



CITY COUNCIL REPORT

11A

DATE: NOVEMBER 15, 2016
TO: MAYOR AND COUNCIL MEMBERS
FROM: ANDREA MILLER, FINANCE DIRECTOR
SUBJECT: FIRST QUARTER (FY 2016-17) FINANCIAL REPORT

RECOMMENDATION

It is recommended that the City Council receive the First Quarter Financial Report for fiscal year (FY) 2016-17 and adopt a resolution approving budget adjustments per staff recommendations in Attachment A.

BACKGROUND

For the period July 1, 2016 through September 30, 2016, 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 First Quarter Financial Performance for the City's FY 2016-17 Budget. While revenue and expenditures for the first quarter of the fiscal year should average 25% of budget, there are cases where revenue and expenditures are above or below projections for the period which are explained in the report.

REVIEW & ANALYSIS

General Fund Revenue Analysis

The adopted Budget for FY 2016-17 anticipates current year expenditures to be fully offset by operating revenues generating a modest surplus of \$585,103.

The economy in Pinole continues to show improvement from the Recession of 2008. 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 95% estimate of HdL, Coren & Cone's analysis. Sales Tax is the largest General Fund revenue stream. Sales Tax collections for the first quarter are 14% of budget estimates which is in line with average collections for the same period in prior fiscal years. Sales Tax collections are typically largest in the second quarter of the fiscal year which includes holiday shopping. Property Tax is the second largest General Fund revenue stream. Property Tax collections for the first quarter are at 1% of budget. Property Tax settlements are received in December, April, and June. Utility Users Tax is the third largest General Fund revenue stream with collections at 18% of budget for the first quarter.

Franchise Tax was 41% of projections for the period; and Permit revenue was 30% of projections for the period.

Recommendation:

There are no recommendations for first quarter General Fund revenue adjustments.

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 by the County Auditor-Controller, and have scheduled annual operating transfers in the amount of \$200,000 from Measure S funds beginning in fiscal year 2016-17.

Operating Budgets for the City's General Fund are within expenditure averages for the period. As outlined in Attachment A, adjustments are necessary to appropriate budget from reserves to cover settlement payments, and for Youth Center janitorial expenses approved by the City Council March 15, 2016.

Recommendation:

Staff is recommending FY 2016-17 General Fund expenditure adjustments in the amount of \$1,080,588 as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Fire Department	2,599,230	1,075,000	3,674,230
Recreation	-	5,588	5,588
Total Adjustments	2,599,230	1,080,588	3,679,818

OTHER FUNDS

Measure S 2006 and 2014 Analysis

Sales Tax revenue generated from Measure S 2006 and Measure S 2014 were collected at 14% of projections for the period. Staff anticipates to fully realize revenue projections by fiscal year end. Sales Tax collections are usually the highest in the second quarter of the fiscal year which includes holiday Sales Tax collections.

Recommendation:

There are no recommendations for first quarter Measure S revenue adjustments.

Traffic Safety Fund Analysis

Fines and forfeitures received by the City under Section 1463 of the Penal Code are deposited into a special revenue Traffic Safety Fund (205). These funds are used exclusively for official traffic control devices, the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement, or construction of public streets, bridges, and culverts within the City. Funds shall not be used to pay the compensation of traffic or other Police Officers. The fund may be used to pay the compensation of school Crossing Guards who are not regular full-time members of the Police Department of the City.

Recommendation:

Staff is recommending FY 2016-17 Traffic Safety Fund expenditure adjustments in the amount of \$2,800 allocated from fund balance for street light repairs performed by the Public Works Department as follows:

	FY 2016-17 Budget	Proposed Revisions	FY 2016-17 Updated Budget
Public Works	-	2,800	2,800
Total Adjustments	-	2,800	2,800

FISCAL IMPACT

Funds were previously designated as reserved in the General Fund in anticipation of the settlement that occurred during this period.

1. As described above, the net increase in estimated General Fund expenditures of \$1,080,588 is offset by a net decrease in General Fund balance reserves of \$1,080,588.
2. A net increase in Traffic Safety expenditures of \$2,800.

ATTACHMENTS

Attachment A – FY 2016-17 First Quarter Financial Report

Attachment B – Resolution Adjusting Fiscal Year 2016-17 Budget

City of Pinole
Fiscal Year 2016-17
1st Quarter Financial Report

ATTACHMENT A

GENERAL FUND - 100	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
REVENUE:						
PROPERTY TAX	2,969,598	15,157	1%	-	2,969,598	[1]
SALES TAX	3,567,941	490,000	14%	-	3,567,941	
FRANCHISE TAX	682,334	280,862	41%	-	682,334	
UTILITY USERS TAX	1,819,059	330,043	18%	-	1,819,059	
OTHER TAXES	700,000	105,850	15%	-	700,000	
INTERGOVERNMENTAL	1,652,063	2,968	0%	-	1,652,063	
PERMITS	40,275	12,042	30%	-	40,275	
SERVICE CHARGES	412,783	11,222	3%	-	412,783	
FINES & FORFEITURES	54,050	8,527	16%	-	54,050	
OTHER REVENUE	124,525	12,842	10%	-	124,525	
TRANSFERS IN	200,000				200,000	
Total Revenue	12,222,628	1,269,512	10%	-	12,222,628	
EXPENDITURES:						
CITY COUNCIL	89,062	9,552	11%	-	89,062	
CITY MANAGER	105,159	30,397	29%	-	105,159	
CITY CLERK	219,369	21,841	10%	-	219,369	
CITY TREASURER	14,217	777	5%	-	14,217	
CITY ATTORNEY	205,000	37,699	18%	-	205,000	
FINANCE	361,585	85,982	24%	-	361,585	
HUMAN RESOURCES	274,875	56,289	20%	-	274,875	
GENERAL GOVERNMENT	413,304	93,393	23%	-	413,304	
BENEFITS CLEARING/INSURANCE	732,723	26,686	4%	-	732,723	
TOTAL ADMINISTRATIVE	2,415,294	362,616	15%	-	2,415,294	
POLICE	4,981,641	1,111,310	22%	-	4,981,641	
FIRE	2,599,230	1,590,057	61%	1,075,000	3,674,230	[2]
TOTAL PUBLIC SAFETY	7,580,871	2,701,367	36%	1,075,000	8,655,871	
PUBLIC WORKS	879,976	158,973	18%	-	879,976	
COMMUNITY DEVELOPMENT	8,084	3,478	43%	-	8,084	
RECREATION	-	-	-100%	5,588	5,588	[3]
TOTAL PW/COMM DEV/RECREATION	888,060	162,451	18%	5,588	893,648	
DEBT SERVICE	748,300	486,142	65%	-	748,300	
TRANSFERS OUT	5,000	-	0%		5,000	
Total Expenditures	11,637,525	3,712,576	32%	1,080,588	12,718,113	

NOTES:

- [1] Property Tax settlement dates are December, April and June.
- [2] Appropriate funds from reserve for settlement.
- [3] Appropriation for Youth Center janitorial approved by Council.

City of Pinole
Fiscal Year 2016-17
1st Quarter Financial Report

ATTACHMENT A

OTHER FUNDS:	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
MEASURE S - 2006 - 105						
REVENUE:						
SALES TAX	1,856,350	255,568	14%		1,856,350	
Total Revenue	1,856,350	255,568	14%	-	1,856,350	
EXPENDITURES:						
POLICE	1,283,066	247,296	19%	-	1,283,066	
FIRE	640,399	136,148	21%	-	640,399	
Total Expenditures	1,923,465	383,444	20%	-	1,923,465	
MEASURE S - 2014 - 106						
REVENUE:						
SALES TAX	1,855,850	256,580	14%		1,855,850	
Total Revenue	1,855,850	256,580	14%	-	1,855,850	
EXPENDITURES:						
CITY ATTORNEY	25,000	-	0%	-	25,000	
FINANCE	2,500	-	0%	-	2,500	
INFORMATION SYSTEMS	280,000	65,113	23%	-	280,000	
POLICE	53,837	2,969	6%	-	53,837	
FIRE	253,962	9,864	4%	-	253,962	
PUBLIC WORKS/COMM DEV/SEWER	237,521	-	0%	-	237,521	
RECREATION	7,000	3,557	51%	-	7,000	
CAPITAL PROJECTS	378,000	1,100	0%	-	378,000	
EQUIPMENT REPLACEMENT	120,000	-	0%	-	120,000	
TRANFERS OUT	841,364	-	0%	-	841,364	
Total Expenditures	2,199,184	82,603	4%	-	2,199,184	
NH-RE RESTRICTED RESALE - 155						
REVENUE:						
OTHER REVENUE	39,798	1,150	3%	-	39,798	
Total Revenue	39,798	1,150	3%	-	39,798	
EXPENDITURES:						
PUBLIC WORKS	50,700	4,417	9%	-	50,700	
Total Expenditures	50,700	4,417	9%	-	50,700	
EQUIPMENT REPLACEMENT - 160						
REVENUE:						
ISF/EQUIPMENT REPLACEMENT	120,000	-	0%	-	120,000	
Total Revenue	120,000	-	0%	-	120,000	

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ATTACHMENT A

SPECIAL REVENUE FUNDS:	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
GAS TAX FUND - 200						
REVENUE:						
Gas Tax #2106	62,558	20,251	32%		62,558	
Gas Tax #2107	164,321	30,177	18%		164,321	
Gas Tax #2107.5	4,000	4,000	100%		4,000	
Gas Tax #2105	118,330	28,498	24%		118,330	
Gas Tax #2103	44,686	19,743	44%		44,686	
Total Revenue	393,895	102,669	26%	-	393,895	
EXPENDITURES:						
PUBLIC WORKS	353,480	87,603	25%	-	353,480	
Total Expenditures	353,480	87,603	25%	-	353,480	
AB172 PUBLIC SAFETY FUND - 203						
REVENUE:						
STATE SAFETY SALES TAX	150,000	13,116	9%		150,000	
Total Revenue	150,000	13,116	9%		150,000	
EXPENDITURES:						
POLICE	135,712	33,761	25%	-	135,712	
Total Expenditures	135,712	33,761	25%	-	135,712	
POLICE GRANTS - 204						
REVENUE:						
OFFICE OF TRAFFIC SAFETY	71,488		0%		71,488	
MISC. GRANT - SRO	320,000	-	0%		320,000	
Total Revenue	391,488	-	0%	-	391,488	
EXPENDITURES:						
POLICE GRANTS - SRO	320,000	75,171	23%	-	320,000	
OTS STEP GRANT	20,174	14,626	72%	-	20,174	
Total Expenditures	340,174	89,796	26%	-	340,174	
TRAFFIC SAFETY FUND - 205						
REVENUE:						
Traffic Safety Fund	57,750	3,939	7%		57,750	
Total Revenue	57,750	3,939	7%	-	57,750	
EXPENDITURES:						
POLICE	38,504	1,381	4%	-	38,504	
PUBLIC WORKS	-	-	0%	2,800	2,800	[1]
Total Expenditures	38,504	1,381	4%	2,800	41,304	

NOTES:

[1] Allocate budget for street light repairs.

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SPECIAL REVENUE FUNDS:	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
SLESF - 206						
REVENUE:						
AB3229/AB1913	100,000	-	0%		100,000	
Total Revenue	100,000	-	0%	-	100,000	
EXPENDITURES:						
POLICE	92,033	22,505	24%	-	92,033	
Total Expenditures	92,033	22,505	24%	-	92,033	
NPDES STORM WATER - 207						
REVENUE:						
NPDES Assessment	315,768		0%		315,768	
Total Revenue	315,768	-	0%	-	315,768	
EXPENDITURES:						
NPDES STORM DRN	315,768	54,920	17%	-	315,768	
Total Expenditures	315,768	54,920	17%	-	315,768	
RECREATION - 209						
REVENUE:						
RECREATION ADMIN	47,247	6,007	13%	-	47,247	
SENIOR CENTER	227,000	33,565	15%	-	227,000	
SWIM CENTER	52,500	-	0%	-	52,500	
MEMORIAL HALL	5,300	-	0%	-	5,300	
TINY TOTS	197,418	33,644	17%	-	197,418	
PERFORMING ARTS	44,900	6,089	14%	-	44,900	
TENNIS	2,750	-	0%	-	2,750	
DAY CAMP	117,350	37,268	32%	-	117,350	
YOUTH CENTER	160,495	28,618	18%	-	160,495	
Total Revenue	854,960	145,191	17%	-	854,960	
EXPENDITURES:						
RECREATION ADMIN	150,147	39,431	26%	-	150,147	
SENIOR CENTER	264,618	48,036	18%	-	264,618	
SWIM CENTER	40,544	10,320	25%	-	40,544	
MEMORIAL HALL	4,600	714	16%	-	4,600	
TINY TOTS	100,020	21,293	21%	-	100,020	
PERFORMING ARTS	44,000	9,660	22%	-	44,000	
TENNIS	2,500	452	18%	-	2,500	
DAY CAMP	68,368	13,283	19%	-	68,368	
YOUTH CENTER	169,173	27,763	16%	-	169,173	
Total Expenditures	843,970	170,951	20%	-	843,970	

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SPECIAL REVENUE FUNDS:	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
SENIOR CENTER PROGRAM - 211						
REVENUE:						
SENIOR CENTER	320,450	49,118	15%		320,450	
Total Revenue	320,450	49,118	15%	-	320,450	
EXPENDITURES:						
SENIOR CENTER	301,550	54,308	18%		301,550	
Total Expenditures	301,550	54,308	18%	-	301,550	
BUILDING & PLANNING - 212						
REVENUE:						
BUSINESS LICENSE	1,800	192	11%		1,800	
INTERGOVERNMENTAL	2,400	-	0%		2,400	
CONSTRUCTION PERMIT FEES	645,900	101,055	16%		645,900	
SERVICE CHARGES	192,300	56,445	29%		192,300	
OTHER REVENUE	7,000	3,722	53%		7,000	
Total Revenue	849,400	161,414	19%	-	849,400	
EXPENDITURES:						
COMMUNITY DEVELOPMENT	327,329	35,138	11%		327,329	
BUILDING INSPECTION	613,010	136,216	22%		613,010	
Total Expenditures	940,339	171,354	18%	-	940,339	
AB 939 REFUSE MANAGEMENT - 213						
REVENUE:						
AB939 Rate Increase	60,060	10,125	17%		60,060	
Total Revenue	60,060	10,125	17%	-	60,060	
EXPENDITURES:						
SOURCE REDUCTION	112,712	21,594	19%		112,712	
Total Expenditures	112,712	21,594	19%	-	112,712	
MEASURE C/J FUND - 215						
REVENUE:						
Measure C	303,590		0%		303,590	
Total Revenue	303,590	-	0%	-	303,590	
EXPENDITURES:						
CAPITAL PROJECTS	89,000	-	0%		89,000	
PUBLIC WORKS	145,356	15,402	11%		145,356	
Total Expenditures	234,356	15,402	7%	-	234,356	

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SPECIAL REVENUE FUNDS:	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
CABLE ACCESS TV - 228						
REVENUE:						
FRANCHISE-CABLE	62,651	12,287	20%		62,651	
Video Production	96,500	-	0%		96,500	
PEG Access Fees	59,200	14,524	25%		59,200	
Contributions-Special Events	5,500	1,500	27%		5,500	
Transfers In	96,364	-	0%		96,364	
Total Revenue	320,215	28,311	9%	-	320,215	
EXPENDITURES:						
CABLE ACCESS TV	320,215	67,078	21%	-	320,215	
Total Expenditures	320,215	67,078	21%	-	320,215	
HOUSING-LAND HELD - 285						
REVENUE:						
OTHER REVENUE	168,253	80,769	48%	-	168,253	
Total Revenue	168,253	80,769	48%	-	168,253	
EXPENDITURES:						
HOUSING ADMINISTRATION	82,870	17,352	21%	-	82,870	
Total Expenditures	82,870	17,352	21%	-	82,870	

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CAPITAL PROJECT FUNDS:	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
L & L DISTRICTS - 310						
REVENUE:						
NPDES Assessment	33,870	-	0%		33,870	
TRANSFERS IN	5,000	-	0%	-	5,000	
Total Revenue	38,870	-	0%	-	38,870	
EXPENDITURES:						
LL&D ZONE A	23,628	4,772	20%	-	23,628	
LL&D ZONE B	18,242	3,112	17%	-	18,242	
Total Expenditures	41,870	7,884	19%	-	41,870	
PV CARETAKER'S - 317						
REVENUE:						
Rentals	15,000	5,000	33%		15,000	
Total Revenue	15,000	5,000	33%	-	15,000	
EXPENDITURES:						
PARK/REC FACILITY	14,824	4,308	29%	-	14,824	
Total Expenditures	14,824	4,308	29%	-	14,824	
CITY STREET IMPROVEMENT - 325						
REVENUE:						
TRANSFERS IN	250,000	-	0%		250,000	
Total Revenue	250,000	-	0%	-	250,000	
EXPENDITURES:						
ARTERIAL ST REH	250,000	-	0%	-	250,000	
Total Expenditures	250,000	-	0%	-	250,000	
2014 ARTERIAL REHABILITATION - 377						
REVENUE:						
TRANSFERS IN	250,000	-	0%		250,000	
Total Revenue	250,000	-	0%	-	250,000	
EXPENDITURES:						
Improvements	250,000	-	0%	-	250,000	
Total Expenditures	250,000	-	0%	-	250,000	

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ATTACHMENT A

ENTERPRISE FUNDS:	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
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SEWER ENTERPRISE - 500

REVENUE:

CHARGES FOR SERVICES	7,202,424	289,026	4%	-	7,202,424
OTHER REVENUE	-	3,623	-100%	-	-
Total Revenue	7,202,424	292,649	4%	-	7,202,424

EXPENSES:

SEWER TREATMENT PLANT	3,560,405	592,948	17%	-	3,560,405
SEWER COLLECTION	1,050,649	140,457	13%	-	1,050,649
WPCP EQUIPMENT/DEBT	636,488	427,481	67%	-	636,488
DEPRECIATION EXPENSE	580,000	182,394	31%	-	580,000
Total Expenses	5,827,542	1,343,280	23%	-	5,827,542

PLANT EXPANSION - 503

REVENUE:

CAP PROJECT REIMBURSEMENT	14,075,281	25,701	0%	-	14,075,281
Total Revenue	14,075,281	25,701	0%	-	14,075,281

EXPENSES:

SEWER PROJECTS	12,711,987	50,606	0%	-	12,711,987
Total Expenses	12,711,987	50,606	0%	-	12,711,987

INFORMATION SYSTEMS - 525

EXPENSES:

INFORMATION SYSTEMS	119,500	(6,968)	-6%	-	119,500
Total Expenses	119,500	(6,968)	-6%	-	119,500

AGENCY FUNDS:	Adopted Budget FY 2016-17	1st Quarter Actual-to-Date Jul16-Sep16	1st Quarter Percent Actual	Proposed Budget Revisions	Updated Budget FY 2016-17	Notes
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RORF - 750

REVENUE:

SECURED PROPERTY TAX	253,500	-	0%	-	253,500
OTHER REVENUE	-	(4,317)	-100%	-	-
Total Revenue	253,500	(4,317)	(1)	-	253,500

EXPENSES:

SUCCESSOR AGENCY ADMIN	253,500	48,615	19%	-	253,500	
DEBT SERVICE	-	2,851,031	-100%	-	-	[1]
DEPRECIATION EXPENSE	-	90,936	-100%	-	-	
Total Expenses	253,500	2,990,582	1180%	-	253,500	

NOTES:

[1] Debt service payments are included on the approved Recognized Obligation Payment Schedule (ROPS). The City only includes budget for the administrative expenses we receive \$253,500 for.

RESOLUTION NO. 2016-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 1st Quarter Financial Report at the regular City Council Meeting held on November 15, 2016; 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 15th day of November 2016, by the following vote:

- AYES: COUNCILMEMBERS:
- NOES: COUNCILMEMBERS:
- ABSENT: COUNCILMEMBERS:
- ABSTAIN: COUNCILMEMBERS:

Hector De La Rosa
Assistant City Manager/Deputy City Clerk

Exhibit 1

FY 2016-17 Budget Adjustments

General Fund - 100

Expenditures	\$1,080,588
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Traffic Safety Fund - 205

Expenditures	\$2,800
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