



Quarterly Financial Report

Fourth Quarter FY 2015-16

Ending June 30, 2016

September 30, 2016

OVERVIEW- Since this report is for the last quarter it serves as an *interim* financial report for the year. While the audit is not yet complete, we believe this interim report provides a reasonable basis for assessing the General Fund's financial position at the end of 2015-16. However, this information is subject to change once the audit is completed. Final financial statements will be available in January of 2017. This is the first quarterly report that includes a consolidation of funds to the General Fund. A list of the consolidated funds are attached.

GENERAL FUND SUMMARY – The summary below shows the breakdown, in three sections, for the General Fund consolidation that took place in quarter four. First, the General Fund (GF 100) is shown separately to give a base that can be used for comparison to the first three quarters of FY 2015-16. The second section shows the consolidated and sub funds. Lastly, the third section shows the GF consolidation including sub funds. Using the GF consolidation, or section three, and based on interim results, revenues are up \$2.2M from budgeted projections. Expenditures are 19.6% lower than budget, resulting in an ending General Fund balance of \$28.9M, and an operating surplus of \$4.1M. This large surplus can mainly be attributed to capital projects that are still in process and have budget remaining that will be carried forward to FY 2016-17.

Top Ten Revenues - The top ten account for 88% of GF revenues.

Budget to Actual- Overall, these key revenues are up 4.2% from budget and have increased 13% from prior FY 2014-15.

	Revised Budget	YTD Actuals	Percent	
1. GF 100:				
Revenues*	\$ 28,546,907	\$ 30,808,436	107.9%	GF 100
Expenditures*	29,110,115	26,432,009	90.8%	
Revenues Over (Under)				
Expenditures	\$ (563,208)	\$ 4,376,427		
Fund Balance, Start of Year	12,481,531	12,481,531		
Fund Balance, Year-to Date	\$ 11,918,323	\$ 16,857,958		
				PLUS
2. CONSOLIDATED AND SUB FUNDS FUNDS:				
Revenues*	\$ 8,134,840	\$ 8,080,805	99.3%	CONSOLIDATED & SUB FUNDS
Expenditures*	14,096,875	8,317,033	59.0%	
Revenues Over (Under)				
Expenditures	\$ (5,962,035)	\$ (236,228)		
Fund Balance, Start of Year	12,323,174	12,323,174		
Fund Balance, Year-to Date	\$ 6,361,139	\$ 12,086,946		
				EQUALS
3. GF 100 + CONSOLIDATED & SUB FUNDS:				
Revenues*	\$ 36,681,747	\$ 38,889,241	106.0%	GF, CONSOLIDATED & SUB FUNDS
Expenditures*	43,206,990	34,749,042	80.4%	
Revenues Over (Under)				
Expenditures	\$ (6,525,243)	\$ 4,140,199		
Fund Balance, Start of Year	24,804,705	24,804,705		
Fund Balance, Year-to Date	\$ 18,279,462	\$ 28,944,904		

*Revenues and Expenditures include transfers in and out, but do not include grant revenues and related expenditures (net = \$0).

Top Ten Revenues	Revised Budget	YTD Actuals	% Recv'd	Comments
Sales Tax	\$ 12,871,500	\$ 12,538,442	97.4%	Sales tax is \$1.3M higher than FY 2014-15
Property Tax	6,031,900	6,578,120	109.1%	Property tax up mainly due to the improving economy
Transient Occupancy Tax (Hotel Tax)	4,525,500	4,730,925	104.5%	Hotel tax continues to excel and is \$481K higher than FY 2014-15
Property Tax in Lieu of VLF	2,697,200	2,747,231	101.9%	Revenue \$142K higher than last year
Franchise Taxes	2,306,000	2,674,453	116.0%	Incr due to franchise tx for landfill & waste collection
Property Tax in Lieu of Sales Tax	1,268,000	1,877,839	148.1%	FY 2015-16 is the last year of triple flip payments
Building Permit Fees	569,100	818,093	143.8%	Revenue up \$252 from FY 2014-15
Business Licenses	489,000	504,826	103.2%	Revenue up \$47K from FY 2014-15
Prop 172 Sales Tax Public Safety	394,000	391,002	99.2%	Comparable to last FY 2014-15
Recreation Program Fees	278,300	276,418	99.3%	Comparable to last FY 2014-15
Misc Revenue/Transfers In	3,837,737	3,622,762	94.4%	This mainly accounts for funding for various projects
Total	\$ 35,268,237	\$ 36,760,112	104.2%	

Revenue Comparison by Year-The top ten revenues for the fourth quarter of FY 2015-16 are close to \$4M higher in total compared to the prior fourth quarter of FY 2014-15 as shown below:

Top Ten Revenues	FY 2014-15	FY 2015-16	Incr(Decr)
Sales Tax	\$ 11,212,291	\$ 12,538,442	\$ 1,326,151
Property Tax	6,454,012	6,578,120	124,108
Transient Occupancy Tax	4,249,068	4,730,925	481,857
Property Tax in Lieu of VLF	2,605,596	2,747,231	141,635
Franchise Taxes	2,541,327	2,674,453	133,126
Property Tax in Lieu of Sales Tax	1,918,613	1,877,839	(40,774)
Building Permit Fees	565,697	818,093	252,396
Business Licenses	457,096	504,826	47,730
Prop 172 Sales Tax Public Safety	395,369	391,002	(4,367)
Recreation Program Fees	266,134	276,418	10,284
Misc Revenue/Transfers In	2,120,333	3,622,762	1,502,429
Total	\$ 32,785,536	\$ 36,760,112	\$ 3,974,576

Expenditures

Budget to Actual- Operating costs are below budget projections for the fourth quarter as summarized below:

Expenditures By Type	Revised Budget	YTD Actuals	Percent
Staffing	\$ 19,492,291	\$18,421,663	94.5%
Maintenance & Operations	8,876,307	7,529,824	84.8%
Debt Service	445,513	592,719	133.0%
Capital Outlay	13,818,922	7,659,178	55.4%
Misc/Transfers	573,957	545,657	95.1%
Total	\$ 43,206,990	\$ 34,749,042	80.4%

Significant Variances- Expenditures are below budget by \$8.5M mainly due to unanticipated salaries and benefits savings, unanticipated lower operating costs, and capital projects still in process. The significant variances (over \$50K) for expenditures are shown below:

Expenditure By Type	Revised Budget	YTD Actuals	Over/(Under) Q4 Budget	Comments
Staffing	\$ 19,492,291	\$ 18,421,663	\$ (1,070,628)	Salaries, retirement & insurance cost lower than projected
Operating:				
Attorney Fees	526,800	469,323	(57,477)	Charges for attorney fees are down in HR, PD, PW & CD depts
Fuel & Oil	242,300	184,991	(57,309)	Fuel costs down in FY 2015-16
OPEB	942,600	599,716	(342,884)	OPEB costs lower than anticipated
Professional Svcs	1,231,263	1,012,486	(218,777)	Professional services lower than anticipated
R&M General/Facilities/Annual Contracts	1,413,307	1,015,958	(397,349)	Centennial Pool cost lower than anticipated, in addition to delayed projects that are carried forward to FY 2016-17
Utilities-Water/Sewer	496,710	411,422	(85,288)	Lower due to State mandated water restrictions
Tonnage Fees	170,000	114,125	(55,875)	Tonnage Fees down in FY 2015-16
Vehicle Maintenance	162,750	110,670	(52,080)	New vehicles/ less maintenance
Total Operating	5,185,730	3,918,691	(1,267,039)	
Debt Service	445,513	592,719	147,206	1st loan pmt not budgeted for finance system
Capital Outlay	13,818,922	7,659,178	(6,159,744)	Incl's projects in process that will be carried forward to FY 2016-17

Expenditures -continued

Operating expenditures **by department** are summarized below:

Expenditures By Department	Revised Budget	YTD Actuals	Percent
City Council	\$ 182,347	\$ 162,530	89.1%
City Manager	2,968,446	2,730,049	92.0%
Administrative Services	724,159	957,007	132.2%
Police	9,733,843	8,945,157	91.9%
Emergency Services (Fire)	5,440,025	5,039,286	92.6%
Public Works**	19,328,379	12,584,444	65.1%
Library and Recreation Services	2,132,498	2,002,207	93.9%
Community Development	2,390,528	2,243,306	93.8%
Transfers & Non-Departmental	306,765	85,056	27.7%
Total	\$ 43,206,990	\$ 34,749,042	80.4%

**Public Works expenditures include capital improvement projects that are currently in process.

ENTERPRISE FUNDS

In general, Water & Sewer Funds are below revenue projections mainly due to the State mandated water conservation. Expenditures are down for Water, Sewer and Airport Funds mainly due to capital projects that are still in process and have budget remaining that will be carried forward to FY 2016-17. Depreciation expense is not included with the information below.

Water Fund

Working Capital	Revised Budget	YTD Actuals	Percent
Revenues	\$ 13,280,700	\$10,678,902	80.4%
Expenditures			
Operating programs	7,066,937	5,751,975	81.4%
CIP projects	6,807,298	2,606,304	38.3%
Debt Service***	3,739,754	4,982,768	133.2%
Transfers Out	82,450	82,450	100.0%
Total Expenditures	17,696,439	13,423,497	75.9%
Revenues Over (Under) Expenditures	(4,415,739)	(2,744,595)	
Balance, Start of Year	11,048,686	11,048,686	
Balance, Year-to-Date	\$ 6,632,947	\$ 8,304,091	

***The Water Fund's debt service includes a \$4M payment in July 2015 to San Luis Obispo County for the Nacimiento Pipeline Project.

Sewer Fund

Working Capital	Revised Budget	YTD Actuals	Percent
Revenues	\$ 10,846,200	\$ 9,908,003	91.3%
Expenditures			
Operating programs	5,806,878	5,528,256	95.2%
CIP projects	11,352,602	5,834,876	51.4%
Debt Service****	234,774	1,203,425	512.6%
Transfers Out	241,815	241,902	100.0%
Total Expenditures	17,636,069	12,808,459	72.6%
Revenues Over (Under) Expenditures	(6,789,869)	(2,900,456)	
Balance, Start of Year	10,764,241	10,764,241	
Balance, Year-to-Date	\$ 3,974,372	\$ 7,863,785	

****The Sewer Fund's debt service includes accrued interest of \$969,634 for the SRF loan – 1st payment due 9/1/16.

ENTERPRISE FUNDS - continued

Airport Fund

Working Capital	Revised Budget	YTD Actuals	Percent
Revenues	\$ 819,012	\$ 844,283	103.1%
Expenditures			
Operating programs	353,795	406,039	114.8%
CIP projects	6,832,695	189,996	2.8%
Debt Service	23,755	24,150	101.7%
Transfers Out	7,700	7,700	
Total Expenditures	7,217,945	627,885	8.7%
Revenues Over (Under) Expenditures	(6,398,933)	216,398	
Balance, Start of Year	1,812,606	1,812,606	
Balance, Year-to-Date	\$ (4,586,327)	\$ 2,029,004	

CONSOLIDATED FUNDS

The fourth quarter report for FY 2015-16 is the first quarterly report that includes the *consolidation* of other funds to the General Fund 100 (GF 100) as follows:

- | | |
|------------------------------|-----------------------------------|
| 101 Capital Projects | 122 Permit Automation |
| 103 Measure E12 Supplemental | 123 Community Development |
| 110 General Contingency | 124 Police Grants |
| 113 Electronic Archiving Fee | 126 PW Grants |
| 114 Building Education | 230 Youth Scholarship |
| 115 Economic Incentive | 233 Cal Home Loan |
| 116 City-School Facility | 234 Oak Tree Preservation |
| 119 City Facility Repair | 310 Community Facilities District |
| 120 Capital Improvements | 610 Solid Waste Contingency |

In addition, the fourth quarter report includes the General Fund *sub funds*:

- | | |
|----------------------------------|------------------------------|
| 112 Capital Replacement-IT | 238 Downtown Parking In Lieu |
| 125 Capital Replacement-Vehicles | 320 Art In Public Places |

REPORT PREPARED BY - This summary is based on detailed information prepared by Administrative Services. Please call 237-3999 if you would like additional information.

