

Fiscal Year 2015-2016 Q4 Budget & CIP Review



Introduction

- ▶ Results are “Pre-Audit”
 - Year-end accounting entries are still being finalized
 - 60-day Accrual Period
- ▶ Actual results will be presented in the form of the Comprehensive Annual Financial Report (CAFR) to City Council in January 2017



Trends and Results

- ▶ General Fund Revenues expected to **exceed** budget by \$1,913,976 or 3.0%
 - Includes one-time Marriott Transfer Fee of \$780,000
- ▶ General Fund Expenditures expected to end year **under** budget by \$1,580,222 or 2.4%
- ▶ Year end projections indicate actual Revenues will exceed actual Expenditures by \$15,068
 - Policy Reserve maintained at 20% (\$12.7M)
 - Economic Uncertainty Reserve temporarily at \$1.8M
- ▶ Unreserved General Fund Balance estimated at \$4.7M (excludes FY 16-17 CIP transfer and Pension Appropriation)



General Fund Revenues

Fiscal Year 2015-2016 4Q Report

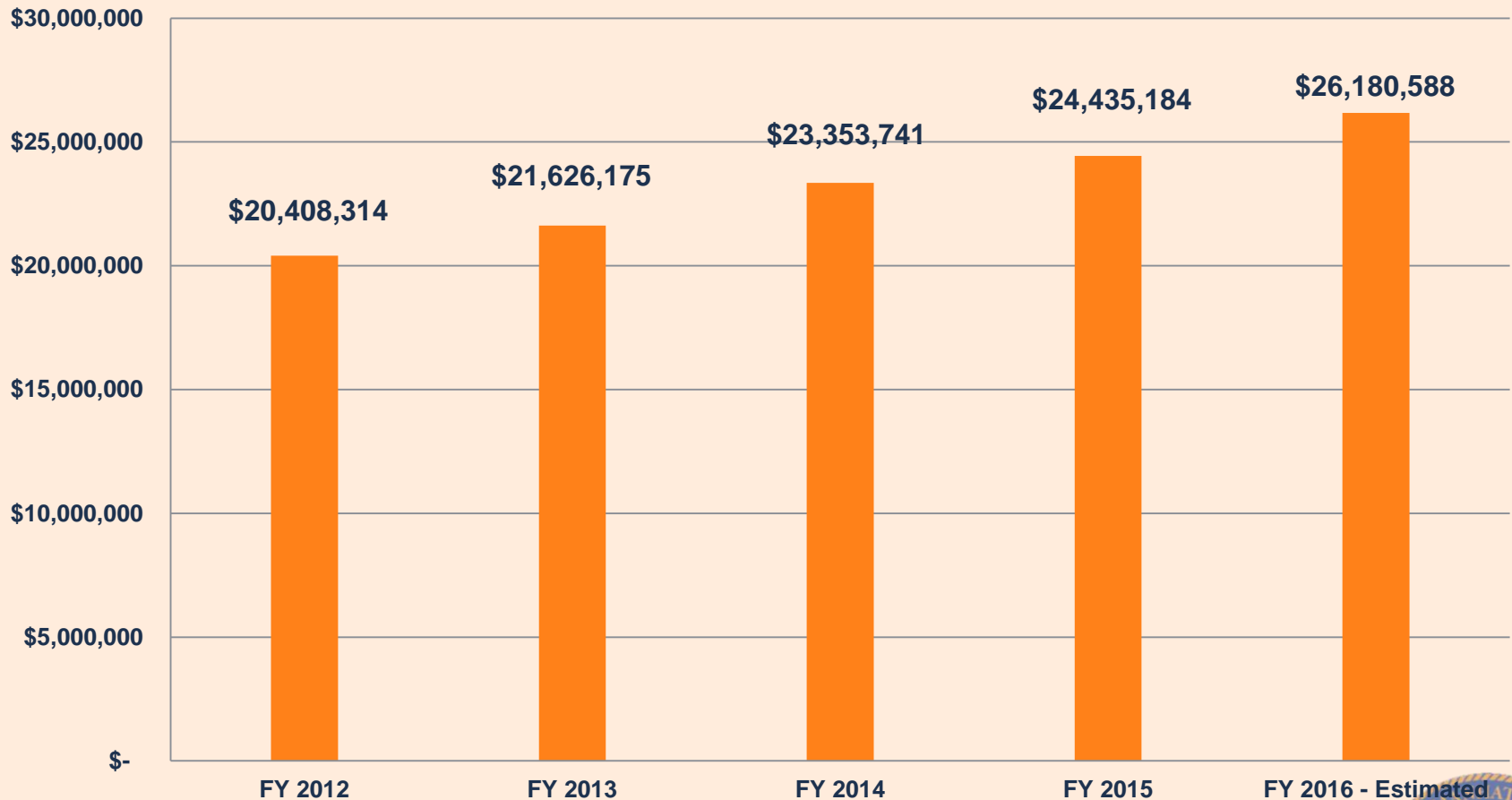


Property Tax

- ▶ City's largest General Fund revenue source – 40% of total (stable)
- ▶ Estimated to exceed budget by at least \$232,588 (0.9%)
- ▶ \$1,745,404 (7.1%) over FY 2014-2015
- ▶ Assessed values up 8.1% from prior year up from last year's 5.5%



Property Tax



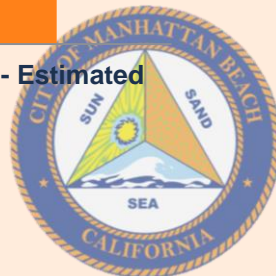
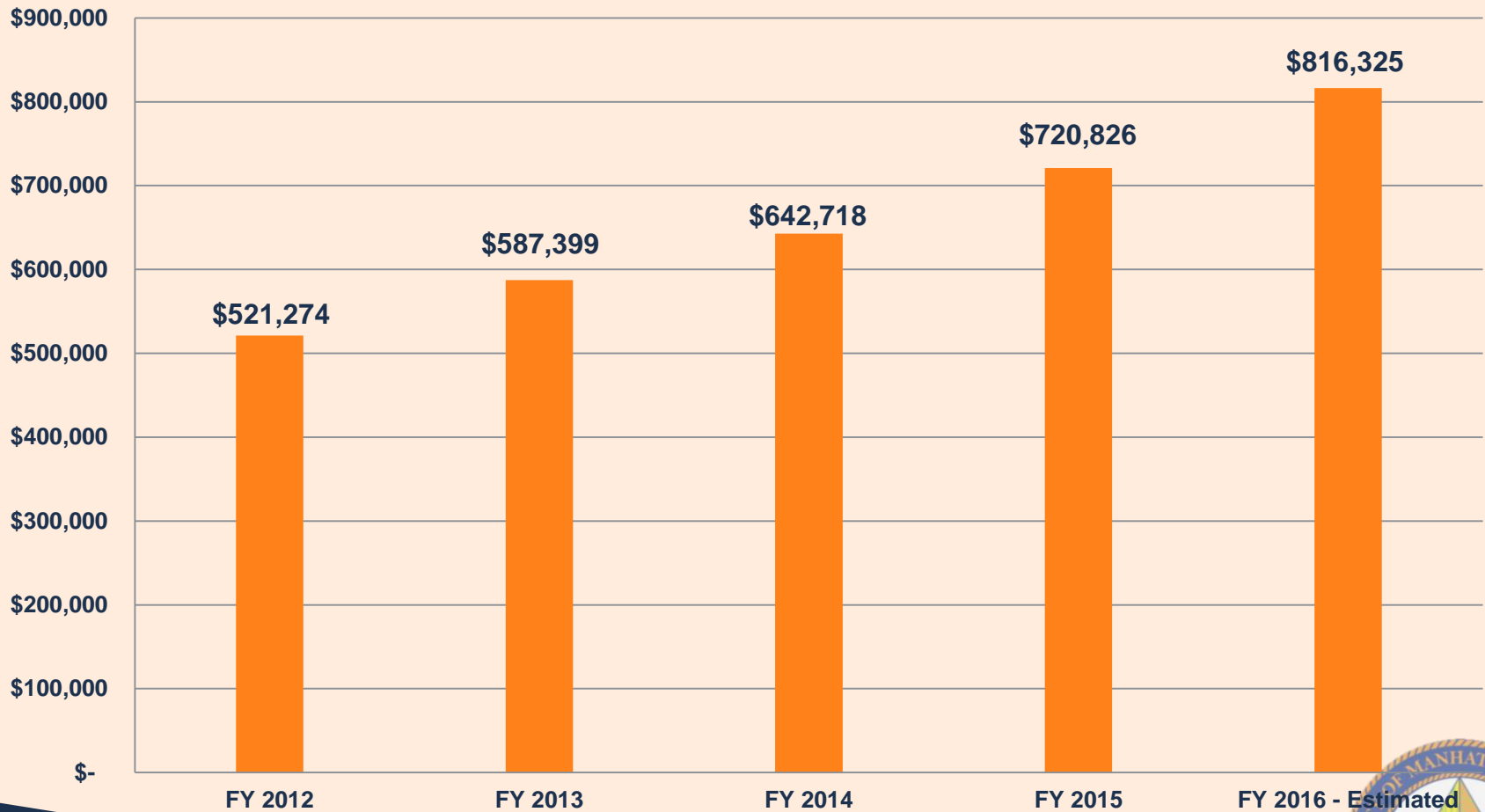
Real Estate Transfer Tax

- ▶ Levy of \$.55 per \$500 of sales price (.11%)
- ▶ Split evenly between County and City
- ▶ Example:
 - Sale Price \$1,800,000
 - R/E Tax @ .11% \$ 1,980
 - City revenue \$ 990
 - County share \$ 990
- ▶ 2015 Median SFR home price: \$1.945 million¹
- ▶ Forecast year end to come in \$41,325 over budget (5.3%) and 13.2% above prior year

¹Source: HdL



Real Estate Transfer Tax

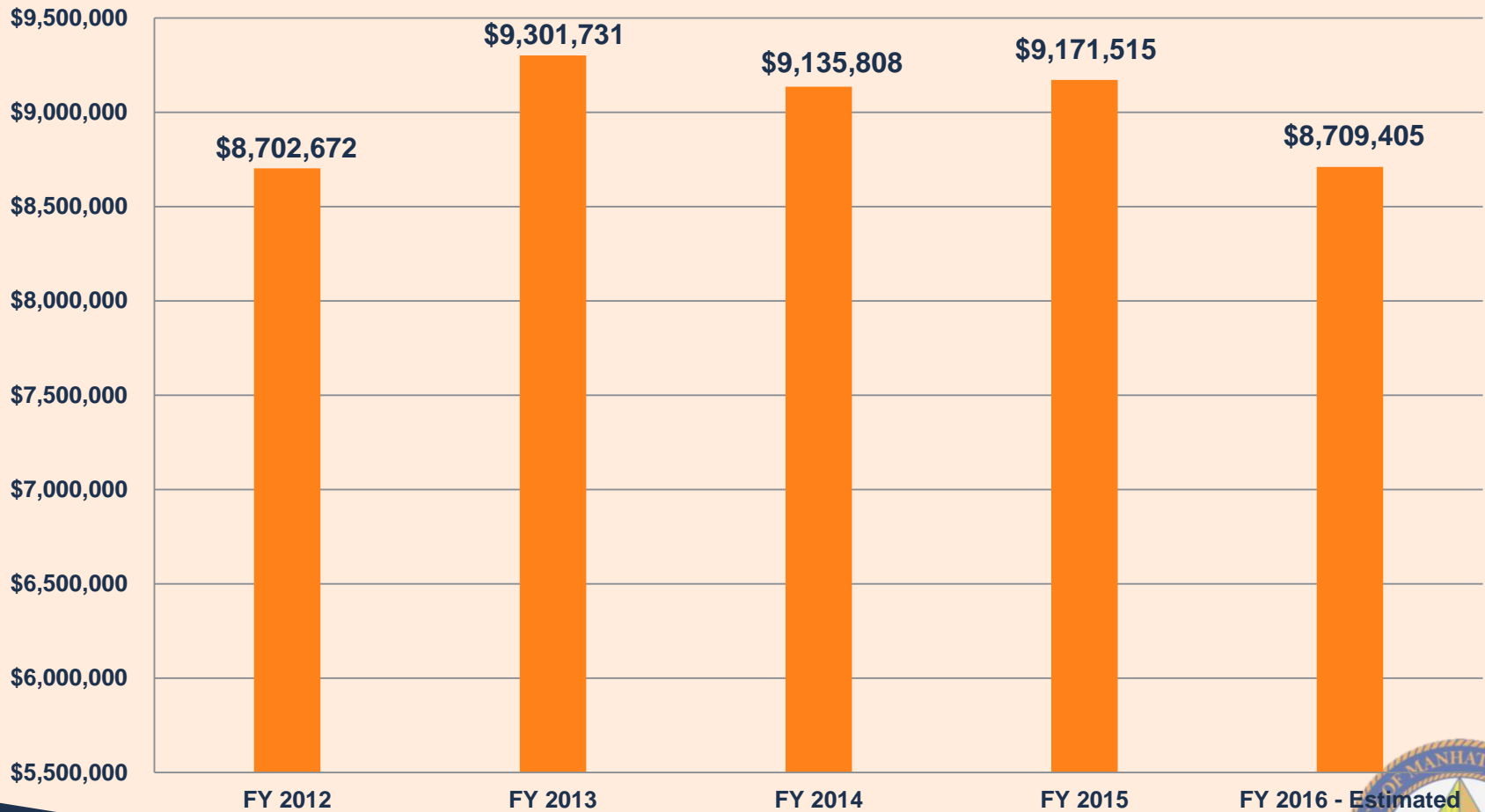


Sales Tax

- ▶ Second largest General Fund revenue source (15%)
- ▶ Projected over budget by \$259,405 (3.1%) but under FY 2015 (-5.0%)
 - Loss of significant Sales Tax producer in April 2015
- ▶ Overall modest growth in retail sales
- ▶ Positive year-to-date changes from prior year:
 - Restaurants and Hotels +5%
 - Food and Drugs +2%
 - General Consumer Goods +1%



Sales Tax



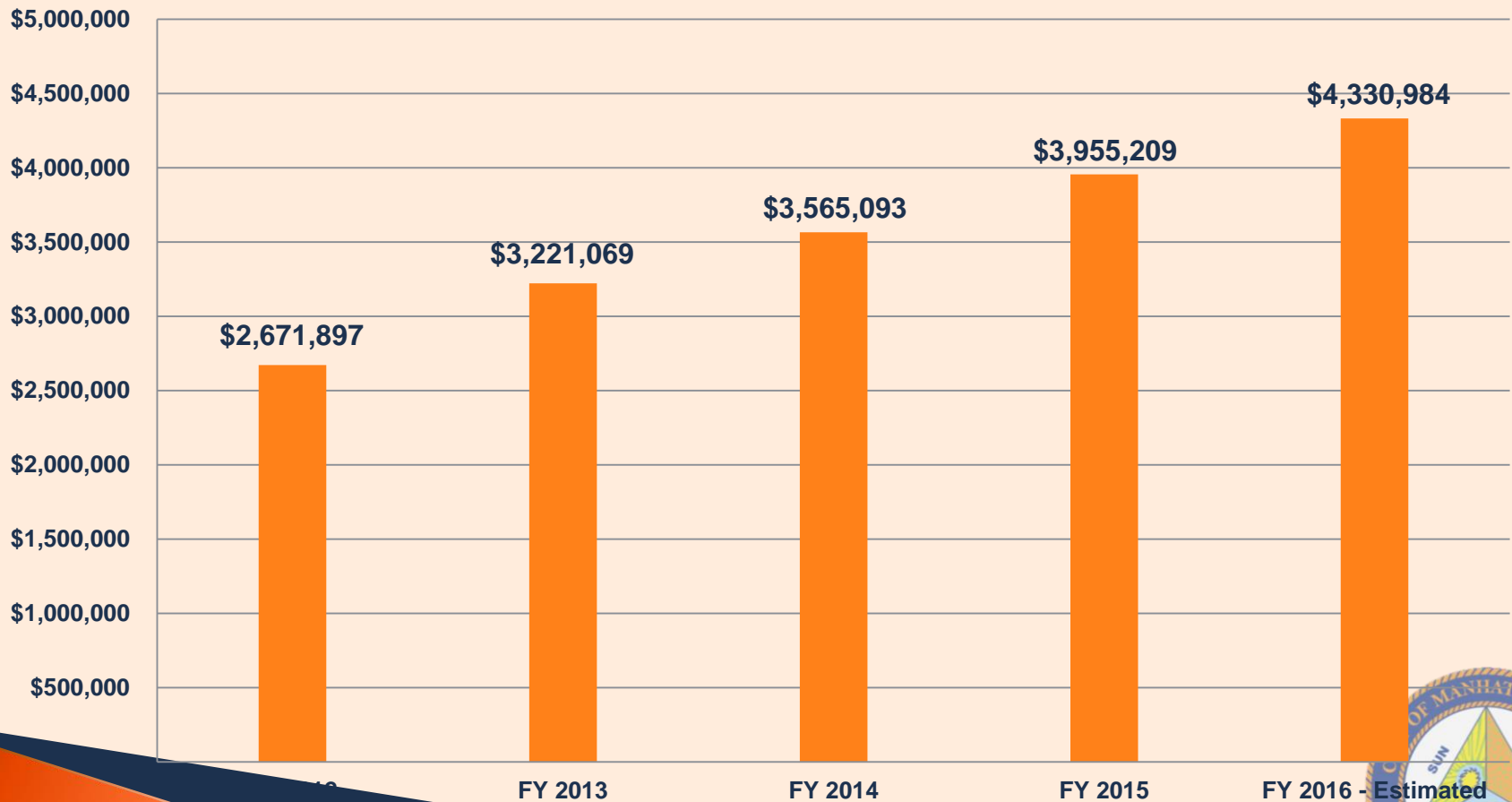
Transient Occupancy Tax (TOT)

- ▶ City levies 10% tax on hotel room rentals
 - 8.5% to General Fund
 - 1.5% to CIP Fund
- ▶ Most hotels (10 out of 12) experienced positive results over the prior year
- ▶ General Fund Revenues projected to exceed budget by \$250,084 (6.1%); Up 9.5% from FY 2014-15



Transient Occupancy Tax (TOT)

Excludes CIP Fund Portion

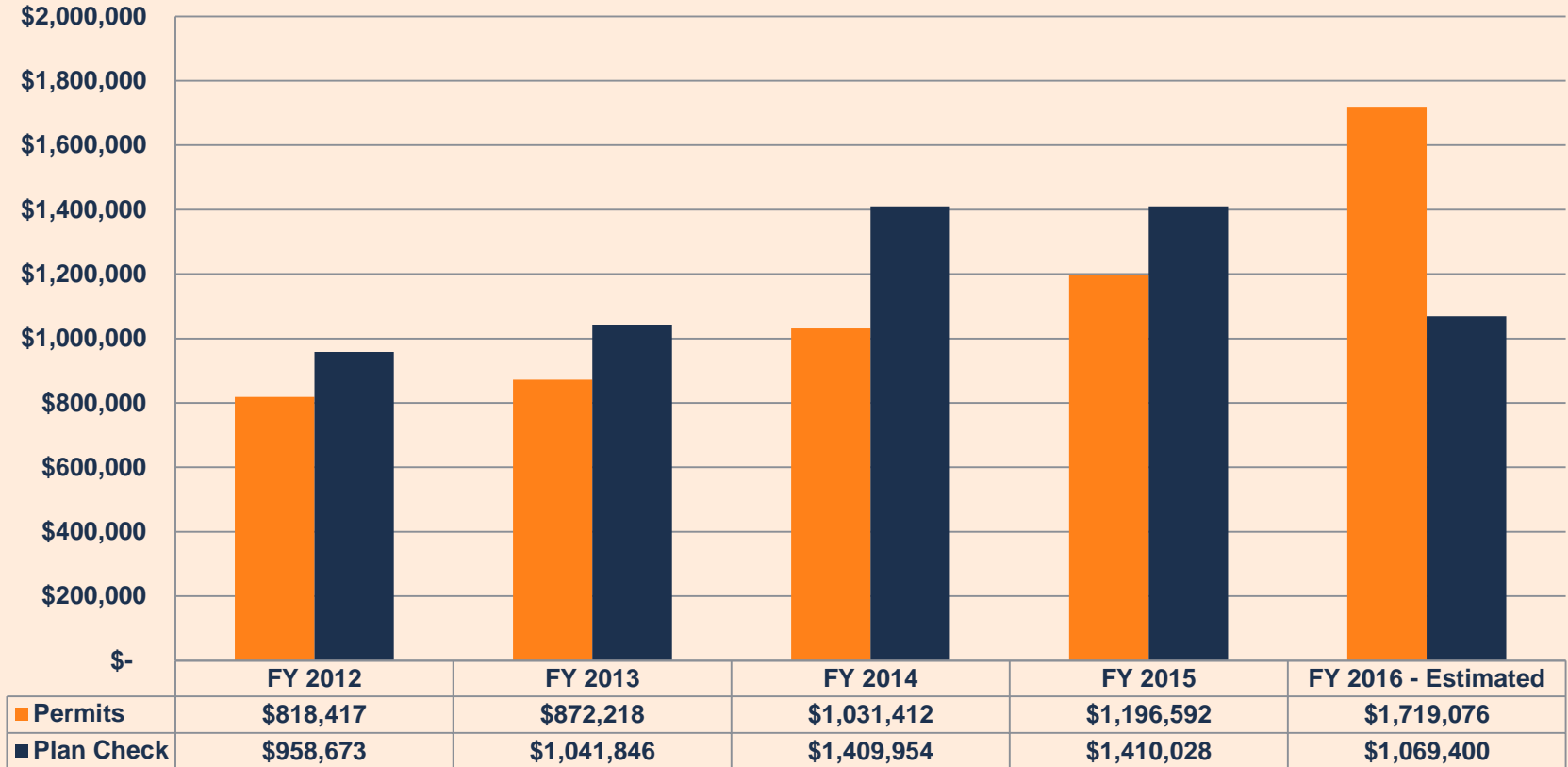


Building Permits/Plan Check

- ▶ Together trending \$181,856 (7.0%) over last year
- ▶ Building Permit revenues 4.2% under budget; \$522,484 over prior year
- ▶ Plan Check Fees under budget by 34.4%; \$340,628 under prior year
 - Volume of Plan Checks higher in FY 2016 (846) than FY 2015 (813)
 - Impacted by lower cost recovery charges
 - Budget assumed Manhattan Village Mall plan check before June 30



Building Permits/Plan Check

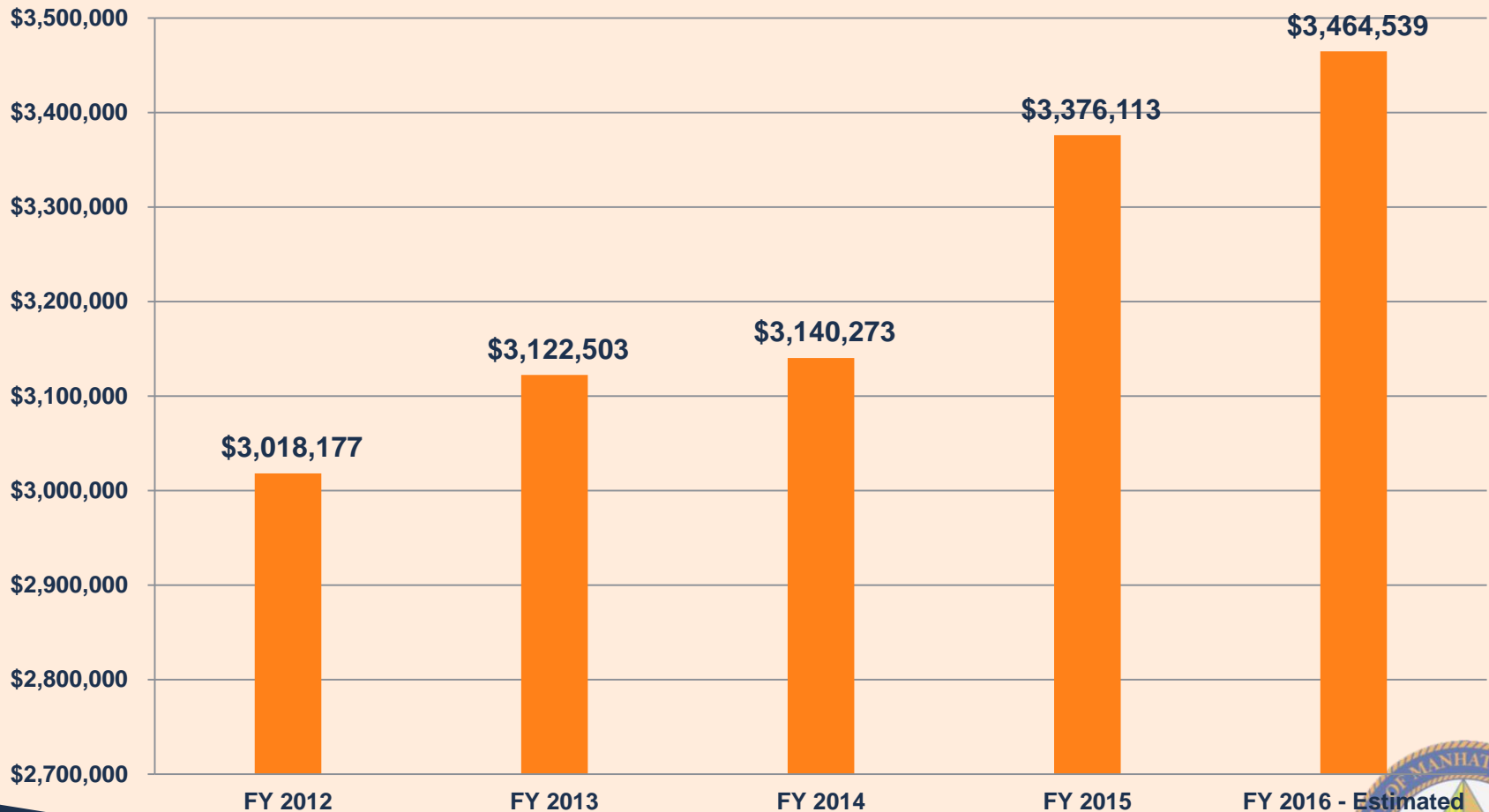


Business License Tax

- ▶ Issue approximately 5,000 annually
- ▶ Generally based on gross receipts
- ▶ Stable source even in downturn
 - Approximately 70 businesses pay maximum cap
- ▶ Receipts surpassed budget by \$299,539 (9.5%) and prior year by \$88,426 (2.6%)



Business License Tax



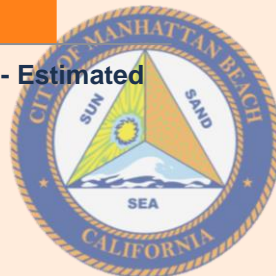
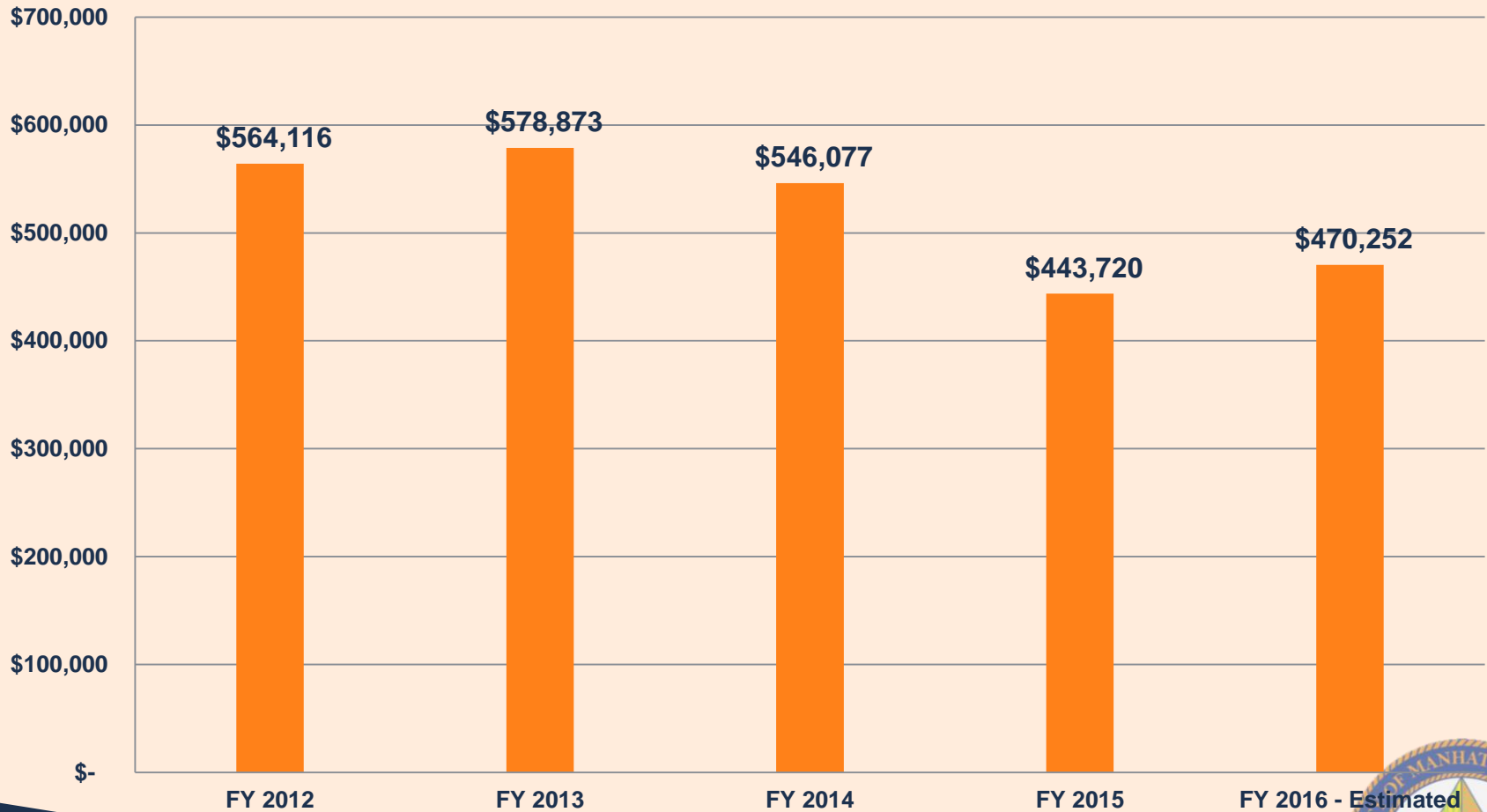
Interest Income

- ▶ Investment of idle cash
- ▶ Portfolio includes:
 - State Local Agency Investment Fund (LAIF)
 - Government Agencies (Freddie Mac, Fannie Mae)
 - Insured negotiable bank CDs
 - Corporate notes
- ▶ City's Investment Policies provide guidance
- ▶ Very low interest rate environment continues



Interest Income

General Fund Portion Only



General Fund Expenditures

Fiscal Year 2015-2016 Q4 Report



General Fund Expenditures

- ▶ Trending 2.4% or \$1,580,222 under budget for full year
- ▶ Expenditures include Temporary, Short-term Loan Outlay from Economic Uncertainty Reserve



Salaries and Wages

- ▶ Estimated to come in over budget by \$802,577 or 2.6%
- ▶ Budgeted 4.6% vacancy factor
- ▶ Police Department authorized over-hires in advance of planned retirements
- ▶ Fire Department Overtime trending over due to one vacant position and one employee on injury leave
 - Offset by Salary and Benefit savings from vacant position
 - Mutual Aid Overtime is offset by reimbursements from requesting agencies



Employee Benefits

- ▶ Estimated under budget by 1.9% or \$248,155 due to savings in other post employment benefits resulting from updated actuarial valuation



Other Categories

- ▶ Property & Equipment anticipated to be under budget by \$513,771
 - Mostly related to Information Systems Master Plan projects not expected to be completed by year end
 - e.g. Finance and Human Resources System Upgrades
 - Remaining portion of projects are re-budgeted in FY 2016-2017 for completion
- ▶ Utility Costs and Internal Service Charges both trending lower due to smaller cost increases than anticipated



Other Funds

- ▶ AB2766 Air Quality Funds support the commuter pay incentive program
 - More employees than ever utilized the program in FY16 causing overrun of \$1,320
- ▶ Insurance Fund claims activity was tracking well until the last four months of FY 15-16
 - Workers Compensation Claims spiked causing overrun of \$368,649
 - Phased 3-Year Transfer plan into effect to correct fund imbalance resulting from FY14-15 claims activity
 - FY 17-18 charges to be adjusted



Other Funds

- ▶ Storm Water Fund and Street Lighting & Landscape District Fund operating at deficits as expected
 - No fund balances
 - Continued General Fund transfers required



Summary

- ▶ General Fund year end results are positive
 - Revenues and Expenditures outperforming budget
 - Pre-audit; final results in CAFR (January 2017)
- ▶ Opportunity to use one-time Marriott Transfer Fee for Pension Rate Stabilization Fund
- ▶ Insurance Fund continues to be monitored
 - Workers Compensation challenging



Looking Ahead...

- ▶ FY 2016-2017 Q1 Report in November 2016;
Mid-Year Report in February 2017
- ▶ January 17, 2017 – Budget Policies for FY
2017-2018 budget cycle



Capital Improvement Plan Update



Capital Improvement Plan

	<u>Projects</u>
▶ Planning	19
▶ Request for Proposal	3
▶ Bid Process	0
▶ Design	33
▶ Study in Progress	1
▶ Construction	10
▶ Completed	1



Budget & CIP Questions

