



Fiscal Year 2015/16 Final Financial Update

Finance Department

City Council
December 6, 2016

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Background

- The **Third Quarter Report** to the City Council (presented on May 24, 2016):
 - Anticipated an operational General Fund deficit of \$7.2 million.
 - Unrealistically high budgeted estimates for utility and misc. revenues
 - Omission of critical and real expenditures related to public safety (e.g. OT and MOU).



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Management Action

- **Effective, May 13:** *FY 2015/16 Freeze on Hiring and Purchasing*
 - *Exceptions for:*
 - *Essential Services*
 - *Contractual Obligations*
- FY 2015/16 financial year-end closing process
 - All encumbered expenditures and requested carryovers must be:
 - Essential City services
 - Existing contractual/legal obligations
 - Consistent with City Council approved policy initiatives.



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2015/16 3rd Quarter & Final

	Projected FY 2015/16 (3rd Quarter)	Actual FY 2015/16 (FINAL)	Change from 3rd Quarter to FINAL
Beginning General Fund Balance	\$ 40,085,510	\$ 40,085,510	-
Add: Revenue	255,093,517	253,613,736	(1,479,781)
Less: Expenditures and Budget Adjustments	(262,325,775)	(260,540,517)	1,785,258
Projected General Fund Operating Surplus /(Deficit)	(7,232,258)	(6,926,781)	305,477
Projected Addition/(Draw) on General Fund Reserve	(7,232,258)	(6,926,781)	305,477
Projected General Fund Reserve % of General Fund	\$ 32,853,252 12.5%	\$ 33,158,729 12.7%	

Reserves

- City's General Fund Reserve Policy (Adopted September 6, 2016):
 - General Fund reserve should be 15%
 - "Emergency Reserve" of 10%
 - "Contingency Reserve" of 5%.
- City Council set an aspiration goal of the General Fund Reserve at 20%:
 - Reaffirmed through adoption of the "Responsible Spending Vision Pledge" on October 4, 2016.



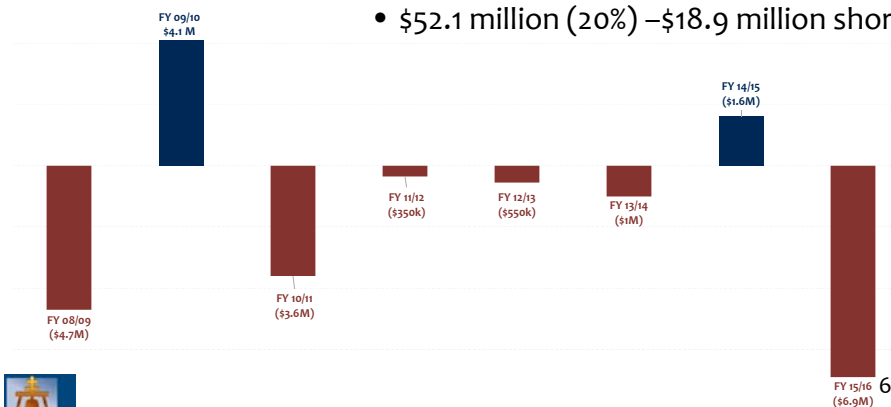
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Reserves

- FY 2015/16 General Fund Reserve \$33.2 million (12.7%)

- \$39.1 million (15%) –\$5.9 million short
- \$52.1 million (20%) –\$18.9 million short



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General Fund Revenues

	FY 2015/16 3rd Quarter	FY 2015/16 Actuals (FINAL)	Change From 3rd Quarter to FINAL
Taxes			
Sales & Use Taxes	\$ 62,949,000	\$ 60,976,046	\$ (1,972,954)
Property Taxes	54,084,782	53,337,211	(747,571)
Utility Users Tax	28,140,000	27,828,010	(311,990)
Transient Occupancy Tax	6,230,000	6,093,430	(136,570)
Franchises	5,500,000	5,729,647	229,647
Property Transfer Tax	2,440,000	2,208,091	(231,909)
Sub-Total Taxes	159,343,782	156,172,435	(3,171,347)
Interfund Transfers	44,789,400	44,789,400	-
Charges, Licenses, & Permits			
Charges for Services	25,428,873	26,517,690	1,088,817
Licenses & Permits	9,118,200	9,076,943	(41,257)
Sub-Total Charges, Licenses, & Permits	34,547,073	35,594,633	1,047,560
Other Revenues			
Other / One-Time	8,037,809	7,796,640	(241,169)
Special Assessments	4,454,627	4,423,681	(30,946)
Fines & Forfeits	1,730,440	1,937,189	206,749
Intergovernmental	2,190,386	2,899,758	709,372
Sub-Total Other Revenues	16,413,262	17,057,268	644,006
Total	\$ 255,093,517	\$ 253,613,736	\$ (1,479,781)

General Fund Expenditures

Department	FY 2015/16 3rd Quarter	FY 2015/16 Actuals (FINAL)	Change From 3rd Quarter to FINAL
City Attorney	\$ 3,599,256	\$ 3,726,244	\$ 126,988
City Clerk	1,541,148	1,585,028	43,880
City Council	1,228,606	1,224,025	(4,581)
City Manager	5,392,006	5,238,317	(153,689)
Community & Economic Development	10,511,140	10,772,002	260,862
Finance	6,134,539	6,132,920	(1,619)
Fire	48,760,379	48,909,283	148,904
General Services	3,553,733	3,395,294	(158,439)
Human Resources	2,526,795	2,537,120	10,325
Innovation & Technology	9,866,554	9,162,185	(704,369)
Library	5,957,933	5,874,187	(83,746)
Mayor	847,295	807,912	(39,383)
Museum & Cultural Affairs	3,763,250	3,574,076	(189,174)
Non-Departmental	24,564,199	24,611,548	47,349
Non-Departmental - Community Livability	851,680	739,980	(111,700)
Parks, Recreation & Community Services	15,169,797	15,295,975	126,178
Police	92,527,549	91,404,962	(1,122,587)
Public Works	11,348,933	11,368,476	19,543
Subtotal	248,144,792	246,359,534	(1,785,258)
Estimated Managed Savings	N/A	N/A	-
Interfund Transfers	2,487,202	2,487,202	-
Net Cost Allocation	(19,940,744)	(19,940,744)	-
Net Debt Service Allocation	31,634,525	31,634,525	-
Total	\$ 262,325,775	\$ 260,540,517	\$ (1,785,258)

Carryovers

- Total unspent and unencumbered amounts requested for carryover to FY 2016/17:
 - \$6.9 million (all Funds, including General Fund)
 - \$2.9 in General Fund
- General Fund Highlights
 - \$2.9 million (FY 15/16), \$3.4 million (FY 14/15), and \$1.8 million in (FY 13/14):



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Carryovers

- General Fund Highlights con't:
 - Parks, Rec. and Comm. Svcs. (\$565,00)
 - Cell tower revenue park projects, fireworks, and park maintenance
 - Police (\$604,000)
 - Helicopter Program
 - Innovation and Technology (\$613,00)
 - Important system upgrades and cybersecurity
 - City Attorney (\$158,000)
 - Outside Legal Counsel



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Carryovers

- General Fund Highlights con't:
 - Community and Econ. Dev. (\$272,000)
 - Homeless services and greenbelt preservation grant
 - General Services (\$205,000)
 - Funding for critical capital repairs to City buildings
 - Non-Departmental (\$249,000)
 - Landscape district and special district maintenance contracts



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Carryovers

- Other Fund Highlights:
 - Public Utilities (\$3.44 million - Electric Fund)
 - Workforce development, emergency notification system and building repairs
 - Public Works (\$216,000 – Sewer Fund)
 - Sewer line/lateral repairs



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Other Reports

- The quarterly investment report is included in this report:
 - Report showing cash balances by fund has been added.
 - Information is provided regarding funds with an unusual cash position.
 - No fund's cash balance is currently a major concern.
- The quarterly debt report is included in this report:
 - There have been no major changes to the City's debt portfolio through 06/30/16.



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Recommendations

That the City Council:

1. Receive and provide input on the attached fiscal year (FY) 2015/16 Final General Fund Financial Results with accompanying carryovers, as well as cash, investment and debt reports for all funds; and
2. Approve for carryover into fiscal year 2016/17 the balance of previously appropriated and unspent funds totaling \$6,897,385.47 across all funds, including \$2,927,981.66 in the General Fund.



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