



Quarterly Financial Report

First Quarter of Fiscal Year 2015-16

OVERVIEW

This report summarizes the City's overall financial position for the fiscal year through September 30, 2015. Except as noted below, revenues and operating expenditures are generally on target based on the updated budget for the First Quarter.

Adjusted Budgets: The budget numbers reflected in this report include the adjustments for carryovers, budget adjustments requested in this report (if applicable) and City Council approved budget amendments.

Mid-Year Review: The City's overall revenue and expenditure picture will be discussed in greater detail during the Mid-Year Budget Review scheduled for Council consideration in February of 2016.

GENERAL FUND

With 25% of the year complete, General Fund revenues are lower than at the same time as the prior year at 14% (the majority of this decrease is due to a timing difference in Business License revenue and is explained on the following page) and expenditures are on track at 24%. The total projected General Fund Reserve balance will be approximately 43% of appropriations if year-end expenditures finish at 100% and revenues are received as budgeted.

General Fund Balance	Budget	YTD Actual	%
Revenues	\$40,564,105	\$5,808,202	14%
Expenditures	41,268,454	9,894,045	24%

Projected FY 2015-16 General Fund Reserves	
General Fund (minimum of \$1.5 million)	\$2,104,163
General Fund (25% of Appropriations)	10,039,075
Capital Reserve (Goal of \$8 million)	5,902,168
Total General Fund Reserves	\$18,045,406
Percent of total General Fund Reserves to total Appropriations	43%

Revenues: The majority of General Fund revenue comes from taxes in six different categories. Property Tax, Sales Tax, Transient Occupancy Tax (TOT), Motor Vehicle License Fees (VLF), Regulatory (Cardroom) Fee, and Business Tax account for 68% of the General Fund revenue. Although there are fluctuations among revenue line items, the overall percentage is at 14%, which is 4% or \$939,373 lower than the prior year. Any significant variances are noted on the next page.

1st Quarter – Current Fiscal Year

Revenues	Current Budget	YTD Actual	%
Property Tax	\$ 7,966,000	\$ 123,832	2%
Sales Tax	8,113,031	350,265	4%
TOT	3,069,097	660,917	22%
Motor Vehicle License Fees	3,915,000	-	0%
Regulatory Fee	1,737,283	433,924	25%
Business Tax	2,973,000	1,292,101	43%
Franchise Fees	1,891,133	314,212	17%
Use of Money & Property	1,445,801	352,826	24%
Allocations & Other Revenues	3,657,223	768,112	21%
Departmental Revenues	5,796,537	1,512,013	26%
Total	\$ 40,564,105	\$ 5,808,202	14%

1st Quarter - Prior Fiscal Year

Revenues	Amended Budget	YTD Actual	%
Property Tax	\$ 7,363,565	\$ 36,989	1%
Sales Tax	7,670,911	551,952	7%
TOT	2,500,000	614,741	25%
Motor Vehicle License Fees	3,400,000	-	0%
Regulatory Fee	1,685,962	423,645	25%
Business Tax	3,204,640	2,125,379	66%
Franchise Fees	1,800,444	306,275	17%
Use of Money & Property	1,431,399	406,433	28%
Allocations & Other Revenues	3,213,420	742,191	23%
Departmental Revenues	5,269,348	1,539,970	29%
Total	\$ 37,539,689	\$ 6,747,575	18%

By comparing the YTD prior year revenue to the current YTD revenue we can see an overall decrease of 14% as shown on the table below.

Comparison of Actual YTD Revenue to Prior YTD Revenue

Revenues	YTD Actual	YTD Prior Year	Increase/Decrease	%
Property Tax	\$ 123,832	\$ 36,989	\$ 86,843	235%
Sales Tax	350,265	551,952	(201,687)	-37%
TOT	660,917	614,741	46,176	8%
Motor Vehicle License Fees	-	-	-	0%
Regulatory Fee	433,924	423,645	10,279	2%
Business Tax	1,292,101	2,125,379	(833,278)	-39%
Franchise Fees	314,212	306,275	7,937	3%
Use of Money & Property	352,826	406,433	(53,607)	-13%
Allocations & Other Revenues	768,112	742,191	25,921	3%
Departmental Revenues	1,512,013	1,539,970	(27,957)	-2%
Total	\$ 5,808,202	\$ 6,747,575	\$ (939,373)	-14%

- Property tax** – The City receives the majority of its property tax revenue in December and April. The increase of \$86,843 is due to an increase in Supplemental Property Tax and Property Transfer Tax. These revenue sources reflect an increase in the sale of properties in San Bruno as they are based on property being reassessed due to a change of ownership and transfer of title.
- Sales Tax** - Sales tax is lower than the prior year due to receiving a lower clean-up payment this fiscal year. The Board of Equalization (BOE) computes the monthly advances using a formula based on prior year receipts and estimated growth. The BOE then reconciles the actual receipts against the advances and this results in a clean-up payment that the City receives. Sales tax is lower than 25% due to only receiving one month of revenue at First Quarter.
- Transient Occupancy Tax (TOT)** – This revenue source is showing an increase of \$46,176 or 8%. TOT revenue reflected in this report covers the months of July and August, September’s TOT is received in October.
- Business Tax** – Business taxes are billed and paid at the beginning of the fiscal year, which explains the high percentage received year-to-date. This revenue is lower than the prior year by \$833,278 due to a timing difference. A payment was received from one of the City’s

larger businesses in October of this fiscal year which falls in the Second Quarter. Staff will continue to monitor this revenue source and update the City Council in the Mid-Year Financial Report.

- Use of Money and Property** – Use of Money and Property consists of interest earnings from the City’s investments and property rentals. The decrease in this revenue is due to the reduction in the Cable equity transfer allocation.

Expenditures: Operating costs are on target for the First Quarter as summarized by type below:

Expenditures by Type	Budget	YTD Actual	%
Salaries and Benefits	\$ 30,063,245	\$ 7,612,953	25%
Supplies and Materials	4,616,869	1,085,082	24%
Other Charges	4,920,541	753,439	15%
Capital Purchases	1,227,212	332,426	27%
Debt Service and Trans	440,587	110,145	25%
Total	\$ 41,268,454	\$ 9,894,045	24%

The key variance “by type” is in Other Charges (shown above).

- Other Charges are lower than budgeted due to payments for Fire Shared Services are paid on a quarterly (Central County Fire Department) and annual (City of Millbrae) basis. The first quarterly payment was made in October.

Departmental operating expenditures are also on target as summarized by the following:

Expenditures by Department	Budget	YTD Actual	%
City Council	\$ 178,024	\$ 43,261	24%
City Clerk	292,782	55,244	19%
City Treasurer	78,815	16,090	20%
City Attorney	452,547	87,698	19%
City Manager	942,724	172,007	18%
Human Resources	457,854	55,960	12%
Finance	2,045,012	406,593	20%
Police	15,705,587	4,026,377	26%
Fire	9,714,972	2,569,652	26%
Public Services	3,256,275	680,546	21%
Community Development	3,106,939	626,678	20%
Community Services	7,862,602	1,918,622	24%
Non-Departmental	(2,825,679)	(764,683)	27%
Total	\$ 41,268,454	\$ 9,894,045	24%

Overall departments are at 24% at September 30, 2015.

The table below shows the percentage of General Fund revenue that is allocated to Departmental expenditures:

Expenditure by Department	Budget	% of General Fund Revenue
City Council	\$ 178,024	0.4%
City Clerk	292,782	0.7%
City Treasurer	78,815	0.2%
City Attorney	452,547	1%
City Manager	942,724	2%
Human Resources	457,854	1%
Finance	2,045,012	5%
Police	15,705,587	39%
Fire	9,714,972	24%
Public Services	3,256,275	8%
Community Development	3,106,939	8%
Community Services	7,862,602	19%

Public Safety = 63%

With 100% of the year complete, expenditures are at 98% or approximately \$641,922 less than budgeted. The majority of this savings is due to salary savings, and lower than budgeted County Service Charges and Fire Shared Services. In addition, of the \$641,922 saved, \$188,263 is being requested to carry over into FY 2015-16 for ongoing projects.

REVENUES:

Total year-end revenues are at 105% and came in \$2,042,381 higher than budgeted. The majority of this increase is due to increases in Property Tax, TOT, VLF, and Development related revenues.

2014-15 CARRYOVER RE-APPROPRIATIONS – ALL FUNDS

The re-appropriation of prior year budget amounts known as “carryovers” are necessary when services or projects are started but not completed at the end of the fiscal year. This is especially true for Capital Improvement Program (CIP) work efforts that typically span several years.

The table below lists the amount of Carryovers by type being requested in this report:

Fund	Carryover Type	
	Purchase Order(s)	CIP
General Fund	\$ 188,263	\$ -
Restricted Donations	7,134	-
Disaster Recovery	1,355,412	8,820,966
Parks and Facilities		
Capital	78,529	1,308,658
Streets Capital	747,554	5,680,735
Technology Capital	52,601	224,184
Water	7,022,868	7,183,392
Stormwater	92,514	452,334
Wastewater	2,869,018	6,084,120
Cable	79,191	1,764,053
General Fund		
Equipment Reserve	191,917	-
Subtotal	\$ 12,685,001	\$ 31,518,442
Total 14-15 Carryovers	\$ 44,203,443	

2014-15 PRELIMINARY GENERAL FUND ANNUAL UPDATE

This summarizes the General Fund’s overall financial position for fiscal year 2014-15. This is a preliminary update due to the fact that the auditors are still reviewing the City’s records. The final numbers will be presented to the City Council in the Comprehensive Annual Financial Report (CAFR) in January.

OVERVIEW:

General Fund Balance	Budget	Year-End Actuals	Difference
Beginning Fund Balance		\$ 1,651,669	
Revenues	37,984,009	40,026,390	2,042,381
Expenditures	38,948,542	38,306,620	641,922
Ending Fund Balance		\$ 3,371,439	

EXPENDITURES:

Expenditures by Type	Budget	YTD Actual	%
Salaries and Benefits	\$ 27,830,041	\$ 27,501,156	99%
Supplies and Materials	4,401,776	4,617,440	105%
Other Charges	5,068,189	4,540,951	90%
Capital Purchases	1,217,949	1,216,489	100%
Debt Service and Transfers	430,587	430,584	100%
Total	\$ 38,948,542	\$ 38,306,620	98%

The key variance “by type” is Supplies & Materials. This is over 100% due to an increase in Professional Services cost for several departments. These costs were offset by salary savings as shown in the table above.

ENTERPRISE FUNDS

Water Fund: The Water Fund reports an unrestricted net position of \$13,587,056 at the beginning of fiscal year 2015-16. Current expenditures at First Quarter equals \$4,250,744 or 17% of budget. Staff is requesting that \$7,022,868 in outstanding purchase orders and \$7,183,392 in ongoing CIP projects be re-appropriated in fiscal year 2015-16. The estimated ending net position in this Fund is \$2,200,262.

Wastewater Fund: The Wastewater Fund ended the 2014-15 fiscal year with an unrestricted net position of \$11,745,076. At First Quarter total expenditures are \$2,367,608 or 9% of budget. Re-appropriation of \$2,869,018 in open purchase orders and \$6,084,120 in CIP project carryovers are being requested in this report. The estimated ending net position for the Wastewater Fund is \$810,988.

Stormwater Fund: Stormwater fees are collected through the County property tax roll and received in December and April. Current expenditures at First Quarter are \$185,026 or 12% of budget. Staff is requesting a total of \$544,848 be carried over into fiscal year 2015-16.

Cable Fund: The Cable Fund has a beginning unrestricted net position of (\$7,966,603). Staff is requesting carryovers of \$1,843,244 for open purchase orders and ongoing CIP projects. The projected ending net position for fiscal year 2015-16 is (\$9,930,542).

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis.

Central Garage: The Central Garage Fund ended the 2014-15 fiscal year with a fund balance of \$552,445. Current expenditures are \$128,953 or 20%. The estimated ending fund balance is \$518,963.

Facility Maintenance Fund: This Fund ended the 2014-15 fiscal year with a fund balance of \$721,505. Expenditures for the First Quarter equal \$242,862 or 20%. The estimated ending fund balance for this fund is \$636,505.

Technology Development Fund: This Fund reports a fund balance of \$156,079 at the end of fiscal year 2014-15. First Quarter expenditures are \$180,902 which is 25% of budget. The estimated ending fund balance in this Fund is \$163,079.

Self-Insurance Fund: This Fund ended the 2014-15 fiscal year with a fund balance of (\$180,516). Expenditures at first quarter equal \$1,565,707 or 79%. This is above 25% due to the up-front payment of premium costs. The estimated ending fund balance is (\$140,516). Staff will continue to monitor this fund and determine if additional funding is available to address the negative fund balance.