



CITY COUNCIL REPORT

10A

DATE: OCTOBER 3, 2017

TO: MAYOR AND COUNCIL MEMBERS

FROM: ANDREA MILLER, FINANCE DIRECTOR

**SUBJECT: RECEIVE THE FY 2016-17 FOURTH QUARTER FINANCIAL
REPORT AND ADOPT A RESOLUTION APPROVING YEAR-END
BUDGET ADJUSTMENTS**

RECOMMENDATION

Receive the FY 2016-17 Fourth Quarter Financial Report and adopt a resolution approving budget adjustments per staff recommendations in Attachment A.

BACKGROUND

For the period July 1, 2016 through June 30, 2017, cash flows were sufficient to sustain normal City operations and to satisfy Enforceable Obligation payment commitments of the City's Successor Agency.

Staff has completed a review of the fourth quarter financial performance for the City's FY 2016-17 Budget. While the fiscal year is 2016-17 is still being analyzed and adjusted during the course of the year-end audit, the City's financial condition continues to show signs of significant improvement with a projected General Fund surplus of \$1.9 million.

REVIEW & ANALYSIS

General Fund Revenue Analysis

The adopted Budget for FY 2016-17 anticipated current year expenditures to be fully offset by operating revenues generating a modest surplus of \$347,263. Staff is now projecting a FY 2016-17 surplus of \$1,940,904. While Attachment A indicates the revised General Fund expenditures in the aggregate exceed General Fund revenue, this includes \$1,075,000 for the PERB settlement which was approved for allocation from fund reserves earmarked for this purpose at the first quarter financial review.

The economy in Pinole continues to show signs of fiscal strength with overall revenue of 114% realized through the end of the fiscal year. The City uses HdL, Coren & Cone Consultants to provide an analysis of property assessed values and Sales Tax projections. Budget projections are based on a conservative estimate of

HdL, Coren & Cone's analysis. Sales Tax revenue is the City's largest General Fund revenue stream which has shown steady increases year-over-year. Sales Tax collections for the fourth quarter are 116% of projections which is in line with average collections for the same period in prior fiscal years. Property Tax is the City's second largest revenue stream with fourth quarter collections at 117% of projections. Property Tax settlements are received in December, April, and June.

Utility Users Tax is the City's third largest General Fund revenue stream with 114% realized at the end of the fourth quarter. Franchise Tax is at 105% of projections for the year; Other Taxes which includes Transient Occupancy Tax and Business Licenses are at 118% of projections; Intergovernmental tax revenue is at 108% (includes Motor Vehicle License Fee at 107% of projections; and Home Owner Property Tax Relief at 122% of projections).

Federal Grants projected in the amount of \$6,545 were not received this fiscal year; State Grants were realized at 35% of projections for the year as a result of Post Reimbursable and AB4114 Abandoned Vehicle receipts lower than projections, and SB90 Mandated Costs reimbursements only received through February 2017. Other Grant receipts are at 122% of projections with \$13,509 for MPA ergonomic assessment grant included. Other Fees in the amount of \$26,159 were received although unbudgeted and includes payment for a garbage levy received. Fines and Forfeitures are at 72% of projections; Interest and Investment Income incurred negative interest in the second quarter; and Rental Income is at 84% due to projections overstated by \$7,075 and one post office rental payment short for the year.

Recommendation:

Staff is recommending FY 2016-17 General Fund revenue adjustments in the amount of \$1,620,040 as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Property Taxes	2,969,598	500,836	3,470,434
Sales and Use Taxes	3,567,941	563,364	4,131,305
Utility Users Tax	1,819,059	247,584	2,066,643
Franchise Taxes	682,334	36,679	717,013
Other Taxes	700,000	127,713	827,713
Intergovernmental Taxes	1,529,481	117,816	1,647,297
Federal Grants	6,545	-6,545	0
Other Grants	49,437	13,509	62,946
Other Fees	0	26,159	26,159
Rental Income	88,525	-7,075	81,450
Total Adjustments	11,412,920	1,620,040	13,032,960

Total adjustments only reflect revenue with adjustments recommended.

General Fund Expenditure Analysis

The City Council approved the FY 2016-17 General Fund Budget with specific expenditure assumptions limiting expenditures to maintain a balance between anticipated revenues and planned expenditures. The goal was to maintain a balanced budget and continue the process of rebuilding a General Fund Reserve. To build the reserve, we have used one-time allocations of Redevelopment Agency residual cash distributed to the City by the County Auditor-Controller, and have scheduled annual operating transfers in the amount of \$200,000 from Measure S 2014 funds beginning in fiscal year 2016-17.

Operating Budgets for the City's General Fund are at 92% of projections at the end of the fourth quarter. As outlined in Attachment A, an adjustment of \$14,880 is proposed in the Finance Department for additional audit expenses incurred, and for the purchase of a safe.

Recommendation:

Staff is recommending FY 2016-17 General Fund expenditure adjustments in the amount of \$14,880 as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Finance Department	361,586	14,880	376,466
Total Adjustments	361,586	14,880	376,466

OTHER FUNDS

Measure S 2006 and 2014 Analysis

The voter-approved 2006 City Use Tax is levied at 0.5% on all retail sales. These taxes have been pledged by the City Council to fund Public Safety Programs as their highest funding priority. Measure S 2006 revenue collections were 103% of projections at the end of the fourth quarter, while expenditures are at 90% of appropriations. Fire Department exceeded budget by 3% or \$18,695 as a result of a vacation payout associated with the retirement of a Battalion Chief.

The voter-approved 2014 City Use Tax is also levied at 0.5% on all retail sales. These funds are used to address some of the City's operational and capital improvement needs. Measure S 2014 revenue collections are 86% of projections at the end of the fourth quarter, while expenditures are 53% of appropriations. This level of expenditure is primarily due to capital projects continuing into FY 17/18. While revenue receipts for Measure S 2014 should mirror that of Measure S 2006, some businesses are still being identified by our consultant, HdL, that may not have implemented the second use tax.

Recommendation:

Staff is recommending FY 2016-17 Measure S 2006 revenue adjustments in the amount of \$53,822 as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Sales and Use Taxes	1,855,350	53,822	1,909,172
Total Adjustments	1,855,350	53,822	1,909,172

Solid Waste Fund

The Solid Waste Fund accounts for funds received from Republic Services quarterly for solid waste capital projects. Funds are appropriated for the purchase of a street sweeper in FY 2017-18, and have been used for street maintenance in prior fiscal years. Funds remain in the fund balance until projects are identified for their use.

Recommendation:

Staff is recommending FY 2016-17 Solid Waste Fund revenue appropriations in the amount of \$234,838 as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Reimbursements	0	234,738	234,738
Total Adjustments	0	234,738	234,738

Housing Administration Analysis

Activities associated with administering housing programs of the former Pinole Redevelopment Agency, use of Housing Set Aside funds, and the provision of affordable housing within the community are maintained within the Housing Fund.

Revenue at the end of the fourth quarter is at 87% of projections, while expenditures are 134% of appropriations. Expenditure adjustments of \$34,500 are proposed to account for tree removal services which were unbudgeted.

Recommendation:

Staff is recommending an expenditure adjustment of \$34,500 as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Housing Admin	108,870	34,500	143,370
Total Adjustments	108,870	34,500	143,370

Pinole Valley Caretaker Fund Analysis

The Pinole Valley Caretakers Fund maintains rent receipts and maintenance expenses associated with the Pinole Valley Caretakers house.

Recommendation:

Staff is recommending an expenditure adjustment of \$805 for the purchase of a water heater as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Public Works	14,816	805	15,621
Total Adjustments	14,816	805	15,621

Sewer Enterprise Fund Analysis

The Sewer Enterprise Fund accounts for fees charged to residents and businesses for sewer utilities. Fees are used to operate the Pinole-Hercules Wastewater Treatment Plant which services the Pinole and Hercules areas. The budget was increased in FY 2016-17 based on the sewer model projection without taking into account historical actuals. In addition, staff is proposing a reduction in depreciation expense of \$290,000 to account for the Pinole only share of depreciation.

Recommendation:

Staff is recommending revenue adjustments of -\$971,814 to align with actual receipts as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Sewer Enterprise Charges	7,214,424	-971,814	6,242,610
Total Adjustments	7,214,424	-971,814	6,242,610

Staff is recommending expenditure adjustments of -\$290,000 for depreciation expense as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Sewer	5,958,043	-290,000	5,668,043
Total Adjustments	5,958,043	-290,000	5,668,043

In addition to these requested budget adjustments, there are several budget variances noted in Attachment A, which will be discussed during the staff presentation.

FISCAL IMPACT

Fiscal impact of the Fourth Quarter FY 2016-17 Financial Report proposed adjustments are summarized below and described in detail above and in Attachment A.

1. Net increase in General Fund revenue of \$1,620,040 offset by a net increase in expenditures of \$14,880.
2. Net increase in Measure S 2006 revenue of \$53,822.
3. Net increase in Solid Waste Fund revenue of \$234,738.
4. Net increase in Housing Fund expenditures of \$34,500
5. Net increase in Pinole Valley Caretakers Fund expenditures of \$805.
6. Net decrease in Sewer Enterprise Fund revenue of -\$971,814 offset by a net decrease in expenditures of -\$290,000.

ATTACHMENTS

Attachment A – FY 2016-17 Fourth Quarter Financial Report

Attachment B – Resolution Adjusting Fiscal Year 2016-17 Budget

Attachment C – PowerPoint Presentation



City of Pinole, CA

Fourth Quarter Budget Report

For FY 2016-17 Period Ending: 06/30/2017

	Revised Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used	Proposed Adjustment	Notes
Fund: 100 - General Fund						
Revenue						
311 - Property Taxes	2,969,598	3,470,434	500,836	117%	500,836	[1]
312 - Sales and Use Taxes	3,567,941	4,131,305	563,364	116%	563,364	[1]
313 - Utility Users Tax	1,819,059	2,066,643	247,584	114%	247,584	[1]
314 - Franchise Taxes	682,334	717,013	34,679	105%	36,679	[1]
315 - Other Taxes	700,000	827,713	127,713	118%	127,713	[1]
321 - Intergovernmental Taxes	1,529,481	1,647,297	117,816	108%	117,816	[1]
322 - Federal Grants	6,545	-	(6,545)	0%	(6,545)	[2]
323 - State Grants	66,600	23,435	(43,165)	35%		[3]
324 - Other Grants	49,437	60,467	11,030	122%	13,509	[4]
332 - Permits	60,775	60,701	(74)	100%		
341 - Review Fees	20,000	35,125	15,125	176%		
342 - Other Fees	-	26,159	26,159	0%	26,159	[5]
343 - Abatement Fees	2,000	4,242	2,242	212%		
351 - Fines and Forfeiture	54,050	38,876	(15,174)	72%		[6]
361 - Public Safety Charges	387,283	529,686	142,403	137%		
370 - Interest and Investment Income	10,000	(20,563)	(30,563)	-206%		[7]
381 - Rental Income	88,525	74,723	(13,803)	84%	(7,075)	[8]
383 - Reimbursements	1,000	4,171	3,171	417%		
384 - Other Revenue	15,000	17,400	2,400	116%		
392 - Proceeds from Sale of Property	10,000	16,099	6,099	161%		
Revenue Total:	12,039,628	13,730,926	1,691,298	114%	1,620,040	
399 - Transfers In	200,000	200,000	-	100%		[13]
Sources Total:	12,239,628	13,930,926	1,691,298	114%	1,620,040	
Expense						
Department: 10 - City Council Total:	107,813	84,352	23,461	78%		
Department: 11 - City Manager Total:	105,159	114,071	(8,912)	108%		[9]
Department: 12 - City Clerk Total:	219,368	125,978	93,390	57%		[10]
Department: 13 - City Treasurer Total:	14,717	6,541	8,176	44%		[11]
Department: 14 - City Attorney Total:	205,000	200,331	4,669	98%		
Department: 15 - Finance Department Total:	361,586	405,598	(44,012)	112%	14,880	[12]
Department: 16 - Human Resources Total:	274,873	278,056	(3,183)	101%		
Department: 17 - General Government Total:	1,924,327	1,848,506	75,821	96%		
Department: 22 - Police Department Total:	4,986,646	4,657,248	329,398	93%		
Department: 23 - Fire Department Total:	3,674,228	3,280,340	393,888	89%		
Department: 34 - Public Works Total:	879,976	775,205	104,771	88%		
Department: 46 - Community Development Total:	8,084	7,959	125	98%		
Department: 55 - Recreation Total:	5,588	5,837	(249)	104%		
Expense Total:	12,767,365	11,790,022	977,343	92%	14,880	
Fund: 100 - General Fund Surplus (Deficit):	(727,737)	1,940,904	713,955	-267%		

NOTES:

- [1] Budget adjusted to align with actuals received in excess of projection.
- [2] Reduce budget for Police Bullet Proof Vest grant and Fire OES grant budget carried forward from prior year.
- [3] Post Reimbursable and AB4114 Abandoned Vehicle receipts lower than projected. SB90 Mandated Costs reimbursements received through February 2017.
- [4] Allocate budget for MPA ergonomic grant received.
- [5] Allocate budget for Other fees largely result of garbage levy received.
- [6] Fines and forfeitures received less than projected.
- [7] Negative interest earnings in 2nd quarter typical in election year. Includes General Reserve fund interest earnings/losses.
- [8] Reduce budget for parking lot lease revenue last received in FY 2014-15. One post office rent payment missing; check is being reissued.
- [9] Indirect Cost Allocation (Admin Credit) not fully applied for the year.
- [10] City Clerk position was vacant a portion of the fiscal year.
- [11] City Treasurer position was vacant a portion of the fiscal year. Benefits for single coverage versus dual coverage budgeted.
- [12] Allocate budget for additional audit charges incurred and safe purchased. Unbudgeted vacation payout, and merit increase applied covers a portion of prior fiscal year.
- [13] General Reserve allocation. Not for operations.

	Revised Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used	Proposed Adjustment	Notes
Fund: 105 - Measure S -2006						
Revenue						
312 - Sales and Use Taxes	1,855,350	1,909,172	53,822	103%	53,822	[1]
370 - Interest and Investment Income	1,000	(61)	(1,061)	6%		
Revenue Total:	1,856,350	1,909,112	52,762	103%	53,822	
Expense						
Department: 22 - Police Department Total:	1,338,230	1,118,085	220,146	84%		[2]
Department: 23 - Fire Department Total:	640,399	659,094	(18,695)	103%		[3]
Expense Total:	1,978,629	1,777,179	201,450	90%		
Fund: 105 - Measure S -2006 Surplus (Deficit):	(122,279)	131,933	(148,689)	-108%		
Fund: 106 - MEASURE S-2014						
Revenue						
312 - Sales and Use Taxes	1,855,350	1,594,938	(260,412)	86%		
370 - Interest and Investment Income	500	139	(361)	28%		
Revenue Total:	1,855,850	1,595,077	(260,773)	86%		
Expense						
Department: 14 - City Attorney Total:	25,000	48,786	(23,786)	195%		[4]
Department: 15 - Finance Department Total:	2,500	2,500	-	100%		
Department: 17 - General Government Total:	961,364	961,364	-	100%		
Department: 18 - Information Systems Total:	280,000	135,848	144,153	49%		[5]
Department: 22 - Police Department Total:	53,836	44,162	9,674	82%		
Department: 23 - Fire Department Total:	253,963	11,589	242,374	5%		[6]
Department: 34 - Public Works Total:	763,421	24,809	738,612	3%		[7]
Department: 55 - Recreation Total:	7,000	6,946	54	99%		
Expense Total:	2,347,084	1,236,004	1,111,080	53%		
Fund: 106 - MEASURE S-2014 Surplus (Deficit):	(491,234)	359,073	850,307	-73%		
Fund: 160 - EQUIPMENT RESERVE						
Revenue						
385 - Indirect Cost Allocations	120,000	120,000	-	100%		
Revenue Total:	120,000	120,000	-	100%		
Fund: 200 - Gas Tax Fund						
Revenue						
321 - Intergovernmental Taxes	393,895	365,347	(28,548)	93%		
370 - Interest and Investment Income	-	167	167	0%		
Revenue Total:	393,895	365,514	(28,381)	93%		
Expense						
Department: 34 - Public Works Total:	432,280	399,621	32,659	92%		
Expense Total:	432,280	399,621	32,659	92%		
Fund: 200 - Gas Tax Fund Surplus (Deficit):	(38,385)	(34,107)	4,278	89%		
Fund: 201 - Restricted Real Estate Maintenance Fund						
Revenue						
342 - Other Fees	3,175	2,725	(450)	86%		
381 - Rental Income	36,623	36,211	(412)	99%		
384 - Other Revenue	-	5,274	5,274	0%		
Revenue Total:	39,798	44,211	4,413	111%		
Expense						
Department: 34 - Public Works Total:	50,700	23,142	27,558	46%		
Expense Total:	50,700	23,142	27,558	46%		
Fund: 201 - Restricted RE Maintenance Fund Surplus (Deficit):	(10,902)	21,069	31,971	-193%		

NOTES:

- [1] Budget adjusted to align with actuals received in excess of projection.
- [2] Revenue collections less than budget projection is potentially the result of businesses that may not be collecting additional use tax.
- [3] Vacation payout for Battalion Chief retirement.
- [4] Additional municipal code updates.
- [5] Costs for financial system upgrade less than budget.
- [6] Admin Battalion Chief paid from Fund 105 after retirement of previous Battalion Chief.
- [7] Funded projects started but not completed this fiscal year.

	Revised Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used	Proposed Adjustment	Notes
Fund: 203 - Public Safety Augmentation Fund						
Revenue						
321 - Intergovernmental Taxes	150,000	184,740	34,740	123%		
370 - Interest and Investment Income	-	0	0	0%		
Revenue Total:	150,000	184,740	34,740	123%		
Expense						
Department: 22 - Police Department Total:	135,712	144,472	(8,760)	106%		[1]
Expense Total:	135,712	144,472	(8,760)	106%		
Fund: 203 - Public Safety Augmentation Fund Surplus (Deficit):	14,288	40,268	25,980	282%		
Fund: 204 - Police Grants						
Revenue						
323 - State Grants	13,118	13,118	(0)	100%		
324 - Other Grants	320,000	320,000	-	100%		
Revenue Total:	333,118	333,118	(0)	100%		
Expense						
Department: 22 - Police Department Total:	333,119	348,944	(15,825)	105%		[2]
Expense Total:	333,119	348,944	(15,825)	105%		
Fund: 204 - Police Grants Surplus (Deficit):	(1)	(15,826)	(15,825)	1582599%		
Fund: 205 - Traffic Safety Fund						
Revenue						
351 - Fines and Forfeiture	57,750	43,889	(13,861)	76%		
370 - Interest and Investment Income	-	3	3	0%		
Revenue Total:	57,750	43,892	(13,858)	76%		
Expense						
Department: 22 - Police Department Total:	38,504	14,256	24,248	37%		
Department: 34 - Public Works Total:	2,800	-	2,800	0%		
Expense Total:	41,304	14,256	27,048	35%		
Fund: 205 - Traffic Safety Fund Surplus (Deficit):	16,446	29,635	13,189	180%		
Fund: 206 - Supplemental Law Enforcement Svc Fund						
Revenue						
323 - State Grants	100,000	100,000	-	100%		
370 - Interest and Investment Income	-	35	35	0%		
Revenue Total:	100,000	100,035	35	100%		
Expense						
Department: 22 - Police Department Total:	92,033	100,137	(8,104)	109%		[3]
Expense Total:	92,033	100,137	(8,104)	109%		
Fund: 206 - Supplemental Law Enforcement SF Surplus (Deficit):	7,967	(101)	(8,068)	-1%		
Fund: 207 - NPDES Storm Water Fund						
Revenue						
321 - Intergovernmental Taxes	315,768	239,503	(76,265)	76%		
370 - Interest and Investment Income	-	(34)	(34)	0%		
Revenue Total:	315,768	239,469	(76,299)	76%		
Expense						
Department: 17 - General Government Total:	-	14,087	(14,087)	0%		
Department: 34 - Public Works Total:	315,768	241,082	74,686	76%		
Expense Total:	315,768	255,169	60,599	81%		
Fund: 207 - NPDES Storm Water Fund Surplus (Deficit):	-	(15,700)	(15,700)	0%		

NOTES:

- [1] Allocated personnel costs in excess of budget.
 [2] Overtime in excess of budget.
 [3] Allocated personnel costs in excess of budget.

	Revised Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used	Proposed Adjustment	Notes
Fund: 209 - Recreation Fund						
Revenue						
Department: 55 - Recreation						
Division: 551 - Recreation Administration	47,247	34,231	(13,016)	72%		[1]
Division: 552 - Senior Center	227,000	198,283	(28,717)	87%		[2]
Division: 553 - Tiny Tots	197,418	192,118	(5,300)	97%		
Division: 554 - Youth Center	160,495	132,005	19,814	112%		
Division: 555 - Day Camp	117,350	69,008	(96,647)	18%		[3]
Division: 556 - Performing Arts	44,900	42,298	7,398	116%		
Division: 557 - Swim Center	52,500	53,659	1,159	102%		
Division: 558 - Memorial Hall	5,300	10,470	(4,830)	9%		[4]
Division: 559 - Tennis	2,750	714	(2,036)	26%		[5]
Revenue Total:	854,960	732,786	(122,174)	86%		
Expense						
Department: 17 - General Government Total:	-	11,852	(11,852)	0%		[6]
Department: 55 - Recreation						
Division: 551 - Recreation Administration	150,147	174,876	(24,729)	116%		[7]
Division: 552 - Senior Center	264,618	227,437	37,181	86%		
Division: 553 - Tiny Tots	100,019	102,150	(2,131)	102%		
Division: 554 - Youth Center	169,171	159,800	9,371	94%		
Division: 555 - Day Camp	32,368	28,530	3,838	88%		
Division: 556 - Performing Arts	44,000	36,980	7,020	84%		
Division: 557 - Swim Center	40,544	51,151	(10,607)	126%		[8]
Division: 558 - Memorial Hall	4,600	4,820	(220)	105%		
Division: 559 - Tennis	2,500	2,726	(226)	109%		
Expense Total:	807,967	800,321	7,646	99%		
Fund: 209 - Recreation Fund Surplus (Deficit):	46,993	(67,535)	(114,568)	-144%		
Fund: 211 - Senior Center Programs						
Revenue						
Department: 55 - Recreation						
Division: 552 - Senior Center	320,450	307,795	(12,655)	96%		
Revenue Total:	320,450	307,795	(12,655)	96%		
Expense						
Department: 55 - Recreation						
Division: 552 - Senior Center	301,550	289,826	11,724	96%		
Expense Total:	301,550	289,826	11,724	96%		
Fund: 211 - Senior Center Programs Surplus (Deficit):	18,900	17,970	(930)	95%		

NOTES:

- [1] Facility rental revenue and contributions are less than budgeted for the year.
- [2] Contributions received are less than budget projections.
- [3] Summer Camp enrollment substantially less than budget due to staffing shortages.
- [4] Facility rentals less than projected.
- [5] Program fees include \$5,000 from prior fiscal year 2015-16 received late.
- [6] Retiree medical charged to home fund not budgeted.
- [7] Vacation payout for former Recreation Coordinator.
- [8] Swim Center property taxes and legal charges not budgeted.

	Revised Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used	Proposed Adjustment	Notes
Fund: 212 - Building & Planning						
Revenue						
315 - Other Taxes	1,800	1,561	(240)	87%		
323 - State Grants	2,400	-	(2,400)	0%		[1]
332 - Permits	646,900	497,828	(149,072)	77%		
341 - Review Fees	102,000	130,071	28,071	128%		
342 - Other Fees	88,500	46,559	(41,941)	53%		[2]
343 - Abatement Fees	800	5,035	4,235	629%		
370 - Interest and Investment Income	1,000	(43)	(1,043)	4%		[3]
384 - Other Revenue	6,000	19,850	13,850	331%		
Revenue Total:	849,400	700,860	(148,540)	83%		
Expense						
Department: 17 - General Government Total:	-	2,568	(2,568)	0%		[4]
Department: 46 - Community Development Total:	950,476	780,990	169,486	82%		
Expense Total:	950,476	783,558	166,918	82%		
Fund: 212 - Building & Planning Surplus (Deficit):	(101,076)	(82,698)	18,378	82%		
Fund: 213 - Refuse Management Fund						
Revenue						
323 - State Grants	60,060	70,850	10,790	118%		
370 - Interest and Investment Income	-	(18)	(18)	0%		
Revenue Total:	60,060	70,832	10,772	118%		
Expense						
Department: 34 - Public Works Total:	212,712	94,478	118,234	44%		[5]
Expense Total:	212,712	94,478	118,234	44%		
Fund: 213 - Refuse Management Fund Surplus (Deficit):	(152,652)	(23,646)	129,006	15%		
Fund: 214 - Solid Waste Fund						
Revenue						
370 - Interest and Investment Income	-	(154)	(154)	0%		
383 - Reimbursements	-	234,738	234,738	0%	234,738	[6]
Revenue Total:	-	234,584	234,584	0%	234,738	
Fund: 214 - Solid Waste Fund Total:	-	234,584	234,584	0%		
Fund: 215 - Measure C and J Fund						
Revenue						
324 - Other Grants	303,590	356,789	53,199	118%		
370 - Interest and Investment Income	-	(363)	(363)	0%		
Revenue Total:	303,590	356,425	52,835	117%		
Expense						
Department: 34 - Public Works Total:	272,533	116,429	116,429	43%		[7]
Expense Total:	272,533	116,429	156,104	43%		
Fund: 215 - Measure C and J Fund Surplus (Deficit):	31,057	239,996	208,939	773%		

NOTES:

- [1] Department of Conservation projected revenue not received.
- [2] Various fees (variance, STMP, and inspection) realized lower than budgeted.
- [3] Negative interest earnings in 2nd quarter typical in election year.
- [4] Retiree medical expense allocated to home fund.
- [5] Trash Capture Device capital project carried forward to FY 2017-18.
- [6] Add budget for solid waste capital project resources received.
- [7] SPA bridge, sign replacement, sidewalk maintenance, and miscellaneous roadway repair capital projects initiated and carried forward to FY 2017-18.

	Revised Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used	Proposed Adjustment	Notes
Fund: 285 - Housing Land Held for Resale						
Revenue						
370 - Interest and Investment Income	75,000	33,261	(41,739)	44%		
381 - Rental Income	72,253	72,253	0	100%		
384 - Other Revenue	35,000	35,000	-	100%		
393 - Loan/Bond Proceeds	144,700	145,456	756	101%		
Revenue Total:	326,953	285,971	(40,982)	87%		
Expense						
Department: 46 - Community Development Total:	108,870	145,703	(36,833)	134%	34,500	[1]
Expense Total:	108,870	145,703	(36,833)	134%	34,500	
Fund: 285 - Housing Land Held for Resale Surplus (Deficit):	218,083	140,268	(77,815)	64%		
Fund: 310 - Lighting & Landscape Districts						
Revenue						
321 - Intergovernmental Taxes	33,870	34,222	352	101%		
399 - Transfers In	5,000	5,000	-	100%		
Revenue Total:	38,870	39,222	352	101%		
Expense						
Department: 34 - Public Works Total:	43,970	48,104	(4,134)	109%		[2]
Expense Total:	43,970	48,104	(4,134)	109%		
Fund: 310 - Lighting & Landscape Districts Surplus (Deficit):	(5,100)	(8,882)	(3,782)	174%		
Fund: 317 - Pinole Valley Caretaker Fund						
Revenue						
381 - Rental Income	15,000	15,000	-	100%		
Revenue Total:	15,000	15,000	-	100%		
Expense						
Department: 34 - Public Works Total:	14,816	15,154	(338)	102%	805	[3]
Expense Total:	14,816	15,154	(338)	102%	805	
Fund: 317 - Pinole Valley Caretaker Fund Surplus (Deficit):	184	(1,404)	(1,588)	-763%		
Fund: 324 - Public Facilities Fund						
Revenue						
Department: 34 - Public Works						
399 - Transfers In	25,000	25,000	-	100%		
Revenue Total:	25,000	25,000	-	100%		
Expense						
Department: 34 - Public Works Total:	85,000	3,263	81,737	4%		[4]
Expense Total:	85,000	3,263	81,737	4%		
Fund: 324 - Public Facilities Fund Surplus (Deficit):	(60,000)	21,737	81,737	-36%		
Fund: 325 - City Street Improvements						
Revenue						
399 - Transfers In	250,000	250,000	-	100%		
Revenue Total:	250,000	250,000	-	100%		
Expense						
Department: 34 - Public Works						
472 - Improvements	500,000	20,233	479,767	4%		
Department: 34 - Public Works Total:	500,000	20,233	479,767	4%		[5]
Expense Total:	500,000	20,233	479,767	4%		
Fund: 325 - City Street Improvements Surplus (Deficit):	(250,000)	229,767	479,767	-92%		

NOTES:

[1] Tree removal services unbudgeted (\$34,500); legal costs higher than budgeted (\$11,860).

[2] Utility expense exceeded budget by \$629, and traffic signal maintenance exceeded budget by \$4,584.

[3] Add budget for water heater replacement.

[4] Fowler House demo capital project carried forward. Miscellaneous building maintenance projects in progress and ongoing.

[5] City street projects initiated and carried forward to FY 2017-18.

	Revised Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used	Proposed Adjustment	Notes
Fund: 377 - Arterial Streets Rehabilitation Fund						
Revenue						
322 - Federal Grants	70,364	70,364	(0)	100%		
399 - Transfers In	250,000	250,000	-	100%		
Revenue Total:	320,364	320,364	(0)	100%		
Expense						
Department: 34 - Public Works Total:	350,000	22,340	327,660	6%		[1]
Expense Total:	350,000	22,340	327,660	6%		
Fund: 377 - Arterial Streets Rehabilitation Fund Surplus (Deficit):	(29,636)	298,024	327,660	-1006%		
Fund: 500 - Sewer Enterprise Fund						
Revenue						
363 - Sewer Enterprise Charges	7,214,424	6,202,742	(1,011,682)	86%	(971,814)	[2]
370 - Interest and Investment Income	-	(453)	(453)	0%		
383 - Reimbursements	-	681	681	0%		
Revenue Total:	7,214,424	6,202,969	(1,011,455)	86%	(971,814)	
Expense						
Department: 17 - General Government Total:	-	20,702	(20,702)	0%		[3]
Department: 64 - Sewer Total:	5,958,043	4,786,879	1,171,164	80%	(290,000)	[4]
Expense Total:	5,958,043	4,807,582	1,150,461	81%	(290,000)	
Fund: 500 - Sewer Enterprise Fund Surplus (Deficit):	1,256,381	1,395,387	139,006	111%		
Fund: 503 - Plant Expansion Fund						
Revenue						
370 - Interest and Investment Income	-	398	398	0%		
383 - Reimbursements	14,075,281	28,909	(14,046,372)	0%		[5]
Revenue Total:	14,075,281	29,307	(14,045,974)	0%		
Expense						
Department: 64 - Sewer Total:	12,811,987	69,510	12,742,477	1%		[5]
Expense Total:	12,811,987	69,510	12,742,477	1%		
Fund: 503 - Plant Expansion Fund Surplus (Deficit):	1,263,294	(40,203)	(1,303,497)	-3%		
Fund: 505 - Cable Access TV						
Revenue						
Department: 19 - Cable Access TV						
314 - Franchise Taxes	62,651	45,713	(16,938)	73%		
365 - Cable TV Charges	155,700	140,161	(15,539)	90%		
384 - Other Revenue	5,500	4,550	(950)	83%		
399 - Transfers In	96,364	96,364	-	100%		
Revenue Total:	320,215	286,788	(33,427)	90%		
Expense						
Department: 19 - Cable Access TV Total:	320,215	301,809	18,406	94%		
Expense Total:	320,215	301,809	18,406	94%		
Fund: 505 - Cable Access TV Surplus (Deficit):	-	(15,021)	(15,021)	0%		
Fund: 525 - Information Systems						
Expense						
Department: 18 - Information Systems Total:	178,756	99,869	78,887	56%		
Expense Total:	178,756	99,869	78,887	56%		
Fund: 525 - Information Systems Total:	178,756	99,869	78,887	56%		

NOTES:

[1] City street projects initiated and carried forward to FY 2017-18.

[2] Accounts receivable of \$73,475 pending. Reduce budget to align with actuals.

[3] Retiree medical expense allocated to home fund.

[4] Depreciation expense overstated (\$290,000), collection line repair reserves allocation in process (\$395,000), net change from debt refunding (\$83,805), equipment maintenance less than budget (\$150,000), chemicals expense less than budget (\$130,000).

[5] WPCP expansion project expenses paid directly from project escrow accounts and recorded as construction-in-progress.

	Revised	Fiscal	Variance	Percent	Proposed	
	Total Budget	Activity	Favorable (Unfavorable)	Used	Adjustment	Notes
Fund: 750 - Recognized Obligation Retirement Fund						
Revenue						
311 - Property Taxes	-	4,685,151	4,685,151	0%		
370 - Interest and Investment Income	-	305	305	0%		
393 - Loan/Bond Proceeds	-	31,341	31,341	0%		
Revenue Total:	-	4,716,797	4,716,797	0%		
Expense						
Department: 46 - Community Development Total:	253,500	226,492	27,008	89%		
Expense Total:	253,500	226,492	27,008	89%		

RESOLUTION NO. 2017-xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PINOLE, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, MODIFYING THE CITY BUDGET FOR FISCAL YEAR 2016-17

WHEREAS, the City Council did adopt a Budget for City Operations by Resolution number 2016-49 on June 21, 2016; and

WHEREAS, the City Manager has presented proposed recommendations for modification of the adopted budget and programs of service for the City of Pinole Operations for fiscal year 2016-17 as part of a 4th Quarter Financial Report at the regular City Council Meeting held on October 3, 2017; and

WHEREAS, the City Council has considered these recommended changes, as to the matter of the City budget; and

WHEREAS, the City Council has solicited public input on the proposed modifications to the FY 2016-17 Operations Budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pinole as follows:

Modifications to the budget for the City of Pinole for fiscal year 2016-17 commencing July 1, 2016 and ending June 30, 2017 are hereby approved and adopted, as set forth in Exhibit #1 (herein incorporated).

PASSED AND ADOPTED this 3rd day of October 2017, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

I hereby certify that the foregoing resolution was introduced, passed and adopted on this 3rd day of **October, 2017**.

Rosa G. Acosta
City Clerk

Exhibit 1

FY 2016-17 Budget Adjustments

General Fund - 100

Revenue	\$1,620,040
Expenditures	\$14,880

Measure S 2006 Fund - 105

Revenue	\$53,822
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Solid Waste Fund - 214

Revenue	\$234,738
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Housing Fund - 285

Expenditures	\$34,500
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Pinole Valley Caretaker Fund – 317

Expenditures	\$805
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Sewer Enterprise Fund – 500

Revenue	-\$971,814
Expenditures	-\$290,000

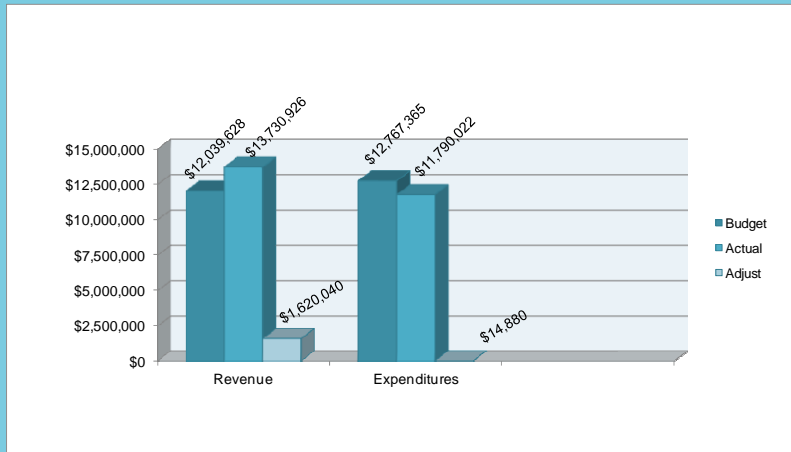


FY 2016-17 FOURTH QUARTER FINANCIAL REPORT AND BUDGET ADJUSTMENTS

Highlights:

- ▶ Adopted FY 2016-17 budget projects
General Fund surplus of \$347,263
- ▶ Projected year-end surplus of \$1,940,904
- ▶ Revenue and expenditures should
average 100% for the period
- ▶ General Fund revenue realized 114% of
projections
- ▶ General Fund expenditures realized 92%
of projections

General Fund Overview



General Fund Revenue Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Property Tax	2,969,598	3,470,434	500,836	3,470,434
Sales Tax	3,567,941	4,131,305	563,364	4,131,305
Utility Users Tax	1,819,059	2,066,643	247,584	2,066,643
Other Taxes	2,911,815	3,192,024	282,208	3,192,024
Other Revenue	771,215	870,521	26,048	797,263
Total Revenue	12,039,628	13,730,926	1,620,040	13,659,668

General Fund Expenditures by Function Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Administration	2,434,543	2,283,990	14,880	2,449,423
Public Safety	8,660,874	7,937,588	0	8,660,874
PW/Recreation	893,648	789,001	0	893,648
Debt/Transfers	778,300	779,442	0	778,300
Total Expenditures	12,767,365	11,790,022	14,880	12,782,245

Measure S Revenue Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Sales Tax-2006	1,855,350	1,909,172	53,822	1,909,172
Sales Tax-2014	1,855,350	1,594,938	0	1,855,350
Other Revenue	1,500	78	0	1,500
Total Revenue	3,712,200	3,504,189	53,822	3,766,022

Measure S Expenditures Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Administration	427,500	307,134	0	427,500
Public Safety	2,286,428	1,832,930	0	2,256,266
Public Works	763,421	24,809	0	763,421
Recreation	7,000	6,946	0	7,000
Transfers Out	841,364	841,364	0	841,364
Total Expenditures	4,325,713	3,013,183	0	4,325,713

Solid Waste Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Revenue:				
Reimbursements	0	234,738	234,738	234,738
Total Revenue	0	234,738	234,738	234,738

Housing Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Revenue:				
Interest & Invest.	75,000	33,261	0	75,000
Rental Income	72,253	72,253	0	72,253
Other Revenue	35,000	35,000	0	35,000
Loan/Bond Proceeds	144,700	145,456	0	144,700
Total Revenue	326,953	285,971	0	326,953
Expenditures:				
Community Devel.	108,870	145,703	34,500	143,370
Total Expenditures	108,870	145,703	34,500	143,370

Pinole Valley Caretaker Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Revenue:				
Rental Income	15,000	15,000	0	15,000
Total Revenue	15,000	15,000	0	15,000
Expenditures:				
Community Devel.	14,816	15,154	805	15,621
Total Expenditures	14,816	15,154	805	15,621

Sewer Enterprise Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Revenue:				
Sewer Enterprise	7,214,424	6,202,969	-971,814	6,242,610
Total Revenue	7,214,424	6,202,969	-971,814	6,242,610
Expenditures:				
Sewer	5,958,043	4,807,582	-290,000	5,668,043
Total Expenditures	5,958,043	4,807,582	-290,000	5,668,043

Recreation Fund Budget-to-Actual

	Revenue Actual	Expenditure Actual	Net Difference
Administration	34,231	174,876	-140,645
Senior Center	198,283	227,437	-29,154
Tiny Tots	192,118	102,150	89,968
Youth Center	132,005	159,800	-27,795
Day Camp	69,008	28,530	40,478
Performing Arts	42,298	36,980	5,318
Swim Center	53,659	51,151	2,508
Memorial Hall	10,470	4,820	5,650
Tennis	714	2,726	-2,012
Total	732,786	800,321	-55,684

Building & Planning Fund Budget-to-Actual

	Adopted Budget	4 th Qtr Actual	Budget Adjust	Updated Budget
Revenue:				
Permits	646,900	497,828	0	646,900
Review Fees	102,000	130,071	0	102,000
Other Fees	88,500	46,559	0	88,500
Other Revenue	12,000	26,402	0	12,000
Total Revenue	849,400	700,860	0	849,400
Expenditures:				
Community Devel.	950,476	783,558	0	950,476
Total Expenditures	950,476	783,558	0	950,476

Additional Notes:

- ▶ Several capital projects initiated in FY 2016-17 and carried forward to FY 2017-18 are noted in the financial report and were highlighted in the capital improvement budget adopted on August 15, 2017.
 - Measure S 2014 – page 2
 - Refuse Management Fund – page 5
 - Measure J Fund – page 5
 - Public Facilities Fund – page 6
 - City Street Improvements – page 6
 - Arterial Streets Rehabilitation Fund – page 7

Additional Notes Continued:

- ▶ WPCP Expansion project is ongoing and also included as part of the capital improvement budget adopted on August 15, 2017.
 - Plant Expansion Fund – page 7

FY 2016-17 4th Quarter Budget Adjustments

General Fund - 100	
Revenue	\$1,620,040
Expenditures	\$14,880
Measure S 2006 Fund - 105	
Revenue	\$53,822
Solid Waste Fund - 214	
Revenue	\$234,738

FY 2016-17 4th Quarter Budget Adjustments

Housing Fund - 285	
Expenditures	\$34,500
PV Caretaker Fund - 317	
Expenditures	\$805
Sewer Enterprise Fund - 500	
Revenue	-\$971,814
Expenditures	-\$290,000

Questions and Comments?