

**CITY OF SEBASTOPOL
CITY COUNCIL
STAFF REPORT**

Meeting Date: April 19, 2016
To: Honorable Mayor and City Councilmembers
From: Ana Kwong – Finance Director
Subject: FY 2015/16 Third Quarter Financial Updates
Recommendation Informational Item of FY 2015/16 Quarterly Financial Report
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 the overall financial position for the third quarter of FY 2015/16, beginning January 1, 2016 and ending March 31, 2016.

BACKGROUND:

The Finance Department submits reports to Council on a quarterly basis to provide assurance of budget compliance and for informational and comparative purposes in relation to the budget which the City Council adopted on June 30th, 2015 and amended on February 2nd, 2016. Attached to this staff report is FY2015-16 third quarter budget and financial status report for period ending March 31, 2016. The purpose of this report is to provide an accounting summary that give a general indication of progress to date and for Council’s review.

DISCUSSION:

General Fund: The financial information reported includes transactions through March 31, 2016. We are at our nine months point of the fiscal year that starts July 1st and ends June 30th. As we are three quarter way through this fiscal year, the current actual collection shows total general fund revenue is \$4.81M, trending 61.7% of budget. Specific items attributed to the less than 75% of fiscal year complete trending are as follows:

1. The second half of the property tax revenue doesn’t come in until late April.
2. General Sales Tax and Measures Y&T are historically 2 months behind in cash disbursement. Through March 31, 2016, the Board of Equalization (BOE) has disbursed through January 2016.

3. Transient occupancy tax is historically one month in a rear with actual collection. However, the monthly projected revenue averaging at \$37,500, but the actual collection monthly averaging at \$39,500, which is 5% above projection.
4. The franchise fee category includes PG&E, Video, Garbage, and Cable TV. The PG&E franchise fees are normally received in late April. The Video franchise fees are submitted quarterly, and collections to-date have been received through December. The Garbage franchise fees is 2 months in a rear and projected to be on target.

Overall expenditures are tracking with 69.3% expended through March and some expenditures are not linear and will eventually catch up by year-end.

The Finance staff has analyzed the transaction in major accounts, and believe at third quarter mark through the fiscal year, the City continues to see healthy revenue growth in most major categories and in a smaller categories, revenues are neutral, and overall expenditures that are tracking favorable, compared to amended budget.

RECOMMENDATION:

Is it recommending that the City Council review, and receive the third quarterly financial updates.

Attachment(s):

Third Quarter Financial Report



City of Sebastopol

Quarterly Financial Update

Fiscal Year 2015-16 * 3rd Quarter * January – March

OVERVIEW

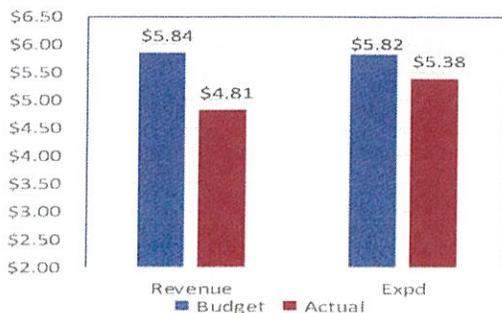
The City has completed the third quarter of the fiscal year 2015-16. This report summarizes the activities of the City General Fund, but is not meant to be inclusive of all financial and accounting transactions. This report is intended to provide the City Council and the public with an overview of the state of the City's general fiscal condition. The General Fund is the primary operating fund of the City and is used to account for most operating activities.

GENERAL FUND 000

With 75% of the fiscal year completed, General Fund revenues are at 61.5% of projections. The actual revenue collections through March remains below the 75% mark at the completion of the third quarter. This is due to some revenue streams, for example, sales tax is historically 2 months behind in collection. Transient occupancy tax is historically 1 months in a rear. Additionally, the second half of the property tax doesn't come in until late April. Staff fully anticipate that actual revenue for the year will reflect the revised projections estimated at the mid-year budget amendment.

General Fund	Budget	YTD Actual	Actual as of % of Budget
Revenues	\$ 7,788,985	\$ 4,808,002	61.7%
Expenditures	\$ 7,760,810	\$ 5,378,870	69.3%
Balance	\$ 28,175	\$ (570,868)	

General Fund Revenue
Budget vs. Actual



Top Revenues

These highlights our top revenues performance which accounted for approximately 88.8% of General Fund revenues. Overall, these major revenues are performing as expected; based upon staff and/or consultant estimates.

Property Tax: The first County apportionment occurred in December. The second apportionment occurs in late April.

Sales Tax: Year-to-date included activity through January 2016, is close to \$314,000 monthly, well above the average projected amount.

Transient Occupancy Tax: Year-to-date revenue collections include activity through February 2016. The monthly revenue is averaging at \$39,500, exceeds the \$37,500 average monthly projection. The increase is attributed to a strong occupancy rate through Sonoma County which resulted in an uptick in bed taxes activities.

Utility User Tax: Results to-date includes activity through February and on target to come in at amended budget. Staff continues to monitor the AB1717 revenue stream, and anticipate activity for the 4th quarter.

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 7 months and revenue is on target to match the budget. Cable TV franchise fees are submitted quarterly and 3 quarters revenue has been received this fiscal year.

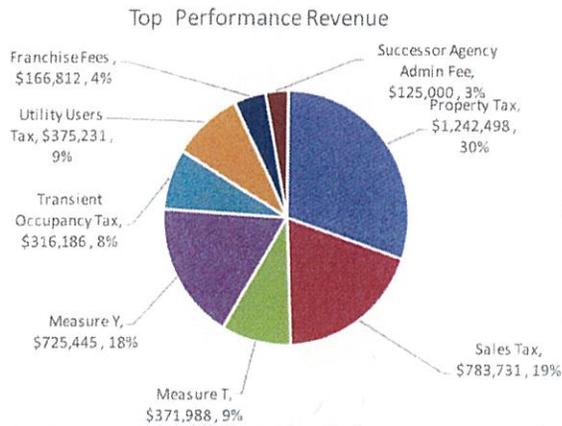
Successor Agency Administrative Fee: The Successor Agency for the City has received \$125,000 for its administration of the former Community Development Agency. The second half of the \$125,000 administrative fee will be received in late April.



City of Sebastopol
 Quarterly Financial Update
 Fiscal Year 2015-16 * 3rd Quarter * January – March

General Fund	Budget	YTD Actual	Actual as of % of Budget
Property Tax	\$2,174,000	\$1,242,498	57.2%
Sales Tax	\$1,403,000	\$783,731	55.9%
Measure T	\$609,000	\$371,988	61.1%
Measure Y	\$1,215,000	\$725,445	59.7%
Transient Occupancy Tax	\$450,000	\$316,186	70.3%
Utility Users Tax	\$510,000	\$375,231	73.6%
Franchise Fees	\$307,500	\$166,812	54.2%
Successor Agency Admin Fee	\$250,000	\$125,000	50.0%
Total	\$6,918,500	\$4,106,891	59.4%

General Fund	Budget	YTD Actual	Actual as of % of Budget
City Council	\$ 176,519	\$ 128,290	72.7%
City Manager	\$ 110,802	\$ 77,397	69.9%
City Attorney	\$ 129,168	\$ 78,313	60.6%
City Clerk	\$ 218,359	\$ 156,084	71.5%
Cittaslow	\$ 20,000	\$ 8,274	41.4%
Finance	\$ 123,676	\$ 91,399	73.9%
Non-Departmental	\$ 266,582	\$ 90,868	34.1%
Police	\$ 3,087,514	\$ 2,370,911	76.8%
Fire	\$ 768,340	\$ 447,761	58.3%
Planning	\$ 421,890	\$ 287,669	68.2%
Building	\$ 168,114	\$ 129,785	77.2%
Engineering	\$ 122,433	\$ 70,596	57.7%
Govt Bldgs	\$ 28,658	\$ 28,258	98.6%
Parking Lots	\$ 45,372	\$ 28,772	63.4%
Parks & Landscapes	\$ 155,232	\$ 75,833	48.9%
Ives Pool	\$ 84,230	\$ 58,554	69.5%
Community Center	\$ 82,339	\$ 55,068	66.9%
Total	\$ 6,009,228	\$ 4,183,832	69.6%



GENERAL FUND AND T & U EXPENDITURES

General Fund 000:

Combined General and Transaction User Tax Funds, departments have spent 69.6% of their annual amended budget, with three quarter of the fiscal year has passed. Those departments that are trending above the 75% mark, it's due to a variety of circumstances, ie. actual expenditures are not linear. Most other departments are within or below the 75% actual as of percentage of budget range at the close of the third quarter.

Transaction and Use Tax 001:

Overall expenditures is at 68.2%, well below the third quarter range of 75% with the exception of Community Center is trending at 91.2% due to their capital improvement project had completed. Most departments should be or within or below the 75% used range.



City of Sebastopol Quarterly Financial Update Fiscal Year 2015-16 * 3rd Quarter * January – March

Transaction Use Tax	Budget	YTD Actual	Actual as of % of Budget
City Council	\$ 5,700	\$ 4,382	76.9%
City Manager	\$ 79,000	\$ 27,909	35.3%
City Clerk	\$ 5,500	\$ 3,297	59.9%
Finance	\$ 5,700	\$ 2,718	47.7%
Police	\$ 478,221	\$ 353,812	74.0%
Fire	\$ 14,750	\$ 2,740	18.6%
Planning	\$ 180,700	\$ 65,032	36.0%
Building	\$ 3,000	\$ 2,030	67.7%
Engineering	\$ 83,200	\$ 34,265	41.2%
Corp Yard	\$ 76,144	\$ 57,105	75.0%
Govt Bldgs	\$ 6,500	\$ 2,752	42.3%
Streets	\$ 272,738	\$ 208,090	76.3%
Parks & Landscapes	\$ 125,461	\$ 95,652	76.2%
Pool	\$ 26,100	\$ 11,989	45.9%
Community Center	\$ 138,200	\$ 126,103	91.2%
Debt Service	\$ 250,668	\$ 197,162	78.7%
Total	\$ 1,751,582	\$ 1,195,038	68.2%

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. Revenues are trending on target, and expenditures for Water is lower than budget but will eventually even out by the end of the fiscal year. Sewer expenditure is close to target.

Water Operations

Water Operation - 510	Budget	YTD Actual	Actual as of % of Budget
Revenues	\$ 2,079,908	\$ 1,569,947	75%
Expenditures	\$ 1,989,749	\$ 1,272,167	64%
Working Capital	\$ 90,159	\$ 297,780	

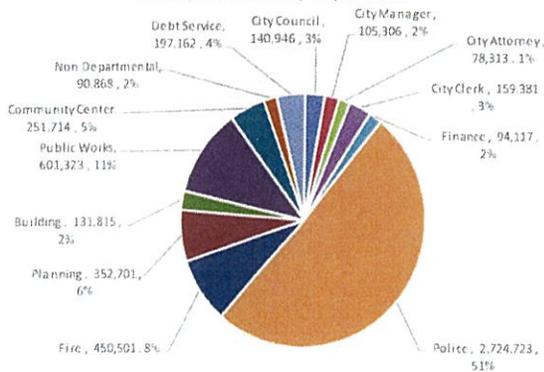
Water CIP

Water CIP - 511/512	Budget	YTD Actual	Actual as of % of Budget
Revenues	\$ 966,000	\$ 96,934	10%
Expenditures	\$ 966,000	\$ 96,934	10%

Sewer Operations:

Sewer Operation - 420	Budget	YTD Actual	Actual as of % of Budget
Revenues	\$ 3,035,000	\$ 2,364,083	78%
Expenditures	\$ 2,938,648	\$ 2,106,244	72%
Working Capital	\$ 96,352	\$ 257,839	

3Q Expenditures by Department





City of Sebastopol
 Quarterly Financial Update
 Fiscal Year 2015-16 * 3rd Quarter * January – March

Sewer CIP

Sewer CIP - 421	Budget	YTD Actual	Actual as of % of Budget
Transfer In from Ops	\$ 602,860	\$ 160,215	27%
Expenditures	\$ 602,860	\$ 160,215	27%

OTHER FUND REVENUE

All of the other revenue fund categories are dedicated funds, with specific requirements or criteria for the collection and use of these funds. The revenue projections vary drastically between mid-year point and at the close of the third quarter, which indicates the difficulty in budgeting for these revenue accounts, that is largely based upon development in the community.

Special Revenues Fund - Income	Budget	YTD Actual	Actual as of % of Budget
County Measure M	\$ 50,950	\$ 28,689	56.3%
Community Fund	\$ 1,000	\$ 715	71.5%
Art In Lieu	\$ 42,000	\$ 15,528	37.0%
Housing Linkage	\$ 15,216	\$ 18,417	121.0%
Inclusionary Housing	\$ 80,500	\$ 35,241	43.8%
Permit Tech Fee	\$ 4,000	\$ 9,107	227.7%
Incremental Fee	\$ 5,000	\$ 9,061	181.2%
Downtown Assn	\$ 8,225	\$ 7,731	94.0%
General Plan	\$ 22,200	\$ 21,339	96.1%
Vehicle Abatement	\$ 2,000	\$ 2,938	146.9%
SLESF	\$ 100,100	\$ 65,070	65.0%
Gas Tax Fund	\$ 173,600	\$ 127,666	73.5%
Park In Lieu	\$ 37,800	\$ 12,805	33.9%
Traffic Impact	\$ 58,700	\$ 51,890	88.4%
Undergrounding	\$ 6,000	\$ 310	5.2%
Total	\$ 607,291	\$ 406,507	66.9%

OTHER FUNDS EXPENDITURES

Most of the other fund expenditures are based upon specific projects or purchases, with the exception of Gas Tax, which is at above budgeted amount at the end of 3rd quarter and will eventually even out by year-end.

Special Revenues Fund - Expenditures	Budget	YTD Actual	Actual as of % of Budget
County Measure M	\$ 153,557	\$ 11,450	7.5%
Community Fund	\$ 1,000	\$ -	0.0%
Art In Lieu	\$ -	\$ -	0.0%
Housing Linkage	\$ -	\$ -	0.0%
Inclusionary Housing	\$ -	\$ -	0.0%
Permit Tech Fee	\$ 1,600	\$ 2,038	127.4%
Incremental Fee	\$ 6,000	\$ 6,449	107.5%
Downtown Assn	\$ 8,460	\$ 9,600	113.5%
General Plan	\$ 7,000	\$ 5,250	75.0%
Vehicle Abatement	\$ -	\$ -	0.0%
SLESF	\$ 93,500	\$ 71,130	76.1%
Gas Tax Fund	\$ 169,414	\$ 138,842	82.0%
Park In Lieu	\$ 235,670	\$ 21,202	9.0%
Traffic Impact	\$ 141,541	\$ 13,949	9.9%
Undergrounding	\$ -	\$ -	0.0%
Total	\$ 817,742	\$ 279,910	34.2%