



CITY COUNCIL REPORT

10A

DATE: MAY 15, 2018

TO: MAYOR AND COUNCIL MEMBERS

**FROM: ANDREA MILLER, FINANCE DIRECTOR
MICHELLE FITZER, CITY MANAGER**

**SUBJECT: RECEIVE THE FY 2017-18 THIRD QUARTER FINANCIAL REPORT
AND ADOPT A RESOLUTION APPROVING BUDGET
ADJUSTMENTS**

RECOMMENDATION

It is recommended that the City Council receive the FY 2017-18 Third Quarter Financial Report and adopt a resolution approving budget adjustments per staff recommendations in Attachment A.

BACKGROUND

For the period July 1, 2017 through March 31, 2018, cash flows were sufficient to sustain normal City operations and to satisfy Enforceable Obligation payment commitments of the City's Successor Agency.

Staff has reviewed the third quarter financial performance for the City's FY 2017-18 budget. While revenue and expenditures for the third quarter of the fiscal year should average 75% of budget, there are cases where revenue and expenditures are above or below projections for the period based on timing of receipts and expenses. These are explained in this report.

REVIEW & ANALYSIS

General Fund Revenue Analysis

The adopted FY 2017-18 mid-year budget anticipates current year expenditures to be fully offset by operating revenues generating a modest surplus of \$718,824.

The economy in Pinole continues to show signs of improvement with revenues of 76% realized for the third quarter 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 95% 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 third quarter are 72% of projections compared to 60% for the same period in the prior fiscal year. However, we should note that the Pinole Toys R Us is closing, which will negatively impact our sales tax receipts. Toys R Us is one of the top 25 sales tax producers in Pinole.

Property Tax is the City's second largest revenue stream with third quarter collections at 101% of projections. This is the result of receipt of a Redevelopment Property Tax Trust Fund (RPTTF) 19% proportionate share disbursement from the County. Property Tax settlements are received in December, April, and June.

Utility Users Tax (UUT) is the City's third largest General Fund revenue stream with 81% realized for the third quarter compared to 71% for the same period in the prior fiscal year. As Council will recall, this funding source has a sunset date of December 2020. At the November 7, 2017, meeting Council discussed placing a measure on the November 2018 ballot to seek renewal of the UUT. Authority was given to the City Manager to bring that measure forward. The resolution to place that question on the November 2018 ballot will be brought to Council on June 19, 2018. As is well known, the City cannot risk losing this vital General Fund revenue. As citizens express interest in the City enhancing services, loss of this revenue would severely impact the City's ability to fund existing service levels. It goes without saying that the loss of approximately \$2 million from a \$13 million budget would result in decreased services. Of course, more information on this topic will be included in the FY 2018-19 draft budget materials and with the June 19th ballot measure staff report.

Franchise Tax is at 71% of projections for the third quarter; Other Taxes which includes Transient Occupancy Tax and Business Licenses are at 83% of projections.

Intergovernmental tax which includes Motor Vehicle License Fee and Home Owner Property Tax Relief is at 56% of projections; and State Grants are at 27% of projections. Federal Grants include budgets for prior year grants the City will not receive this year, and Other Grant receipts are received during the fourth quarter. Public Safety Charges includes Dispatch services and are at 48% of projections; billings are issued at the end of each quarter, and the third quarter payments are pending.

Other revenue categories are in line with expectations for the period with the exception of the following: Permits are at 104% of budget due to an increase in sidewalk, general permits, and conditional use permits; Other Fees are at 208% of budget due to an increase in inspections and photocopy fees; Rental income is at 94% of budget due to receipt of St. Joseph's ground lease rental payments; Reimbursements are at 233% of budget due to reimbursement of a prior year of duplicate payment, and damage recoveries received for street lights; Other revenue is at 116% of budget due to reimbursement received for Police staffs attendance at training, and sponsorship's received for the Pinole hosted Mayor's conference; and,

Proceeds from Sale of Property is at 102% of budget due to sale of a surplus 1998 fire engine and other miscellaneous surplus property.

We should note that during our most recent meeting with HdL the City Manager inquired about their projections for an economic downturn. The response, based on their various resources and analysis, was to expect a downturn/recession starting around the end of 2019 to beginning of 2020. So while we are highlighting that our economy is currently continuing to show signs of growth, we cannot forget that economic periods are cyclical. At this point we have been in a growth period for approximately 10 years, placing us past when a slow down would normally be expected. Although we always want to be optimistic, we must face the reality that conservative budgeting is imperative to keep us out of a fiscal crisis when the inevitable downturn hits.

Recommendation:

Staff is recommending FY 2017-18 General Fund revenue adjustments in the amount of \$394,634 as follows:

| | FY 2017-18 Budget | Proposed Revisions | FY 2017-18 Updated Budget |
|--------------------------|------------------------------|-------------------------------|--------------------------------------|
| Property Tax | 3,140,193 | 352,652 | 3,492,845 |
| Federal Grants | 6,545 | -6,545 | 0 |
| Permits | 53,500 | 3,700 | 57,200 |
| Other Fees | 3,000 | 3,300 | 6,300 |
| Rental Income | 81,450 | 15,577 | 97,027 |
| Reimbursements | 14,748 | 20,000 | 34,748 |
| Other Revenue | 46,752 | 5,950 | 52,702 |
| Total Adjustments | 3,346,188 | 394,634 | 3,740,822 |

Total adjustments only reflect revenue with adjustments recommended.

General Fund Expenditure Analysis

The City Council approved the FY 2017-18 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 Budget Expenditures for the City's General Fund are at 68% of projections at the end of the third quarter. This is slightly lower than the average due

to vacant positions during the period, and Pinole Cable TV billing to City Council that has not occurred through the third quarter.

Recommendation:

There are no recommended expenditure adjustments at this time.

OTHER FUNDS

Measure S 2006 and 2014 Analysis

The voter-approved 2006 City General Purpose Use Tax is levied at 0.5% on all retail sales. These taxes have been allocated by the City Council to fund Public Safety programs as their highest funding priority. Measure S 2006 revenue collections were 77% of projections at the end of the third quarter, while expenditures are at 62% of appropriations. Expenditure projections are slightly lower than average for the period due to pending journal entries to move public safety overtime expenditures from General Fund to Measure S 2006 where the budget is allocated. Staff is recommending a budget adjustment for a reimbursement received from City of Hercules for dispatch upgrade costs.

Recommendation:

Staff is recommending FY 2017-18 Measure S 2006 revenue adjustments in the amount of \$12,201 as follows:

| | FY 2017-18 Budget | Proposed Revisions | FY 2017-18 Updated Budget |
|--------------------------|------------------------------|-------------------------------|--------------------------------------|
| Reimbursements | 6,500 | 12,201 | 18,701 |
| Total Adjustments | 6,500 | 12,201 | 18,701 |

The voter-approved 2014 City General Purpose 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 ongoing and previously deferred capital improvement needs. Measure S 2014 revenue collections are 65% of projections at the end of the third quarter, while expenditures are 13% of appropriations. This level of expenditures is primarily due to capital projects that have not been initiated as of yet, and operating transfers to other funds that will be completed at the end of the fourth quarter. While revenue receipts for Measure S 2014 should mirror that of Measure S 2006, earlier this fiscal year some businesses were still being identified by our consultant, HdL, that may not have yet implemented the second use tax. As of our most recent report from HdL the two collections are now much closer in alignment.

Recommendation:

There are no recommended revenue or expenditure adjustments at this time.

NPDES Storm Water Fund

The National Pollution Discharge Elimination System (NPDES) Storm Water Fund accounts for assessments collected as part of annual property tax collections and disbursed using the same property tax disbursement schedule to each participating city. These proceeds are used to implement programs under the Storm Water Pollution Control Plan which are primarily street sweeping, storm drain cleaning and maintenance.

Recommendation:

Staff is recommending FY 2017-18 NPDES Storm Water Fund revenue adjustments in the amount of \$400 as follows:

| | FY 2017-18 Budget | Proposed Revisions | FY 2017-18 Updated Budget |
|--------------------------|------------------------------|-------------------------------|--------------------------------------|
| Other Revenue | 0 | 400 | 400 |
| Total Adjustments | 0 | 400 | 400 |

Building & Planning Fund Analysis

The Building Fund's FY 2017-18 adopted budget projected a net \$343,717 use of fund balance to achieve a balanced budget. Revenue at the end of the third quarter is 72% of projections, while expenditures are 46% of appropriations. Revenue adjustments of \$46,500 are proposed as follows:

- \$42,000 increase in Review Fee revenue due to additional development application submittals; and,
- \$4,500 to account for Other Revenue received in excess of budget.

Recommendation:

Staff is recommending revenue adjustments of \$46,500 as follows:

| | FY 2017-18 Budget | Proposed Revisions | FY 2017-18 Updated Budget |
|--------------------------|------------------------------|-------------------------------|--------------------------------------|
| Review Fees | 105,000 | 42,000 | 147,000 |
| Other Revenue | 12,500 | 4,500 | 17,000 |
| Total Adjustments | 117,500 | 46,500 | 164,000 |

Housing Administration Analysis

Activities associated with administering housing programs of the former Pinole Redevelopment Agency and 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 third quarter is 39% of projections, while expenditures are 61% of appropriations. Revenue adjustments of \$4,700 are proposed to account for parking lot lease maintenance fees received. No expenditure adjustments are proposed at this time.

Recommendation:

Staff is recommending revenue adjustments of \$4,700 as follows:

| | FY 2017-18 Budget | Proposed Revisions | FY 2017-18 Updated Budget |
|--------------------------|------------------------------|-------------------------------|--------------------------------------|
| Other Fees | 0 | 4,700 | 4,700 |
| Total Adjustments | 0 | 4,700 | 4,700 |

Recognized Obligation Retirement Fund

The Recognized Obligation Retirement Fund (RORF) accounts for the close-out activities of the Successor Agency to the Pinole Redevelopment Agency. Pledged property tax revenues will continue to be provided to the City for timely payment of outstanding redevelopment bond debt obligations, to reimburse the City for administrative staff time up to \$250,000 per year, and other enforceable obligations in accordance with the Recognized Obligation Payment Schedule (ROPS).

Staff is recommending a \$12,967 revenue adjustment to account for loan proceeds received on outstanding commercial and mixed-use loans.

Recommendation:

Staff is recommending revenue adjustments of \$12,967 as follows:

| | FY 2017-18 Budget | Proposed Revisions | FY 2017-18 Updated Budget |
|--------------------------|------------------------------|-------------------------------|--------------------------------------|
| Other Fees | 0 | 12,967 | 12,967 |
| Total Adjustments | 0 | 12,967 | 12,967 |

Interest and Investment Income Analysis

The City pools its cash together into one account to maximize interest earnings, and allocates interest earned to the pooled funds on a quarterly basis. Although several funds generated modest interest earnings during the quarter, staff is recommending no budget adjustments at this time. Interest and investment income will be analyzed and adjustments recommended with the fourth quarter year-end analysis.

FISCAL IMPACT

Fiscal impact of the First Quarter FY 2017-18 Financial Report proposed adjustments are summarized below and described in detail above and in Attachment A.

1. Net increase in General Fund revenue of \$394,634.
2. Net increase in Measure S 2006 revenue of \$12,201.
3. Net increase in NPDES Storm Water Fund revenue of \$400.
4. Net increase in Building and Planning Fund revenue of \$46,500.
5. Net increase in Housing Fund revenue of \$4,700.
6. Net increase in Recognized Obligation Payment Fund revenue of \$12,967.

ATTACHMENTS

Attachment A – FY 2017-18 Third Quarter Financial Report
Attachment B – Resolution Adjusting Fiscal Year 2017-18 Budget
Attachment C – PowerPoint Presentation



City of Pinole Third Quarter Budget Report

For FY 2017-2018 Period Ending: 03/31/2018

| | FY 2017-18 Revised Budget | Actual to Date Jul 17 - Mar 18 | Variance | Percent Used | Proposed Adjustment | Notes |
|--|------------------------------|-----------------------------------|--------------------|-----------------|------------------------|-------|
| Fund: 100 - General Fund | | | | | | |
| Revenue | | | | | | |
| 311 - Property Taxes Total: | 3,140,193 | 3,156,023 | 15,830 | 101% | 352,652 | [1] |
| 312 - Sales and Use Taxes Total: | 3,638,966 | 2,627,758 | (1,011,208) | 72% | | |
| 313 - Utility Users Tax Total: | 1,912,350 | 1,547,095 | (365,255) | 81% | | |
| 314 - Franchise Taxes Total: | 712,350 | 504,315 | (208,035) | 71% | | |
| 315 - Other Taxes Total: | 780,000 | 651,086 | (128,914) | 83% | | |
| 321 - Intergovernmental Taxes Total: | 1,539,950 | 855,964 | (683,986) | 56% | | |
| 322 - Federal Grants Total: | 6,545 | - | (6,545) | 0% | (6,545) | [2] |
| 323 - State Grants Total: | 66,600 | 17,971 | (48,629) | 27% | | |
| 324 - Other Grants Total: | 49,437 | - | (49,437) | 0% | | [3] |
| 332 - Permits Total: | 53,500 | 55,612 | 2,112 | 104% | 3,700 | [4] |
| 341 - Review Fees Total: | 57,905 | 16,491 | (41,414) | 28% | | |
| 342 - Other Fees Total: | 3,000 | 6,241 | 3,241 | 208% | 3,300 | [5] |
| 343 - Abatement Fees Total: | 2,000 | 576 | (1,424) | 29% | | |
| 351 - Fines and Forfeiture Total: | 54,050 | 30,317 | (23,733) | 56% | | |
| 361 - Public Safety Charges Total: | 1,344,283 | 638,873 | (705,410) | 48% | | |
| 370 - Interest and Investment Income Total: | 55,000 | 27,234 | (27,766) | 50% | | |
| 381 - Rental Income Total: | 81,450 | 76,664 | (4,786) | 94% | 15,577 | [6] |
| 383 - Reimbursements Total: | 14,748 | 34,413 | 19,665 | 233% | 20,000 | [7] |
| 384 - Other Revenue Total: | 46,752 | 50,158 | 3,406 | 107% | 5,950 | [8] |
| 392 - Proceeds from Sale of Property Total: | 11,750 | 11,931 | 181 | 102% | | |
| Revenue Total: | 13,570,829 | 10,308,721 | (3,262,108) | 76% | 394,634 | |
| SubCategory: 399 - Transfers In Total: | 200,000 | - | (200,000) | 0% | | |
| Sources Total: | 13,770,829 | 10,308,721 | (3,462,108) | 75% | 394,634 | |
| Expenditures | | | | | | |
| Department: 10 - City Council Total: | 113,248 | 63,177 | 50,071 | 56% | | |
| Department: 11 - City Manager Total: | 110,668 | 88,712 | 21,956 | 80% | | |
| Department: 12 - City Clerk Total: | 236,016 | 141,290 | 94,726 | 60% | | |
| Department: 13 - City Treasurer Total: | 8,444 | 8,036 | 408 | 95% | | |
| Department: 14 - City Attorney Total: | 165,775 | 113,782 | 51,993 | 69% | | |
| Department: 15 - Finance Department Total: | 401,812 | 300,510 | 101,302 | 75% | | |
| Department: 16 - Human Resources Total: | 360,609 | 222,812 | 137,797 | 62% | | |
| Department: 17 - Non-Departmental Total: | 2,332,003 | 1,831,031 | 500,972 | 79% | | |
| Total Administrative | 3,728,575 | 2,769,351 | 959,224 | 74% | | |
| Department: 22 - Police Department Total: | 5,616,012 | 3,807,932 | 1,812,832 | 68% | | |
| Department: 23 - Fire Department Total: | 2,575,750 | 1,578,948 | 996,802 | 61% | | |
| Total Public Safety | 8,191,762 | 5,386,879 | 2,809,635 | 66% | | |
| Department: 34 - Public Works Total: | 864,201 | 606,289 | 257,912 | 70% | | |
| Department: 46 - Community Development Total: | 67,467 | 5,367 | 62,100 | 8% | | |
| Total Public Works | 931,668 | 611,656 | 320,012 | 66% | | |
| Expenditure Total: | 12,852,005 | 8,767,886 | 4,088,871 | 68% | | |
| Fund: 100 - General Fund Surplus (Deficit): | 718,824 | 1,540,835 | (822,011) | 214% | | |

NOTES:

- [1] Adjustment for RPTTF received in excess of budget estimate.
- [2] Remove DOJ grant budget from Police (\$1,545) and FEMA grant budget from Fire (\$5,000).
- [3] Measure H funds are received in 4th quarter.
- [4] Adjust permit revenue to align with actuals: sidewalk - \$1,200; general - \$2,000; and conditional use - \$500.
- [5] Adjust fee revenue to align with actuals: inspections - \$2,800 and photocopy - \$500.
- [6] Add budget for St. Joseph's ground lease rental.
- [7] Add budget for damage recoveries received for street lights.
- [8] Add budget for Mayor's Conference sponsorships received.

ATTACHMENT A

| | FY 2017-18 Revised Budget | Actual to Date Jul 17 - Mar 18 | Variance | Percent Used | Proposed Adjustment | Notes |
|---|------------------------------|-----------------------------------|--------------------|-----------------|------------------------|-------|
| Fund: 105 - Measure S -2006 | | | | | | |
| Revenue | | | | | | |
| 312 - Sales and Use Taxes Total: | 1,919,000 | 1,454,639 | (464,361) | 76% | | |
| 370 - Interest and Investment Income Total: | 2,700 | 6,362 | 3,662 | 236% | | [1] |
| 383 - Reimbursements Total: | 6,500 | 18,680 | 12,180 | 287% | 12,201 | [2] |
| Revenue Total: | 1,928,200 | 1,479,681 | (448,520) | 77% | 12,201 | |
| Expenditures | | | | | | |
| Department: 22 - Police Department Total: | 1,702,837 | 1,024,930 | 677,907 | 60% | | |
| Department: 23 - Fire Department Total: | 854,949 | 559,013 | 295,936 | 65% | | |
| Expenditure Total: | 2,557,786 | 1,583,944 | 973,842 | 62% | | |
| Fund: 105 - Measure S -2006 Surplus (Deficit): | (629,586) | (104,263) | (525,323) | 17% | | |
| Fund: 106 - MEASURE S-2014 | | | | | | |
| Revenue | | | | | | |
| 312 - Sales and Use Taxes Total: | 1,919,000 | 1,243,683 | (675,317) | 65% | | |
| 370 - Interest and Investment Income Total: | 2,700 | 6,519 | 3,819 | 241% | | [1] |
| Revenue Total: | 1,921,700 | 1,250,202 | (671,498) | 65% | - | |
| Expenditures | | | | | | |
| Department: 14 - City Attorney Total: | 45,000 | 40,417 | 4,584 | 90% | | |
| Department: 15 - Finance Department Total: | 5,000 | - | 5,000 | 0% | | [3] |
| Department: 17 - Non-Departmental Total: | 900,000 | - | 900,000 | 0% | | [4] |
| Department: 18 - Information Systems Total: | 150,000 | 81,334 | 68,666 | 54% | | |
| Total Administrative | 1,100,000 | 121,751 | 978,249 | 11% | | |
| Department: 22 - Police Department Total: | 129,554 | 32,384 | 97,170 | 25% | | |
| Department: 23 - Fire Department Total: | 359,760 | 34,637 | 325,123 | 10% | | [5] |
| Total Public Safety | 489,314 | 67,021 | 422,293 | 14% | | |
| Department: 34 - Public Works Total: | 444,412 | 70,141 | 374,271 | 16% | | |
| Department: 55 - Recreation Total: | 7,000 | 1,961 | 5,039 | 28% | | |
| Expenditure Total: | 2,040,726 | 260,873 | 1,779,853 | 13% | | |
| Fund: 106 - MEASURE S-2014 Surplus (Deficit): | (119,026) | 989,329 | (1,108,355) | -831% | | |
| Fund: 200 - Gas Tax Fund | | | | | | |
| Revenue | | | | | | |
| 321 - Intergovernmental Taxes Total: | 528,732 | 354,727 | (174,005) | 67% | | |
| 370 - Interest and Investment Income Total: | 500 | 916 | 416 | 183% | | [1] |
| Revenue Total: | 529,232 | 355,643 | (173,589) | 67% | - | |
| Expenditures | | | | | | |
| Department: 34 - Public Works Total: | 462,791 | 212,970 | 249,821 | 46% | | |
| Expenditure Total: | 462,791 | 212,970 | 249,821 | 46% | | |
| Fund: 200 - Gas Tax Fund Surplus (Deficit): | 66,441 | 142,673 | 76,232 | 215% | | |
| Fund: 201 - Restricted Real Estate Maintenance Fund | | | | | | |
| Revenue | | | | | | |
| 342 - Other Fees Total: | 3,175 | 1,825 | (1,350) | 57% | | |
| 381 - Rental Income Total: | 34,000 | 5,342 | (28,658) | 16% | | |
| Revenue Total: | 37,175 | 7,167 | (30,008) | 19% | | |
| Expenditures | | | | | | |
| Department: 34 - Public Works Total: | 47,500 | 21,424 | 26,076 | 45% | | |
| Expenditure Total: | 47,500 | 21,424 | 26,076 | 45% | | |
| Fund: 201 - Restricted Real Estate Maintenance Fund Surplus (Deficit): | (10,325) | (14,257) | (3,932) | 138% | | |

NOTES:

- [1] Interest and investment budget will be adjusted with the 4th quarter year-end review.
[2] Add budget for dispatch upgrade project reimbursement from Hercules.
[3] Invoice for auditing services received in fourth quarter.
[4] Adopted transfers to other funds are processed at year-end.
[5] Journal entry to move Fire Chief salary and benefits from General Fund to Measure S 2014 is pending.

| | FY 2017-18 Revised Budget | Actual to Date Jul 17 - Mar 18 | Variance | Percent Used | Proposed Adjustment | Notes |
|---|------------------------------|-----------------------------------|------------------|-----------------|------------------------|-------|
| Fund: 203 - Public Safety Augmentation Fund | | | | | | |
| Revenue | | | | | | |
| 321 - Intergovernmental Taxes Total: | 155,000 | 104,113 | (50,887) | 67% | | |
| 370 - Interest and Investment Income Total: | 500 | 706 | 206 | 141% | | [1] |
| Revenue Total: | 155,500 | 104,818 | (50,682) | 67% | - | |
| Expenditures | | | | | | |
| Department: 22 - Police Department Total: | 150,857 | 96,747 | 54,110 | 64% | | |
| Expenditure Total: | 150,857 | 96,747 | 54,110 | 64% | | |
| Fund: 203 - Public Safety Augmentation Fund Surplus (Deficit): | 4,643 | 8,071 | 3,428 | 174% | | |
| Fund: 204 - Police Grants | | | | | | |
| Revenue | | | | | | |
| 324 - Other Grants Total: | 320,000 | 164,000 | (156,000) | 51% | | |
| Revenue Total: | 320,000 | 164,000 | (156,000) | 51% | | |
| Expenditures | | | | | | |
| Department: 22 - Police Department Total: | 291,941 | 274,225 | 17,716 | 94% | | [2] |
| Expenditure Total: | 291,941 | 274,225 | 17,716 | 94% | | |
| Fund: 204 - Police Grants Surplus (Deficit): | 28,059 | (110,225) | (138,284) | -393% | | |
| Fund: 205 - Traffic Safety Fund | | | | | | |
| Revenue | | | | | | |
| 351 - Fines and Forfeiture Total: | 57,750 | 11,189 | (46,561) | 19% | | |
| 370 - Interest and Investment Income Total: | 250 | 330 | 80 | 132% | | [1] |
| Revenue Total: | 58,000 | 11,519 | (46,481) | 20% | | |
| Expenditures | | | | | | |
| Department: 22 - Police Department Total: | 26,284 | 7,089 | 19,195 | 27% | | |
| Expenditure Total: | 26,284 | 7,089 | 19,195 | 27% | | |
| Fund: 205 - Traffic Safety Fund Surplus (Deficit): | 31,716 | 4,430 | (27,286) | 14% | | |
| Fund: 206 - Supplemental Law Enforcement Svc Fund | | | | | | |
| Revenue | | | | | | |
| 323 - State Grants Total: | 100,000 | 94,203 | (5,797) | 94% | | |
| 370 - Interest and Investment Income Total: | 175 | 245 | 70 | 140% | | [1] |
| Revenue Total: | 100,175 | 94,448 | (5,727) | 94% | | |
| Expenditures | | | | | | |
| Department: 22 - Police Department Total: | 96,657 | 65,761 | 30,896 | 68% | | |
| Expenditure Total: | 96,657 | 65,761 | 30,896 | 68% | | |
| Fund: 206 - Supplemental Law Enforcement Svc Fund Surplus (Deficit): | 3,518 | 28,687 | 25,169 | 815% | | |
| Fund: 207 - NPDES Storm Water Fund | | | | | | |
| Revenue | | | | | | |
| 321 - Intergovernmental Taxes Total: | 315,768 | 170,363 | (145,405) | 54% | | |
| 370 - Interest and Investment Income Total: | 175 | 94 | (81) | 54% | | |
| 384 - Other Revenue Total: | - | 378 | 378 | -100% | 400 | [3] |
| Revenue Total: | 315,943 | 170,836 | (145,107) | 54% | 400 | |
| Expenditures | | | | | | |
| Department: 34 - Public Works Total: | 305,420 | 187,048 | 118,372 | 61% | | |
| Expense Total: | 305,420 | 187,048 | 118,372 | 61% | | |
| Fund: 207 - NPDES Storm Water Fund Surplus (Deficit): | 10,523 | (16,212) | (26,735) | -154% | | |

NOTES:

[1] Interest and investment budget will be adjusted with the 4th quarter year-end review.

[2] Journal entry to move overtime to Measure S 2014 is pending.

[3] Add budget for building receipts received.

| | FY 2017-18 Revised Budget | Actual to Date Jul 17 - Mar 18 | Variance | Percent Used | Proposed Adjustment | Notes |
|---|------------------------------|-----------------------------------|------------------|-----------------|------------------------|-------|
| Fund: 209 - Recreation Fund | | | | | | |
| Revenue | | | | | | |
| Division: 551 - Recreation Administration | 27,500 | 19,451 | (8,049) | 71% | | |
| Division: 552 - Senior Center | 361,700 | 267,387 | (94,313) | 74% | | |
| Division: 553 - Tiny Tots | 191,557 | 139,444 | (52,113) | 73% | | |
| Division: 554 - Youth Center | 51,297 | 45,681 | (5,616) | 89% | | |
| Division: 555 - Day Camp | 54,141 | 31,486 | (22,655) | 58% | | |
| Division: 556 - Performing Arts | 45,270 | 47,344 | 2,074 | 105% | | |
| Division: 557 - Swim Center | 52,500 | 28,020 | (24,480) | 53% | | |
| Division: 558 - Memorial Hall | 5,600 | 1,250 | (4,350) | 22% | | |
| Division: 559 - Tennis | 200 | 290 | 90 | 145% | | |
| Revenue Total: | 789,765 | 580,354 | (209,411) | 73% | | |
| Expenditures | | | | | | |
| Department: 55 - Recreation | | | | | | |
| Division: 551 - Recreation Administration | 188,626 | 70,279 | 118,347 | 37% | | |
| Division: 552 - Senior Center | 429,591 | 295,926 | 133,665 | 69% | | |
| Division: 553 - Tiny Tots | 114,304 | 79,949 | 34,356 | 70% | | |
| Division: 554 - Youth Center | 165,235 | 105,857 | 59,378 | 64% | | |
| Division: 555 - Day Camp | 38,428 | 3,487 | 34,941 | 9% | | |
| Division: 556 - Performing Arts | 40,007 | 27,118 | 12,889 | 68% | | |
| Division: 557 - Swim Center | 38,691 | 39,841 | (1,150) | 103% | | |
| Division: 558 - Memorial Hall | 4,838 | 2,631 | 2,207 | 54% | | |
| Division: 559 - Tennis | 3,495 | 2,417 | 1,078 | 69% | | |
| Department: 55 - Recreation Total: | 1,023,215 | 627,504 | 395,711 | 61% | | |
| Expense Total: | 1,023,215 | 627,504 | 395,711 | 61% | | |
| Fund: 209 - Recreation Fund Surplus (Deficit): | (233,450) | (47,150) | 186,300 | 20% | | |
| Fund: 212 - Building & Planning | | | | | | |
| Revenue | | | | | | |
| 315 - Other Taxes Total: | 1,800 | 155 | (1,645) | 9% | | |
| 332 - Permits Total: | 913,000 | 568,599 | (344,401) | 62% | | |
| 341 - Review Fees Total: | 105,000 | 146,082 | 41,082 | 139% | 42,000 | [1] |
| 342 - Other Fees Total: | 54,050 | 52,701 | (1,349) | 98% | | |
| 343 - Abatement Fees Total: | 500 | - | (500) | 0 | | |
| 370 - Interest and Investment Income Total: | 1,500 | 2,529 | 1,029 | 169% | | [2] |
| 384 - Other Revenue Total: | 12,500 | 16,920 | 4,420 | 135% | 4,500 | [3] |
| Revenue Total: | 1,088,350 | 786,986 | (301,364) | 72% | 46,500 | |
| Expense | | | | | | |
| Department: 46 - Community Development Total: | 1,432,067 | 662,832 | 769,235 | 46% | | |
| Expense Total: | 1,432,067 | 662,832 | 769,235 | 46% | | |
| Fund: 212 - Building & Planning Surplus (Deficit): | (343,717) | 124,154 | 467,871 | -36% | | |
| Fund: 215 - Measure C and J Fund | | | | | | |
| Revenue | | | | | | |
| 324 - Other Grants Total: | 303,590 | - | (303,590) | 0% | | [4] |
| 370 - Interest and Investment Income Total: | 1,000 | 2,340 | 1,340 | 234% | | [2] |
| Revenue Total: | 304,590 | 2,340 | (302,250) | 1% | | |
| Expense | | | | | | |
| Department: 17 - Non-Departmental Total: | 42,772 | 42,772 | - | 100% | | |
| Department: 34 - Public Works Total: | 145,753 | 68,597 | 77,156 | 47% | | |
| Expense Total: | 188,525 | 111,369 | 77,156 | 59% | | |
| Fund: 215 - Measure C and J Fund Surplus (Deficit): | 116,065 | (109,029) | (225,094) | -94% | | |

NOTES:

- [1] Increase budget for additional review fee receipts.
[2] Interest and investment budget will be adjusted with the 4th quarter year-end review.
[3] Increase budget for additional building receipts.
[4] Measure J funds are received in the fourth quarter.

| | FY 2017-18 Revised Budget | Actual to Date Jul 17 - Mar 18 | Variance | Percent Used | Proposed Adjustment | Notes |
|---|------------------------------|-----------------------------------|--------------------|-----------------|------------------------|-------|
| Fund: 285 - Housing Land Held for Resale | | | | | | |
| Revenue | | | | | | |
| 342 - Other Fees Total: | - | 4,700 | 4,700 | -100% | 4,700 | [1] |
| 370 - Interest and Investment Income Total: | 75,000 | 32,224 | (42,776) | 43% | | |
| 381 - Rental Income Total: | 72,253 | 54,190 | (18,063) | 75% | | |
| 384 - Other Revenue Total: | 35,000 | 5,500 | (29,500) | 16% | | |
| 393 - Loan/Bond Proceeds Total: | 81,000 | 7,285 | (73,715) | 9% | | |
| Revenue Total: | 263,253 | 103,899 | (159,354) | 39% | 4,700 | |
| Expense | | | | | | |
| Department: 46 - Community Development Total: | 223,996 | 136,652 | 87,344 | 61% | | |
| Expense Total: | 223,996 | 136,652 | 87,344 | 61% | | |
| Fund: 285 - Housing Land Held for Resale Surplus (Deficit): | 39,257 | (32,753) | (72,010) | -83% | | |
| Fund: 500 - Sewer Enterprise Fund | | | | | | |
| Revenue | | | | | | |
| 363 - Sewer Enterprise Charges Total: | 6,242,610 | 3,845,506 | (2,397,104) | 62% | | |
| 370 - Interest and Investment Income Total: | 10,250 | 20,449 | 10,199 | 200% | | [2] |
| Revenue Total: | 6,252,860 | 3,865,955 | (2,386,905) | 62% | | |
| Expense | | | | | | |
| Department: 64 - Sewer Total: | 5,545,948 | 3,081,175 | 2,464,773 | 56% | | |
| Expense Total: | 5,545,948 | 3,081,175 | 2,503,658 | 56% | | |
| Fund: 500 - Sewer Enterprise Fund Surplus (Deficit): | 706,912 | 784,780 | 116,753 | 111% | | |
| Fund: 505 - Cable Access TV | | | | | | |
| Revenue | | | | | | |
| 314 - Franchise Taxes Total: | 36,788 | 18,988 | (17,800) | 52% | | |
| 365 - Cable TV Charges Total: | 178,585 | 74,489 | (104,096) | 42% | | |
| 384 - Other Revenue Total: | 2,100 | 630 | (1,470) | 30% | | |
| 399 - Transfers In Total: | 183,566 | - | (183,566) | 0% | | |
| Revenue Total: | 401,039 | 94,108 | (306,931) | 23% | | |
| Expense | | | | | | |
| Department: 19 - Cable Access TV Total: | 399,091 | 234,203 | 164,888 | 59% | | |
| Expense Total: | 399,091 | 234,203 | 164,888 | 59% | | |
| Fund: 505 - Cable Access TV Surplus (Deficit): | 1,948 | (140,095) | (142,043) | -7192% | | |
| Fund: 750 - Recognized Obligation Retirement Fund | | | | | | |
| Revenue | | | | | | |
| 311 - Property Taxes Total: | 253,500 | 250,000 | (3,500) | 99% | | |
| 370 - Interest and Investment Income Total: | - | 8,151 | 8,151 | -100% | | [2] |
| 393 - Loan/Bond Proceeds Total: | - | 12,967 | 12,967 | -100% | 12,967 | [3] |
| Revenue Total: | 253,500 | 271,118 | 176,772 | 107% | 12,967 | |
| Expense | | | | | | |
| Department: 46 - Community Development Total: | 253,500 | 184,777 | 68,723 | 73% | | |
| Expense Total: | 253,500 | 184,777 | 68,723 | 73% | | |
| Fund: 750 - Recognized Obligation Retirement Fund Surplus (Deficit): | - | 86,342 | 57,948 | 0% | | |

NOTES:

- [1] Add budget for parking lot maintenance fees.
[2] Interest and investment budget will be adjusted with the 4th quarter year-end review.
[3] Add budget for loan proceeds received.

RESOLUTION NO. 2018-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 2017-18

WHEREAS, the City Council did adopt a Budget for City Operations by Resolution number 2017-46 on June 20, 2017; and

WHEREAS, the Finance Director has presented proposed recommendations for amendment of the adopted budget for the City of Pinole Operations for fiscal year 2017-18 as part of a 3rd Quarter Financial Report at the regular City Council Meeting held on May 15, 2018; 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 2017-18 Operations Budget.

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

Amendments to the budget for the City of Pinole for fiscal year 2017-18 commencing July 1, 2017 and ending June 30, 2018 are hereby approved and adopted as follows:

FY 2017-18 Budget Adjustments

| | |
|--|-----------|
| General Fund - 100 | |
| Revenue | \$394,634 |
| <hr/> | |
| Measure S 2006 Fund - 105 | |
| Revenue | \$12,201 |
| <hr/> | |
| NPDES Storm Water Fund - 207 | |
| Revenue | \$400 |
| <hr/> | |
| Building & Planning Fund - 212 | |
| Revenue | \$46,500 |
| <hr/> | |
| Housing Fund - 285 | |
| Revenue | \$4,700 |
| <hr/> | |
| Recognized Obligation Retirement Fund - 750 | |
| Revenue | \$12,967 |
| <hr/> | |

PASSED AND ADOPTED this 15th day of May 2018, 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 **15th** day of **May, 2018**.

Rosa G. Acosta
City Clerk

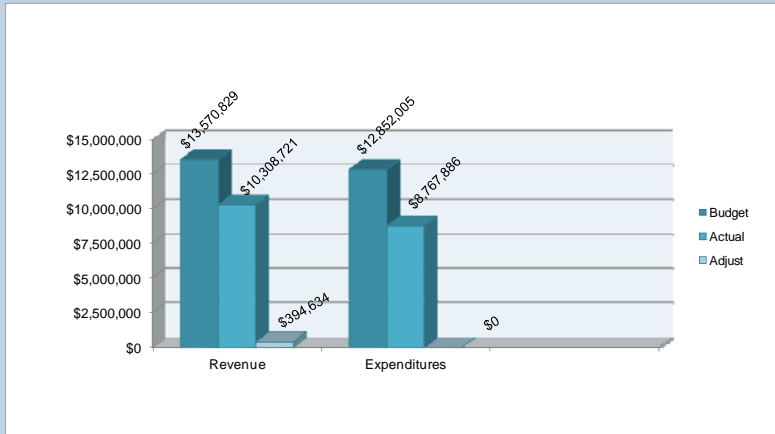


FY 2017-18 THIRD QUARTER FINANCIAL REPORT AND BUDGET ADJUSTMENTS

Highlights:

- Mid-year adopted FY 2017-18 budget projects General Fund surplus of \$718,824
- General Fund revenues realized at 76% of projections
- General Fund expenditures realized at 68% of projections

General Fund Overview



General Fund Revenue Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|----------------------|-------------------|----------------------------|----------------|-------------------|
| Property Tax | 3,140,193 | 3,156,023 | 352,652 | 3,492,845 |
| Sales Tax | 3,638,966 | 2,627,758 | 0 | 3,638,966 |
| Utility Users Tax | 1,912,350 | 1,547,095 | 0 | 1,912,350 |
| Other Taxes | 3,032,300 | 2,011,365 | 0 | 3,032,300 |
| Other Revenue | 1,847,020 | 966,480 | 41,982 | 1,889,002 |
| Total Revenue | 13,570,829 | 10,308,721 | 394,634 | 13,965,463 |

General Fund Expenditures by Function Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|-------------------------------|-------------------|-------------------------------|------------------|-------------------|
| Administration | 3,728,575 | 2,769,351 | 0 | 3,728,575 |
| Public Safety | 8,191,762 | 5,386,879 | 0 | 8,191,762 |
| Public Works | 864,201 | 606,289 | 0 | 864,201 |
| Comm. Dev. | 67,467 | 5,367 | 0 | 67,467 |
| Total Expenditures | 12,852,005 | 8,767,886 | 0 | 12,852,005 |

Measure S 2006 Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|-------------------------------|-------------------|-------------------------------|------------------|-------------------|
| Sales Tax | 1,919,000 | 1,454,639 | 0 | 1,919,000 |
| Other Revenue | 9,200 | 25,042 | 12,201 | 21,401 |
| Total Revenue | 1,928,200 | 1,479,681 | 12,201 | 1,940,401 |
| Police Dept | 1,702,837 | 1,024,930 | 0 | 1,702,837 |
| Fire Dept | 854,949 | 559,013 | 0 | 854,949 |
| Total Expenditures | 2,557,786 | 1,583,944 | 0 | 2,557,786 |

Measure S 2014 Revenue Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|----------------------|-------------------|-------------------------------|------------------|-------------------|
| Sales Tax | 1,919,000 | 1,243,683 | 0 | 1,919,000 |
| Other Revenue | 2,700 | 6,519 | 0 | 2,700 |
| Total Revenue | 1,921,700 | 1,250,202 | 0 | 1,921,700 |

Measure S 2014 Expenditures Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|-------------------------------|-------------------|-------------------------------|------------------|-------------------|
| Administration | 1,100,000 | 121,751 | 0 | 1,100,000 |
| Public Safety | 489,314 | 67,021 | 0 | 489,314 |
| Public Works | 444,412 | 70,141 | 0 | 444,412 |
| Recreation | 7,000 | 1,961 | 0 | 7,000 |
| Total Expenditures | 2,040,726 | 260,873 | 0 | 2,040,726 |

NPDES Storm Water Fund Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|----------------------|-------------------|-------------------------------|------------------|-------------------|
| Revenue: | | | | |
| Intergov't Taxes | 315,768 | 170,363 | 0 | 315,768 |
| Interest | 175 | 94 | 0 | 175 |
| Other Revenue | 0 | 378 | 400 | 400 |
| Total | 315,943 | 170,836 | 400 | 316,343 |
| Expenditures: | | | | |
| Public Works | 305,420 | 187,048 | 0 | 305,420 |
| Total | 305,420 | 187,048 | 0 | 305,420 |

Building & Planning Fund Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|----------------------|-------------------|-------------------------------|------------------|-------------------|
| Revenue: | | | | |
| Permits | 913,000 | 568,599 | 0 | 913,000 |
| Review Fees | 105,000 | 146,082 | 42,000 | 147,000 |
| Other Revenue | 70,350 | 72,305 | 4,500 | 74,850 |
| Total | 1,088,350 | 786,986 | 46,500 | 1,134,850 |
| Expenditures: | | | | |
| Community Dev. | 1,432,067 | 662,832 | 0 | 1,432,067 |
| Total | 1,432,067 | 662,832 | 0 | 1,432,067 |

Housing Fund Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|----------------------|-------------------|-------------------------------|------------------|-------------------|
| Revenue: | | | | |
| Interest & Invest. | 75,000 | 32,224 | 0 | 75,000 |
| Rental Income | 72,253 | 54,190 | 0 | 72,253 |
| Other Revenue | 116,000 | 17,485 | 4,700 | 120,700 |
| Total | 263,253 | 103,899 | 4,700 | 267,953 |
| | | | | |
| Expenditures: | | | | |
| Community Dev. | 223,996 | 136,652 | 0 | 223,996 |
| Total | 223,996 | 136,652 | 0 | 223,996 |

RORF Fund Budget-to-Actual

| | Adopted Budget | 3 rd Qtr Actual | Budget Adjust | Updated Budget |
|-----------------------|-------------------|-------------------------------|------------------|-------------------|
| Revenue: | | | | |
| Property Taxes | 253,500 | 250,000 | 0 | 253,500 |
| Interest & Invest. | 0 | 8,151 | 0 | 0 |
| Loan Proceeds | 0 | 12,967 | 12,967 | 12,967 |
| Total Revenue | 253,500 | 271,118 | 12,967 | 266,467 |
| | | | | |
| Expenditures: | | | | |
| Comm. Dev. | 253,500 | 184,777 | 0 | 253,500 |
| Total Expenses | 253,500 | 184,777 | 0 | 253,500 |

FY 2017-18 3rd Quarter Budget Adjustments

| | |
|---|-----------|
| General Fund - 100 | |
| Revenue | \$394,634 |
| Measure S 2006 Fund - 105 | |
| Revenue | \$12,201 |
| NPDES Fund - 207 | |
| Revenue | \$400 |
| Building & Planning Fund – 212 | |
| Revenue | \$46,500 |
| Housing Fund - 203 | |
| Revenue | \$4,700 |
| ROPF Fund - 750 | |
| Revenue | \$12,967 |

Additional Considerations

- Utility Users Tax Renewal
- State of the Economy

