CITY OF HOLLISTER
375 Fifth Street • Hollister, CA 95023-3876

February 17, 2015

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 December 31, 2014. Except as noted below, revenues and operating expenditures are generally on target based on past trends for the second quarter.

Adjusted Budgets and Revenue Estimates

The revenue projections and budgets include adjustments for any supplemental appropriations made by the Council as December 31, 2014.

GENERAL FUND

General Fund Financial Condition

With 50% of the year complete, General Fund estimated revenue (cash receipts and estimated earned revenue) are at 57% of projections and expenditures are at 50%:

General Fund Activity	Budget	Estimated YTD	Percent
Revenues**	$ 13,324,901	$ 7,624,346	57%
Expenditures	(18,270,485)	(9,219,203)	50%
Other Sources (Uses)	4,000,000	2,266,177	57%
Avail. Fund Balance*, Beginning of the Year	4,339,636	4,339,636	-
Avail. Fund Balance*, Year-to-Date	$ 3,394,052	$ 5,010,956	-

***AVAILABLE FUND BALANCE** is **t**he difference between fund assets and fund liabilities of governmental funds less any committed or restricted amounts. Currently there is $865,706 committed to economic development amount.

**** Does not include Sale of Land.**

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 63% 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 second quarter. Any significant variances are noted below.

Top Ten Revenues	Budget	Estimated YTD	% Received
Sales tax	$ 2,700,000	$ 1,508,205	56%
Property tax in-lieu VLF	2,200,000	1,115,286	51%
Fire Contract	1,294,416	641,255	50%
Property tax in-lieu sales tax	1,000,000	500,000	50%
Property tax	952,500	476,250	50%
Overhead charges	733,187	366,594	50%
Successor Agency Residual payment	625,000	312,500	50%
Franchises fees	603,600	335,180	56%
Engineering inspection fees	425,533	288,404	68%
Building permits	325,000	193,479	60%
Top Ten Total	$ 10,859,236	$ 5,737,153	53%

Sales Tax: Year-to-date results are coming in slightly higher than 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 and or improvement.

Property Tax in lieu of VLF: We will receive our first payment of these taxes from the County in April 2015. We believe we will receive the amount projected.

Fire Contract: We have received our first two quarter payments from the County and from the City of San Juan Bautista. We believe we will receive the amount projected.

Property Tax in lieu of Sales Tax: We will receive our first payment of these taxes from the County in April 2015. We believe we will receive the amount projected.

Property Tax: The first major apportionment of 2014-15 taxes occurred in December 2014. However, we will not receive these funds from the County until next quarter. We believe we will receive the amount projected.

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

Successor Agency Residual Payments: The first major apportionment of 2014-15 taxes occurred in January 2015 and final in June 2015. This is still a new revenue source and has been hard to come up with the right formula to make the correct projections.

Franchise Fees: We will not receive the largest components of our franchise fee revenues—payments from PG&E and Charter—until late April 2015. As a result we have estimated these revenues.

Engineer Inspection Charges: The general charges for the City Engineers to inspect drawings submitted to the City for development. This amount is coming in as projected.

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:

Expenditures by Major Object	Budget	Estimated YTD	% Received
Salaries and benefits	$ 12,577,051	$ 5,980,629	48%
Services and supplies	2,119,959	1,013,520	48%
Contractual	3,250,733	2,018,120	62%
Capital	322,742	206,934	64%
Total	$ 18,270,485	$ 9,219,203	50%

We are right on target for staffing costs. Departmental operating expenditures are also generally on target:

Expenditures by Department	Budget	Estimated YTD	% Budget
TOTAL NON DEPARTMENT	$ 1,163,088	$ 993,911	85%
TOTAL CITY COUNCIL	295,396	157,071	53%
TOTAL CITY CLERK / ELECTIONS	397,394	192,817	49%
TOTAL CITY MANAGER	415,888	182,821	44%
TOTAL SUCCESSOR ADMIN.	250,000	104,590	42%
TOTAL CITY TREASURER	3,150	444	14%
TOTAL FINANCE	414,724	170,301	41%
TOTAL INFORMATION SYSTEMS	227,142	103,348	45%
TOTAL HUMAN RESOURCES	205,025	53,388	26%
TOTAL ANIMAL CONTROL	508,340	215,462	42%
TOTAL FIRE DEPARTMENT	5,189,128	2,468,729	48%
TOTAL SOLID WASTE	239,603	117,622	49%
TOTAL POLICE DEPARTMENT	5,870,740	2,820,770	48%
TOTAL ENGINEERING	616,471	361,599	59%
TOTAL PLANNING DIVISION	737,569	274,884	37%
TOTAL RISK MANAGEMENT	49,694	48,817	98%
TOTAL CODE ENFORCEMENT	110,265	94,692	86%
TOTAL VEHICLE MAINTENANCE	258,894	116,844	45%
TOTAL STREET MAINTENANCE	73,990	34,685	47%
TOTAL PARKS	654,911	355,921	54%
TOTAL VETERAN'S BUILDING	102,475	66,431	65%
TOTAL RECREATION	486,598	284,056	58%
Total	$ 18,270,485	$ 9,219,203	50%

There appears to be no significant variances compared to budget. Fire Department compared to last year's quarter has expended $140,000 more than this quarter last fiscal year. And, Police has spent $250,000 more this quarter compared to last fiscal year's second quarter.

ENTERPRISE FUNDS

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

Water Fund

Water Working Capital	Budget	YTD Actual	Percent
Revenues	$ 4,368,300	$ 2,200,090	50%
Expenditures			
Operating programs	(4,486,976)	(1,782,151)	40%
CIP projects	(605,000)		
Working Capital**, Beginning of the Year	5,551,397	5,551,397	-
Working Capital**, Year-to-Date	$ 4,827,721	$ 5,969,336	-

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

Sewer Fund

Sewer Working Capital	Budget	YTD Actual	Percent
Revenues	$ 12,892,800	$ 5,769,315	45%
Expenditures			
Operating programs	(6,399,881)	(2,551,202)	40%
CIP projects			
Debt service	(7,174,550)	-	0%
Working Capital**, Beginning of the Year	3,826,083	3,826,083	-
Working Capital**, Year-to-Date	$ 3,144,452	$ 7,044,196	-

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

Airport Fund

Airport Working Capital	Budget	YTD Actual	Percent
Revenues	$ 726,345	$ 315,353	43%
Expenditures			
Operating programs	(1,219,685)	(253,885)	21%
Working Capital**, Beginning of the Year	1,111,259	1,111,259	-
Working Capital**, Year-to-Date	$ 617,919	$ 1,172,727	-

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

Street Sweeping Fund

Street Sweeping Working Capital	Budget	YTD Actual	Percent
Revenues	$ 327,800	$ 133,395	41%
Expenditures			
Operating program	(346,066)	(154,991)	45%
Working Capital**, Beginning of the Year	(288,048)	(288,048)	-
Working Capital**, Year-to-Date	$ (306,314)	$ (309,644)	-

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

We will continue to monitor street sweeping operations.

Briggs Building Fund

Briggs Building Working Capital	Budget	YTD Actual	Percent
Revenues	$ 111,660	$ 64,983	58%
Expenditures			
Operating program	(67,600)	(33,425)	49%
Working Capital**, Beginning of the Year	52,139	52,139	-
Working Capital**, Year-to-Date	$ 96,199	$ 83,697	-

** **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 (831) 636-4300.

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