



CITY OF HOLLISTER

375 Fifth Street • Hollister, CA 95023-3876

September 15, 2014

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 June 30, 2014. Except as noted below, revenues and operating expenditures are generally on target based on past trends for the fourth quarter.

Adjusted Budgets and Revenue Estimates

The revenue projections and budgets include adjustments for any supplemental appropriations made by the Council as of June 30, 2014.

GENERAL FUND

General Fund Financial Condition

With 100% of the year complete, General Fund estimated revenue (cash receipts and estimated earned revenue -unaudited) are at 102% of projections and expenditures are at 92%:

General Fund Activity	Budget	Estimated YTD	Percent
Revenues	\$ 13,580,848	\$ 13,910,672	102%
Expenditures	(18,955,164)	(17,461,222)	92%
Other Sources (Uses)	3,726,000	4,257,392	114%
Avail. Fund Balance*, Beginning of the Year	3,483,457	3,483,457	-
Avail. Fund Balance*, Year-to-Date	\$ 1,835,141	\$ 4,190,299	-

*AVAILABLE FUND BALANCE is the 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.

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 77% 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.

Top Ten Revenues	Budget	Estimated YTD	% Received
Sales Tax	\$ 2,512,073	\$ 2,598,361	103%
Property tax in-lieu VLF	2,270,000	2,106,488	93%
Fire Contract	1,314,715	1,292,620	98%
Property tax	1,028,000	1,007,574	98%
Property tax in-lieu sales tax	928,448	1,012,581	109%
Overhead charges	733,187	733,187	100%
Successor Agency Residual Payments	652,000	368,068	56%
Franchises fees	606,500	607,693	100%
Engineer Inspection Charges	400,500	514,636	128%
Building permits	320,000	405,038	127%
Top Ten Total	<u>\$ 10,765,423</u>	<u>\$ 10,646,246</u>	<u>99%</u>

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 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 received our first payment of these taxes from the County in April 2014 and final in June 2014. We believe we will receive the total amount of \$2,106,488 for the fiscal year. This is \$163,512 below the projected amount.

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

Property Tax the first major apportionment of 2013-14 taxes occurred in December 2013, April 2014 and final in July 2014 (for June 30). We believe we will continue to receive the amount projected.

Property Tax in lieu of Sales Tax We received our first payment of these taxes from the County in April 2014 and final in June 2014. We believe we will receive the total amount of \$1,012,580 for the fiscal year. This is \$84,132 above the projected amount. This will help offset the missed projections of the Property Tax in lieu of VLF stated above.

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 2013-14 taxes occurred in January 2014 and final in June 2014. We are concerned that we will not receive the amount projected and are watching this item closely for future projects. This is a new revenue source and has been hard to come up with the right formula to make the correct projections.

Franchise Fees We received the largest components of our franchise fee revenues—payments from PG&E and Charter—in late April 2014. As a result, we were very accurate for our estimation for 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 well above projections. However, it has caused the Engineering Department to become over budgeted for salaries and benefits and requires them to ask for supplemental appropriations for the additional services that they have performed.

Building Permits We will continue to monitor these revenues currently and into the future as they are well above projections for the current quarter. However, these funds should be considered in the realm of one time revenues as on-going building is cyclical and not an on-going predictable revenue source (i.e. the housing bubble).

Expenditures

Operating costs are **below** target for the fourth quarter of the year as summarized below:

Expenditures by Major Object	Budget	Estimated YTD	% Received
Salaries and benefits	\$ 12,976,140	\$ 11,766,468	91%
Services and supplies	2,362,609	2,310,058	98%
Contractual	2,845,123	2,950,493	104%
Capital	771,292	434,203	56%
Total	<u>\$ 18,955,164</u>	<u>\$ 17,461,222</u>	<u>92%</u>

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	\$ 1,493,628	\$ 1,188,817	80%
TOTAL CITY COUNCIL	186,180	203,342	109%
TOTAL CITY CLERK / ELECTIONS	286,198	279,294	98%
TOTAL CITY MANAGER	377,805	380,802	101%
TOTAL SUCCESSOR ADMIN.	248,500	208,468	84%
TOTAL CITY ATTORNEY	190,704	120,246	63%
TOTAL CITY TREASURER	3,150	3,125	99%
TOTAL FINANCE	395,518	392,849	99%
TOTAL INFORMATION SYSTEMS	202,179	200,300	99%
TOTAL HUMAN RESOURCES	201,200	216,835	108%
TOTAL ANIMAL CONTROL	534,664	454,082	85%
TOTAL FIRE DEPARTMENT	5,432,986	5,243,791	97%
TOTAL SOLID WASTE	261,199	213,281	82%
TOTAL POLICE DEPARTMENT	6,003,904	5,333,185	89%
TOTAL ENGINEERING	683,536	711,767	104%
TOTAL PLANNING DIVISION	647,279	603,593	93%
TOTAL RISK MANAGEMENT	54,950	33,756	61%
TOTAL CODE ENFORCEMENT	141,930	109,904	77%
TOTAL VEHICLE MAINTENANCE	239,768	248,440	104%
TOTAL STREET MAINTENANCE	70,386	70,315	100%
TOTAL PARKS	650,792	664,701	102%
TOTAL VETERAN'S BUILDING	161,775	117,354	73%
TOTAL RECREATION	486,933	462,975	95%
Total	<u>\$ 18,955,164</u>	<u>\$ 17,461,222</u>	<u>92%</u>

There appears to be no significant variances compared to budget. For Departments that are over 100%, most are due to one-time expenditures that have been purchased (i.e. Vehicle Maintenance – unexpected repairs). We have worked hard over the years to prevent departments from budgeting contingencies. As a result, when one-time items appear, it causes departments to go over budget.

ENTERPRISE FUNDS

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

Water Fund

Water Working Capital	Budget	YTD Actual	Percent
Revenues*	\$ 3,861,300	\$ 5,418,602	140%
Expenditures			
Operating programs	(3,741,951)	(3,588,585)	96%
CIP projects			
Working Capital**, Beginning of the Year	2,416,984	2,416,984	-
Working Capital**, Year-to-Date	<u>\$ 2,536,333</u>	<u>\$ 4,247,001</u>	<u>-</u>

* **Water Fund** received a \$1,235,122 reimbursement from San Benito County Water District for Lessalt Project.

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

Sewer Fund

Sewer Working Capital	Budget	YTD Actual	Percent
Revenues	\$ 12,394,300	\$ 12,972,363	105%
Expenditures			
Operating programs	(5,822,287)	(5,157,717)	89%
CIP projects			
Debt service	(7,167,876)	(6,879,696)	96%
Working Capital**, Beginning of the Year	3,348,364	3,348,364	-
Working Capital**, Year-to-Date	<u>\$ 2,752,501</u>	<u>\$ 4,283,314</u>	-

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

Airport Fund

Airport Working Capital	Budget	YTD Actual	Percent
Revenues	\$ 1,712,687	\$ 1,536,797	90%
Expenditures			
Operating programs	(866,664)	(746,314)	86%
Working Capital**, Beginning of the Year	361,732	361,732	-
Working Capital**, Year-to-Date	<u>\$ 1,207,755</u>	<u>\$ 1,152,215</u>	-

** 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	\$ 307,800	\$ 316,190	103%
Expenditures			
Operating program	(302,494)	(324,887)	107%
Working Capital**, Beginning of the Year	(271,920)	(271,920)	-
Working Capital**, Year-to-Date	<u>\$ (266,614)</u>	<u>\$ (280,617)</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

Briggs Building Working Capital	Budget	YTD Actual	Percent
Revenues	\$ 132,900	\$ 111,864	84%
Expenditures			
Operating program	(204,508)	(208,661)	102%
Working Capital**, Beginning of the Year	153,266	153,266	-
Working Capital**, Year-to-Date	<u>\$ 81,658</u>	<u>\$ 56,469</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 (831) 636-4300.