approximately \$153,000 greater than the prior year due to filling vacant positions, an additional Maintenance Worker, and a cost of living increase.

Contract Services

Contract Services are approximately \$240,000 more than the prior year. This is primarily due to timing differences associated with a \$93,400 payment for Emergency Communication Center costs, \$30,700 for stormwater, path maintenance, and creek monitoring fees; \$21,900 in Building Consultant and Plan Check contracts; and a \$65,000 payment to the Soquel Union Elementary School District for one-time property maintenance. It is anticipated that the majority of the \$65,000 payment will be cost-neutral due to offsets in other maintenance accounts.

Other Financing Uses

Other financing uses decreased by \$273,323 when compared to the prior year. This reduction is primarily due to increased transfers in FY 13/14, which included supplementary transfers of \$156,000 to the Information Technology and Equipment Funds; and a \$52,313 Department of Finance recapture related to the RDA dissolution. Additional variances are primarily related to timing differences.

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

