

**FISCAL YEAR 2015-2016  
Q1 BUDGET STATUS  
REPORT**

A Macro View



# FIRST QUARTER RESULTS GENERAL FUND

- High level overview - early in the year
- Revenues/Expenditures not straight line
  - Cash Flows uneven throughout the year
- Performing as expected
  - Revenues estimated to exceed budget
  - Expenditures projected at or below budget
- Reserves remain healthy

# FIRST QUARTER RESULTS (Y-0-Y)

## GENERAL FUND - REVENUES

- Total \$10.3 million, increase of \$447,252 (4.5%)
- Noteworthy:
  - TOT – up 12% from last year (\$133,427)
  - Sales Tax – down 3.3% (\$61,272)
  - Marriott Hotel rent increased \$42,238 (15.5%)
- Property Tax collections begin in Q2
  - Projecting \$260K over budget
- Overall: 16.2% realized through 25% of the year (normal is 16.1% to 16.5%)

# BUILDING FEES

- **Building Permits up 95%**
  - Miscalculation in permit system caused early collection at Plan Check phase
  - Total of \$220,927
  - Held on account pending issuance of subsequent building permit
  - Adjusted increase of \$98,580 or 29.3%

# PLAN CHECK FEES

- **Plan Check Fees up 16.4%**
  - Miscalculation in permit system collected Plan Check fees when not required
  - Re-roofing, shoring, MEP, minor construction
  - Total of \$133,000 being refunded now
  - Adjusted = decrease of \$33,505 or 4.9%

# FIRST QUARTER RESULTS (Y-0-Y)

## GENERAL FUND - EXPENDITURES

- Total \$14.2 million (down \$360,723)
  - POBs paid off - \$759,888
  - Contracts lower by \$254,831 (14.6%)
  - M&S lower by \$136,493 (19.8%)
- Salaries & Wages - up \$306,561 (4.7%)
  - MOU adjustments in Fire & Police
- Employee benefits up \$292,674 (10.9%)
  - CalPERS rate increases
- 23.3% of budget expended 25% through the year (normal is 22.9% to 24.5%)

# OTHER FUNDS

- Other funds appear to be tracking appropriately through Q1
- Exception: Insurance Reserve Fund
  - 43.4% of budget expended by 9/30/15
  - \$1.2 million in premiums paid in August (19% of budget)
  - Workers Compensation Claims - 25.1%
  - Liability Claims – 33.8%

# OTHER FUNDS

- **Water and Waste Water Funds**
  - **Conservation affecting revenues**
    - Water down **18.4%** from last year
    - Waste Water off **14.8%**
  - Revenues likely to underperform budget
  - Cost savings from reduced water purchases
  - Sufficient funds available in near term to sustain operations and capital projects
- **As with all funds, revenues and expenditures actively monitored**
  - Adjustments will be recommended if necessary

**TWO YEAR BUDGET  
FY 16/17 AND 17/18**

# TWO-YEAR BUDGET

- Creation of spending plans for the next two fiscal years at one time
- Each year is an independent spending plan, but “heavy lifting” is consolidated in year one
- Council **ADOPTS** first year of budget and **APPROVES** the second year
- Year two is reviewed and adopted before second year begins

# PROCESS

- **Second Year:**
  - **Abbreviated process: review of 2<sup>nd</sup> year of spending plan with City Council**
  - **Adjustments to reflect updated information, trends and needs**

# TWO YEAR BUDGET

## ■ Purpose:

- Encourage Long Range Planning
- Link Spending to Strategic Plan Vision
- Tie in Community Surveys
- Incorporate long term labor agreements

# BENEFITS

- **Greater Emphasis on:**
  - **Management and Service Delivery**
  - **Program Evaluation and Monitoring**
  - **Improved Long Term Planning**
  - **Relocation of staff to more value-added activities**
  - **Reduction in staff time on budget development**

# BENEFITS

- **Currently CIP is included in budget discussions (PW study session)**
  - **Inadequate review time for major expenses**
- **Proposed Two-Year plan would alternate focus on operating budget and CIP**
  - **Fire Station #2, Pool, Streetscape, etc.**

# REVIEW/MONITORING

- Quarterly budget reports continue
- Year two review and adjustments built into the process
- As is now the case, the budget may be adjusted at any time based on significant factors, events and trends
- Staff will keep Council apprised if action necessary

# TWO YEAR BUDGET

- Most appropriate and common in agencies with strong, consistent financial histories
- Investment in stable portfolio of established services including public safety, P&R, Public Works that don't vary significantly each year
- City has long history of exceptional financial management

**COMMUNITY BUDGET  
PRIORITIES MEETING**

# COMMUNITY BUDGET PRIORITIES MEETING

- Very successful meeting in March for FY 15/16 budget following January Council discussion of Budget Policies
- Beneficial to hold Priorities meeting first before Policies discussion For FY 16/17
  - Encourages public input into the policies in context of priorities
  - Tentative dates in January under consideration – will actively promote

# **Q1 BUDGET REPORT SUMMARY**



# Q1 SUMMARY

- Budget performing as expected with notable exceptions for Insurance and Water/Waste Water funds
- No budget adjustments required at this time
- Reserves maintained
- Recommending Two Year Budget Cycle
- Scheduling of Budget Priorities Meeting

Q&A