

**CITY OF SEBASTOPOL  
CITY COUNCIL  
STAFF REPORT**

**Meeting Date:** November 3, 2015

**To:** Honorable Mayor and City Councilmembers

**From:** Ana Kwong – Finance Director

**Subject:** Fiscal Year (FY) 2015/16 First Quarter Financial Update

**Recommendation** That the City Council Receive the First Quarter Financial Report for Fiscal Year 2015-2016

**Funding:** Currently Budgeted: \_\_\_\_\_ Yes \_\_\_\_\_ No XX N/A

Net General Fund Cost:

If Cost to Other Fund(s),  
Fund:

**INTRODUCTION:**

This item is to update the City Council on the overall financial position of the City of Sebastopol for the first quarter of Fiscal Year (FY) 2015/16, beginning July 1, 2015 and ending September 30, 2015.

**BACKGROUND:**

The Finance Department has reviewed all City financial accounts and prepared the first quarter revenue and expenditure report to track the City’s financial activity in relation to the City budget which the City Council adopted on June 30<sup>th</sup>, 2015. The purpose of this report is to provide an accounting summary that gives a general indication of progress to date for Council’s information and review.

**DISCUSSION:**

The financial information reported for this period includes transactions from July 1, 2015 through September 30, 2015. The fiscal year FY15/16 revenue was budgeted at \$7.765M; however, many revenue transactions do not occur evenly throughout the year and therefore can create a misconception of the first quarter revenue collection. At the end of this first quarter, the actual collection shows total general fund revenue of \$1.13M. Overall, the majority of our revenues are performing at the projected or better level as listed in the adopted budget.

As stated earlier, due to timing of receipt of revenues, the items listed below explain where certain City revenue accounts are at this time:

1. Property tax receipt from the County is scheduled to be received by the City in December 2015 and these revenues will be reflected in the Mid-Year Budget Review.

2. General Sales Tax and Measures Y&T revenues are running slightly behind for the first quarter due to the City only receiving a portion of August advance payment from the Board of Equalization (BOE) as explained in the attached report.
3. Transient occupancy tax increased due to increases in activities and collections from bed and breakfast establishments.
4. The franchise fee category includes PG&E, Video, Garbage, and Cable TV. The PG&E franchise fees are normally received in April. The Video franchise fees are submitted quarterly, and no collections to-date have been received. The Garbage franchise fees are on target and are reflected in this report.

Overall expenditures are tracking for the first quarter; although some expenditures are not linear such as Streets and the Community Center project.

The Finance staff has analyzed the transactions in major accounts, and believe this first quarter stand-point reflects healthy revenue growth in most major categories, and overall expenditures that are tracking favorable and are in lined with the adopted budget.

At the mid-year mark, staff would be able to effectively assess budget trends. Any major variations from planned revenue and expenditures can be better identified during the Mid-Year Review process.

**RECOMMENDATION:**

Is it recommending that the City Council review, and receive the first quarterly financial update.

**Attachment(s):**

Quarterly Financial Report



# City of Sebastopol

## Quarterly Financial Report

### First Quarter 2015/16

#### OVERVIEW

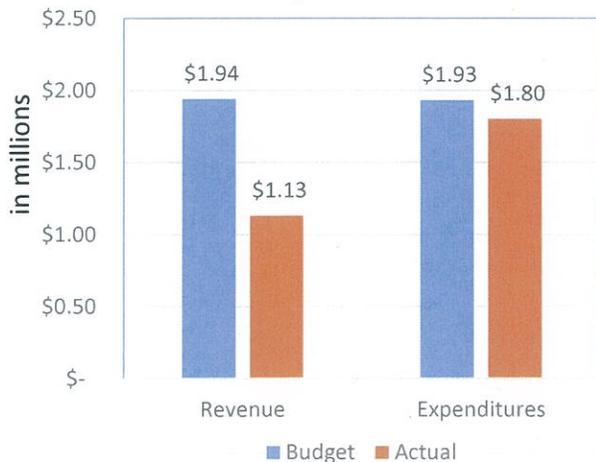
This report summarizes the City's overall financial position for the first quarter of the 2015/16 fiscal year. Revenue and expenditure trends are generally on target at the end of the first quarter.

#### GENERAL FUND 000

With 25% of the fiscal year completed, General Fund revenues are at 14.6% of projections, and expenditures are at 23.3% budget.

General Fund	Budget	YTD Actual	Actual as of % of Budget
Revenues	\$ 7,765,531	\$ 1,129,889	14.6%
Expenditures	\$ 7,702,511	\$ 1,795,957	23.3%
Balance	\$ 63,020	\$ (666,068)	

**General Fund Revenue  
Budget vs. Actual**



#### Top Revenues

Our top revenues performance accounted for approximately 88% of General Fund revenues. Overall, these major revenues are performing slightly below that of 25% mark due to various factors:

**Property Tax:** The first County apportionment will occur in December 2015. The second apportionment occurs in April.

**Sales Tax:** Year-to-date included the month of July, August and estimated September advance, and is running slightly below the \$118,000 monthly budgeted average due to BOE has decided to only distribute a portion of August payment. The rest of August payment will be distributed before calendar year end December.

**Transient Occupancy Tax:** Year-to-date revenue collections include July & August and a portion of September, and at \$137,344 to-date, revenue exceeds the \$27,000 monthly average. The increase is attributed to an uptick in bed taxes activities and a few new collections from bed and breakfast establishments.

**Utility User Tax:** Results to-date include July & August, and a portion of September. To-date revenue seems on target of estimated budget.

**Franchise Fees:** The franchise fee category includes PG&E, Video, Garbage, and Cable TV. The PG&E franchise fees are received in April. The Garbage franchise fees include July & August and revenue is on target to match the budget. Cable TV franchise fees are submitted quarterly and 1st revenue has been received this fiscal year.

**Successor Agency Administrative Fee:** The Successor Agency for the City has not received \$250,000 for its administration of the former Community Development Agency. This funding source will be distributed in December.

# City of Sebastopol

## Quarterly Financial Report

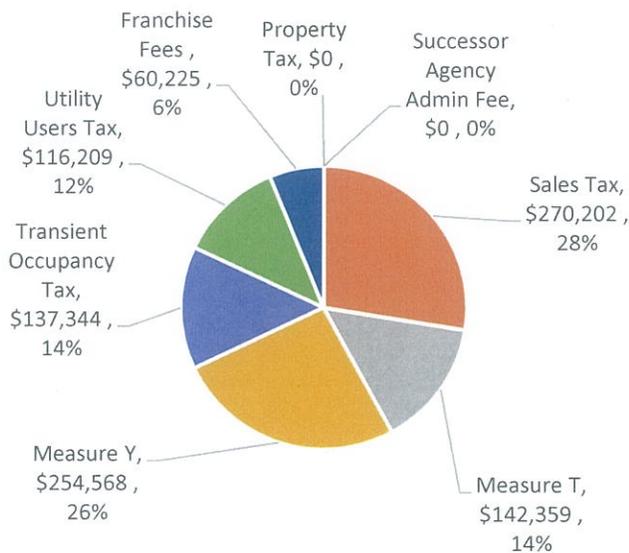
### First Quarter 2015/16

General Fund	Budget	YTD Actual	Actual as of % of Budget
Property Tax	\$2,180,500	\$0	0.0%
Sales Tax	\$1,415,596	\$270,202	19.1%
Measure T	\$614,000	\$142,359	23.2%
Measure Y	\$1,239,900	\$254,568	20.5%
Transient Occupancy Tax	\$320,000	\$137,344	42.9%
Utility Users Tax	\$530,000	\$116,209	21.9%
Franchise Fees	\$301,500	\$60,225	20.0%
Successor Agency Admin Fee	\$250,000	\$0	0.0%
<b>Total</b>	<b>\$6,851,496</b>	<b>\$980,907</b>	<b>14.3%</b>

of percentage of budget range at the close of the first quarter except for government building and community center as those expenses were non-linear and should be in line by mid-year.

General Fund	Budget	YTD Actual	Actual as of % of Budget
City Council	\$ 178,037	\$ 30,298	17.0%
City Manager	\$ 111,877	\$ 26,762	23.9%
City Attorney	\$ 129,168	\$ 32,755	25.4%
City Clerk	\$ 219,834	\$ 47,282	21.5%
Cittaslow	\$ 20,000	\$ 3,270	16.4%
Finance	\$ 118,639	\$ 29,957	25.3%
Non-Departmental	\$ 273,117	\$ 13,708	5.0%
Police	\$ 3,044,436	\$ 698,140	22.9%
Fire	\$ 767,990	\$ 105,519	13.7%
Planning	\$ 421,890	\$ 89,611	21.2%
Building	\$ 165,153	\$ 44,037	26.7%
Engineering	\$ 137,233	\$ 36,521	26.6%
Govt Bldgs	\$ 28,658	\$ 11,723	40.9%
Parking Lots	\$ 45,372	\$ 10,312	22.7%
Parks & Landscapes	\$ 158,157	\$ 30,758	19.4%
Ives Pool	\$ 87,230	\$ 17,447	20.0%
Community Center	\$ 82,339	\$ 30,572	37.1%
<b>Total</b>	<b>\$ 5,989,130</b>	<b>\$ 1,258,672</b>	<b>21.0%</b>

#### Top Performance Actual Revenue



#### GENERAL FUND AND T & U EXPENDITURES

General Fund 000:

Most departments are within or below the 25% actual as

# City of Sebastopol

## Quarterly Financial Report

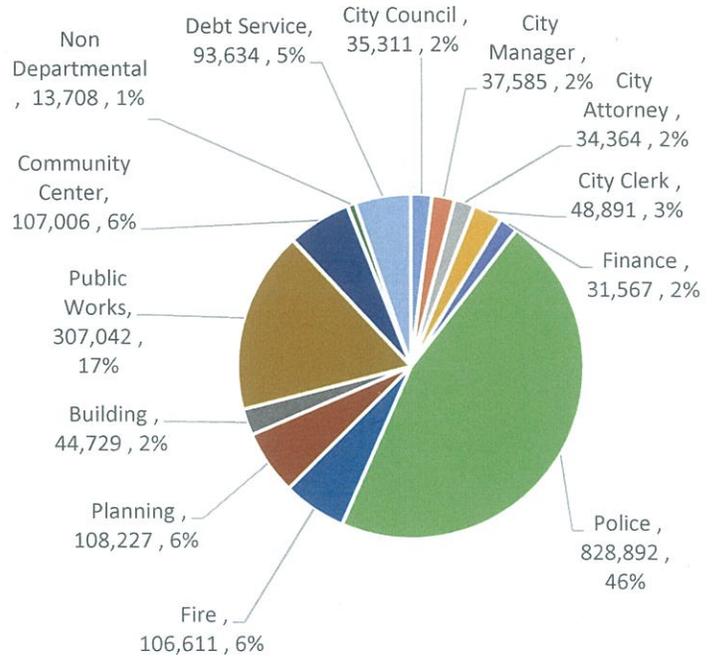
### First Quarter 2015/16

Transaction and Use Tax 001:

Overall expenditures is at 30.7%, well above the first quarter range of 25%. The Streets account has realized significant expenses due to needed repairs to the pedestrian signal and lighted crosswalks, specifically Bodega & Jewell, Petaluma & Walker, Petaluma @ Rodota Trail, Healdsburg & Murphy, and Healdsburg & Pitt. These repairs were unbudgeted, however they are critical to the safety of the pedestrians in town, therefore, expenditures were unavoidable.

Transaction Use Tax	Budget	YTD Actual	Actual as of % of Budget
City Council	\$ 5,700	\$ 1,743	30.6%
City Manager	\$ 43,000	\$ 10,823	25.2%
City Clerk	\$ 4,000	\$ 1,609	40.2%
Finance	\$ 5,700	\$ 1,609	28.2%
Police	\$ 490,729	\$ 130,752	26.6%
Fire	\$ 14,750	\$ 1,092	7.4%
Planning	\$ 180,700	\$ 18,616	10.3%
Building	\$ 3,000	\$ 692	23.1%
Engineering	\$ 83,200	\$ 25,150	30.2%
Corp Yard	\$ 76,144	\$ 26,618	35.0%
Govt Bldgs	\$ 6,500	\$ 628	9.7%
Streets	\$ 257,454	\$ 130,323	50.6%
Parks & Landscapes	\$ 127,536	\$ 35,009	27.5%
Community Center	\$ 164,300	\$ 46,998	28.6%
Debt Service	\$ 250,668	\$ 93,634	37.4%
<b>Total</b>	<b>\$1,713,381</b>	<b>\$ 525,296</b>	<b>30.7%</b>

#### 1Q Actual Expenditures by Department



#### ENTERPRISE FUNDS

The following summarizes year-to-date revenues, expenditures and changes in working capital for the enterprise funds. Tables are provided for both the operating accounts, and the CIP Capital Improvement accounts. The enterprise operating accounts are tracking normally for both revenue and expenditures.

Water Operations

# City of Sebastopol

## Quarterly Financial Report

### First Quarter 2015/16

Water Operation - 510	Budget	YTD Actual	Actual as of % of Budget
Revenues	\$ 2,079,908	\$ 588,045	28%
Expenditures	\$ 1,993,963	\$ 420,272	21%
Working Capital	\$ 85,945	\$ 167,773	

quarter is at 10.7% due to timing and nature of the majority of revenue sources. Most of the fees listed in the table are collected on building permits, and that includes: Art in Lieu, Housing Linkage, Permit Tech fee, Incremental fee, General Plan, and Traffic Impact. All of those building permit fees are controlled by either the Planning, Engineering, or Building departments.

#### Water CIP

Water CIP - 511/512	Budget	YTD Actual	Actual as of % of Budget
Revenues	\$ 966,000	\$ 89,082	9%
Expenditures	\$ 966,000	\$ 89,082	9%

#### Sewer Operations:

Sewer Operation - 420	Budget	YTD Actual	Actual as of % of Budget
Revenues	\$ 3,035,000	\$ 776,003	26%
Expenditures	\$ 2,920,356	\$ 761,143	26%
Working Capital	\$ 114,644	\$ 14,860	

#### Sewer CIP

Sewer CIP - 421	Budget	YTD Actual	Actual as of % of Budget
Transfer In from Ops	\$ 602,860	\$ 72,964	12%
Expenditures	\$ 602,860	\$ 72,964	12%

#### **OTHER FUND REVENUE**

Overall of special revenues fund at the close of the first

Special Revenues Fund - Income	Budget	YTD Actual	Actual as of % of Budget
County Measure M	\$ 50,950	\$ -	0.0%
Community Fund	\$ 1,000	\$ 255	25.5%
Art In Lieu	\$ 23,000	\$ 6,180	26.9%
Housing Linkage	\$ 12,000	\$ 4,111	34.3%
Inclusionary Housing	\$ 80,500	\$ -	0.0%
Permit Tech Fee	\$ 4,000	\$ 1,874	46.9%
Incremental Fee	\$ 5,000	\$ 1,874	37.5%
Downtown Assn	\$ 8,225	\$ 49	0.6%
General Plan	\$ 7,200	\$ 2,528	35.1%
Vehicle Abatement	\$ 2,000	\$ 1,063	53.2%
SLESF	\$ 100,100	\$ -	0.0%
Gas Tax Fund	\$ 173,600	\$ 47,450	27.3%
Park In Lieu	\$ 89,900	\$ -	0.0%
Traffic Impact	\$ 79,300	\$ 3,628	4.6%
Undergrounding	\$ 6,000	\$ -	0.0%
<b>Total</b>	<b>\$ 642,775</b>	<b>\$ 69,012</b>	<b>10.7%</b>

# *City of Sebastopol*

## Quarterly Financial Report

### First Quarter 2015/16

#### OTHER FUNDS EXPENDITURES

Most of the other fund expenditures are based upon specific projects or purchases, with the exception of Gas Tax, which is on target at 28.7% at the quarter end.

Special Revenues Fund - Expenditures	Budget	YTD Actual	Actual as of % of Budget
County Measure M	\$ 153,557	\$ 1,095	0.7%
Community Fund	\$ 1,000	\$ -	0.0%
Art In Lieu	\$ -	\$ -	0.0%
Housing Linkage	\$ -	\$ -	0.0%
Inclusionary Housing	\$ -	\$ -	0.0%
Permit Tech Fee	\$ 1,000	\$ 525	52.5%
Incremental Fee	\$ 5,000	\$ 1,843	36.9%
Downtown Assn	\$ 8,460	\$ -	0.0%
General Plan	\$ 7,000	\$ -	0.0%
Vehicle Abatement	\$ -	\$ -	0.0%
SLESF	\$ 93,500	\$ 20,004	21.4%
Gas Tax Fund	\$ 169,414	\$ 48,602	28.7%
Park In Lieu	\$ 235,670	\$ -	0.0%
Traffic Impact	\$ 141,541	\$ -	0.0%
Undergrounding	\$ -	\$ -	0.0%
<b>Total</b>	<b>\$ 816,142</b>	<b>\$ 72,069</b>	<b>8.8%</b>