



# CITY OF HOLLISTER

375 Fifth Street • Hollister, CA 95023-3876

October 6, 2010

To City Council and the citizens of the City of Hollister:

## OVERVIEW

This report summarizes the City’s overall financial position for the fiscal year through September 30, 2010. Except as noted below, revenues and operating expenditures are generally on target based on past trends for the first quarter.

### Adjusted Budgets and Revenue Estimates

The revenue projections and budgets include adjustments for any supplemental appropriations made by the Council as of September 17, 2010.

## GENERAL FUND

### General Fund Financial Condition

With 25% of the year complete, General Fund estimated revenue (cash receipts and estimated earned revenue) are at 23% of projections and expenditures are at 23%:

General Fund Activity	Budget	Estimated YTD	Percent
Revenues	\$ 10,871,311	\$ 2,433,289	22%
Expenditures	13,968,669	3,117,441	22%
Other Sources (Uses)	3,016,300	754,075	25%
Avail. Fund Balance*, Beginning of the Year	2,083,470	2,083,470	-
Avail. Fund Balance*, Year-to-Date	\$ 2,002,412	\$ 2,153,393	-

\*AVAILABLE FUND BALANCE is the difference between fund assets and fund liabilities of governmental funds less any restricted or reserved amounts. Currently there are not restricted or reserved amounts.

A portion of General Fund revenues are received after fiscal quarter end and are recorded as receivables.

### Top Ten Revenues

Our top ten revenues account for about 75% of total General Fund revenues. By focusing on these, we can get an excellent understanding of our revenue position.

Overall, these key revenues are performing as projected based on revised estimates, payment schedules, and past trends for the first quarter. Any significant variances are noted below.

City Attorney  
636-4306

City Clerk  
636-4304

City Manager  
636-4305

Finance  
636-4301

Management Services  
636-4324

Personnel  
636-4308

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<b>Top Ten Revenues</b>	<b>Budget</b>	<b>Estimated YTD</b>	<b>% Received</b>
Property tax in-lieu VLF	\$ 2,525,000	\$ 631,250	25%
Sales Tax	2,048,500	512,125	25%
Overhead charges	1,378,307	344,577	25%
Property tax	1,097,000	246,613	22%
Property tax in-lieu sales tax	681,500	170,375	25%
Franchises fees	577,668	160,475	28%
County impound contribution	327,473	81,868	25%
AB 939 Solid Waste fee	207,000	17,225	8%
Business Licenses	205,000	3,037	1%
Building permits	175,000	17,613	10%
Top Ten Total	<u>\$ 9,222,448</u>	<u>\$ 2,185,158</u>	<u>24%</u>

**Property Tax in lieu of VLF** We will receive our first payment of these taxes from the County in April 2011. We anticipate that we will meet the projected revenues and have estimated those receipts.

**Sales Tax** Year-to-date results are coming in as budgeted. With the “triple flip,” we only receive 75% of our base revenues from State allocations. The remaining 25% is remitted to us from the County in January and June via a complicated estimating formula. Plus, sales tax revenue is received approximately two month after the sales transaction has occurred. Due to the delay in receipt we have estimated this quarter’s revenue. That said, the results reflect a slight stabilization in the local, state and national economy. Sales volume in most major category has shown some stabilization.

**Overhead Charges** The general charges other funds for services it provides on their behalf. The overhead charges are reimbursed on a quarterly basis.

**Property Tax** The first major apportionment of 2010-11 taxes will occur in December 2010. Based on the amount collected, revenues are anticipated to meet the projection.

**Property Tax in lieu of Sales Tax** We will receive our first payment of these taxes from the County in April 2011. We anticipate that we will meet the projected revenues and have estimated these revenues.

**Franchise Fees** We will not receive the largest components of our franchise fee revenues—payments from PG&E and Charter—until April 2011. As a result we have estimated these revenues.

**County Impound Contributions** The general charges the County of San Benito for impound charges. The overhead charges are reimbursed on a quarterly basis after quarter end.

**AB 939 Solid Waste Fee** The City’s AB939 fee from local disposal companies continues to come in as projected.

**Business Tax** The renewal cycle for business tax occurs during the third quarter of the fiscal year and we feel by the end of the fiscal year we will be on target.

**Building Permits** We will continue to monitor these revenues as they are below projections for the current quarter.

## Expenditures

Operating costs are generally on target for the first quarter of the year as summarized below:

<b>Expenditures by Major Object</b>	<b>Budget</b>	<b>Estimated YTD</b>	<b>% Received</b>
Salaries and benefits	\$ 10,068,270	\$ 2,297,589	23%
Services and supplies	1,798,815	343,429	19%
Contractual	2,041,466	476,223	23%
Capital	48,821	200	0%
Other	11,297		0%
Total	<u>\$ 13,968,669</u>	<u>\$ 3,117,441</u>	<u>22%</u>

We are right on target for staffing costs. The only other key variance by type is contractual: this reflects the City's annual payment for County Communication, which is due in full in June and has been estimated for the quarter. Departmental operating expenditures are also generally on target:

<b>Expenditures by Department</b>	<b>Budget</b>	<b>Estimated YTD</b>	<b>% Received</b>
Non-Department	\$ 355,062	\$ 110,125	31%
City Council	188,781	34,356	18%
City Clerk/ Elections	258,309	35,493	14%
City Manager	226,725	49,336	22%
City Attorney	227,122	40,671	18%
City Treasurer	3,150	804	26%
Finance	347,671	71,178	20%
Information Systems	136,568	24,740	18%
Human Resources	178,965	43,939	25%
Animal Control	487,797	135,211	28%
Fire Department	3,836,782	853,159	22%
Solid Waste	248,980	65,544	26%
Fire Strike Team	22,000	-	0%
Police Department	5,024,143	1,166,197	23%
Engineering	411,346	70,192	17%
Building Division	238,406	28,187	12%
Planning Division	321,100	69,361	22%
Code Enforcement	26,010	5,657	22%
Vehicle Maintenance	208,580	50,784	24%
Street Maintenance	64,905	10,860	17%
Park	529,045	119,659	23%
Veteran's Building	160,949	32,372	20%
Recreation	466,273	99,616	21%
Total	<u>\$ 13,968,669</u>	<u>\$ 3,117,441</u>	<u>22%</u>

There appears to be no significant variances compared to budget. Fire and Police Departments compared to last year's quarter has expended \$374,000 and \$309,000 less this quarter compared to last fiscal year's first quarter, respectively.

## ENTERPRISE FUNDS

In general, enterprise fund revenues and expenditures are consistent with past trends.

### Water Fund

<b>Water Working Capital</b>	<b>Budget</b>	<b>YTD Actual</b>	<b>Percent</b>
Revenues	\$ 4,035,200	\$ 706,168	18%
Expenditures			
Operating programs	3,589,583	424,749	12%
CIP projects	-	6,138	
Working Capital**, Beginning of the Year	2,268,254	2,268,254	-
Working Capital**, Year-to-Date	<u>\$ 2,713,871</u>	<u>\$ 2,543,535</u>	<u>-</u>

\*\* Working Capital is the difference between enterprise fund current assets and fund current liabilities.

## Sewer Fund

<b>Sewer Working Capital</b>	<b>Budget</b>	<b>YTD Actual</b>	<b>Percent</b>
Revenues	\$ 10,977,925	\$ 1,919,984	17%
Expenditures			
Operating programs	4,867,464	708,539	15%
CIP projects	136,000	10,966	8%
Debt service	7,841,350	-	0%
Working Capital**, Beginning of the Year	6,312,708	6,312,708	-
Working Capital**, Year-to-Date	<u>\$ 4,445,819</u>	<u>\$ 7,513,187</u>	-

\*\* Working Capital is the difference between enterprise fund current assets and fund current liabilities.

## Airport Fund

<b>Airport Working Capital</b>	<b>Budget</b>	<b>YTD Actual</b>	<b>Percent</b>
Revenues	\$ 874,889	\$ 144,020	16%
Expenditures			
Operating programs	874,889	126,128	14%
CIP projects	-	-	0%
Working Capital**, Beginning of the Year	486,117	486,117	-
Working Capital**, Year-to-Date	<u>\$ 486,117</u>	<u>\$ 504,009</u>	-

\*\* Working Capital is the difference between enterprise fund current assets and fund current liabilities.

## Street Sweeping Fund

<b>Street Sweeping Working Capital</b>	<b>Budget</b>	<b>YTD Actual</b>	<b>Percent</b>
Revenues	\$ 331,100	\$ 60,942	18%
Expenditures			
Operating program	417,073	89,865	22%
Working Capital**, Beginning of the Year	(145,973)	(145,973)	-
Working Capital**, Year-to-Date	<u>\$ (231,946)</u>	<u>\$ (174,896)</u>	-

\*\* Working Capital is the difference between enterprise fund current assets and fund current liabilities.

*We will need to closely monitor street sweeping operations.*

## Briggs Building Fund

<b>Briggs Building Working Capital</b>	<b>Budget</b>	<b>YTD Actual</b>	<b>Percent</b>
Revenues	\$ 133,200	\$ 32,975	25%
Expenditures			
Operating program	127,778	15,995	13%
Working Capital**, Beginning of the Year	129,036	129,036	-
Working Capital**, Year-to-Date	<u>\$ 134,458</u>	<u>\$ 146,016</u>	-

\*\* Working Capital is the difference between enterprise fund current assets and fund current liabilities.

**For More Information.** This summary is based on detailed information produced by the City's financial management system. If you would like additional information, or have any questions about the report, please call Finance at 636-4301.