



**Report to the City Council
Council Meeting of August 23, 2016**

Agenda Section: New Business

Subject: Fiscal Year 2015/16 4th Quarter Finance Report - Unaudited

CEQA Status: Not a CEQA Project

Prepared By: April Mitts, Finance Director

Approved By: Jennifer Phillips, City Manager

BACKGROUND

Municipal Code Title 2, §2.24.030 states the Director of Finance shall deliver to the City Manager and to the Council at a regularly scheduled Council meeting a budget report showing the budget status at the end of the preceding quarter.

Staff has prepared the following for Council:

1. Fourth quarter (Q4) staff report for Fiscal Year (FY) 2015/16 (Unaudited). This report is a summary of transactions for FY 2015/16 through August 12, 2016. Transactions for FY 2015/16 continue to take place and there will be a variance in the numbers presented in this report and the numbers presented in the 2016 CAFR.
2. FY 2015/16 Q4 List of Warrants over \$100,000

DISCUSSION

Information presented below reflects transactions posted through August 12, 2016 and are comprised of the unaudited financials. The financials presented do not contain all transactions for FY 2015/16 as invoices and revenues for FY 2015/16 are still being processed and end of year journal entries have yet to be made. The Comprehensive Audited Financial Report (CAFR) for FY 2015/16 will be prepared by Van Lant & Fankhanel, LLP; once the audited financials are received they will be presented to City Council.

General Fund

General Fund revenue received to-date for FY 2015/16 is \$10,039,568 - 98% of what was projected. General Fund revenue is divided into the following categories: (1) Property Tax, (2) Sales Tax, (3) Transient Occupancy Tax (TOT), (4) Other Taxes, (5) Licenses and Permits, (6) Fines and Forfeits, (7) Intergovernmental, (8) Interest and

Rents, and (9) Charges for Services and Miscellaneous. The primary contributors to General Fund revenues are Property Tax, Sales Tax, and TOT. Chart 1 shows what has been collected through August 12, 2016 FY 2015/16 in each of the categories. Not all revenues for FY 2015/16 have been received by the City; the largest amounts yet to be received are: the final triple flip payment of \$344,102; additional sales tax revenues to be recorded in FY 2015/16; and an ERAF distribution. It is estimated revenues will exceed initial projections for FY 2015/16 by approximately 5%. This can be attributed to the following: an increase in building and planning activities; additional legal cost recovery; Transient Tax penalties; emergency relief received for strike teams (used to offset additional expenses incurred); an non-budgeted ERAF distribution; higher than projected TOT, and a slight increase in property tax received for secured property taxes.

Chart 1 (Collected through August 12, 2016)

Revenue Source	Revenue 2015/16 Adjusted Budget	2015/16 Collected through August 12, 2016
Property Tax	\$3,724,138	\$3,827,756
Sales Tax	\$2,846,578	\$2,164,437
TOT	\$1,863,216	\$2,037,030
Other Taxes	\$282,024	\$237,981
Licenses & Permits	\$579,200	\$634,714
Fines & Forfeits	\$65,650	\$61,579
Intergovernmental	\$78,749	\$242,889
Interest & Rents	\$182,500	\$173,784
Charges for Services & Misc.	\$651,070	\$659,399
TOTALS	\$10,273,125	\$10,039,568

General Fund expenses through August 12, 2016 are \$10,079,602 for FY 2015/16. Overall General Fund spending is at 97% when compared to the current budget. Chart 2 provides a summary of General Fund spending by department and what percentage of the annual budget is available.

Fire Department expenses are over by 15%; however the original budgeted amount does not factor in Strike Team expenses which are off-set by additional revenues as stated above in the revenue section. Invoices continue to be paid in FY 2015/16 and all departments are within approved budget limits. During FY 2015/16 Departments have done an exceptional job with fiscal prudence by closely monitoring and managing their budgets in order to come in below their departments adopted budget amounts.

While the available budget at August 12, 2016 is \$329,748, invoices for FY 2015/16 continue to be processed, encumbrances are expected, and end of the year Journal Entries, primarily for payroll, need to be made. After these items have been processed it is estimated spending for FY 2015/16 will be between 98-99% of the adjusted budget.

Chart 2 (Invoices paid through August 12, 2016)

Description	FY 2015-16 Adjusted Budget	Encumbered	YTD Spent	Available Budget	% of Budget Available
Non Departmental	\$ 1,720,068	\$ -	\$ 1,661,337	\$ 58,732	3%
Council	\$ 139,447	\$ -	\$ 124,846	\$ 14,601	10%
City Manager	\$ 670,941	\$ 14,423	\$ 602,417	\$ 54,100	8%
Finance	\$ 407,787	\$ 62,088	\$ 312,353	\$ 33,346	8%
Attorney	\$ 670,000	\$ -	\$ 640,851	\$ 29,149	4%
Planning/Building	\$ 866,026	\$ 10,078	\$ 804,821	\$ 51,127	6%
Library	\$ 830,209	\$ -	\$ 790,000	\$ 40,209	5%
Parks & Recreation	\$ 95,712	\$ -	\$ 88,722	\$ 6,990	7%
Fire	\$ 724,777	\$ 19,245	\$ 810,925	\$ (105,393)	-15%
Police	\$ 2,755,342	\$ (36)	\$ 2,676,761	\$ 78,617	3%
Public Works	\$ 1,716,204	\$ 81,364	\$ 1,566,570	\$ 68,270	4%
Grand Total	\$ 10,596,513	\$ 187,163	\$ 10,079,602	\$ 329,748	3%

Water Enterprise Funds

Water Enterprise revenue received through August 12, 2016 for FY 2015/16 total \$3,905,414 or 85% of the estimated total revenues for FY 2015/16. Initial revenue estimates for FY 2015/16 were lowered in anticipation of water conservation efforts and it is estimated revenue estimates will come in lower than originally anticipated. Estimates at the end of FY 2015/16 Q1 and Q2 reflect the City was on target to meet its revenue goals; however, water usage for Q3 and Q4 is lower than anticipated. The original Water Fund revenue estimate was \$4,581,628. Staff is estimating \$4,100,000 will be received through year end leaving a shortage of \$481,628.

Water expenditures at August 12, 2016 are \$4,634,021 for FY 2015/16. Overall Water Fund spending is at 93% when compared to the current budget. Invoices for FY 2015/16 continue to be processed, encumbrances are expected, and end of the year Journal Entries, primarily for payroll, need to be made. After these items have been processed it is estimated spending for FY 2015/16 will be 94-95% of the adjusted budget.

Wastewater Enterprise Funds

Wastewater Enterprise revenue received through August 12, 2016 for FY 2015/16 total \$3,075,072 or 106% of the estimated total revenues for FY 2015/16. The amount collected in FY 2015/16 is higher than anticipated. There are two primary reasons for the increase in Wastewater revenues: (1) settlement agreement for Pond 1A, and (2) it was discovered several commercial businesses were being charged the incorrect wastewater commodity rate. Wastewater revenues exceed estimates due to the reasons listed above.

Wastewater expenditures through August 12, 2016 are \$2,734,973 for FY 2015/2016. Overall Wastewater Fund spending is at 93% when compared to the current budget.

Invoices for FY 2015/16 continue to be processed, encumbrances are expected, and end of the year Journal Entries, primarily for payroll, need to be made. After these items have been processed it is estimated spending for FY 2015/16 will be 94-95% of the adjusted budget.

FY 2015/16 Q4 Checks over \$100,000

Chart 3 is a list of Checks over \$100,000 paid in FY2015/16 Q4.

Chart 3

Check #	Vendor	Check Date	Check Amount	Notes
94519	Carbon Activated Corp	4/21/16	\$172,951.30	Stonebridge Wells Water Treatment Plant Filter Reconditioning and Filter Media Replacement Project
94878	City of Napa	6/8/16	\$111,226.70	Purchased Water

FISCAL IMPACT

None

RECOMMENDED ACTION

Receive and File

ATTACHMENTS

None



FY 2015/16 Q4 Finance Update - Unaudited

By: April Mitts, Finance Director

Finance Department

August 23, 2016 City Council Meeting



General Fund - Revenue

- General Fund Revenue Categories:
 - Property Tax
 - Sales Tax
 - Transient Occupancy Tax (TOT)
 - Other Taxes
 - Licenses and Permits
 - Fines & Forfeits
 - Intergovernmental
 - Interest & Rents
 - Charges for Services and Misc.



General Fund - Revenue

- Through August 12, 2016:
 - \$10,039,568
 - 98% Collected to-date
 - City is expecting the following revenues
 - Final triple flip payment
 - Sales tax for May and June



General Fund - Revenue

- Expected revenues will exceed estimates by approximately 5%
 - Building and Planning activities
 - Legal cost recovery
 - Transient Tax penalties
 - Emergency relief for strike teams
 - Excess ERAF distribution
 - Higher than anticipated TOT
 - Slight increase in property taxes received



General Fund - Revenue

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TOTALS	\$10,273,125	\$10,039,568



General Fund - Expenses

- Through August 12, 2016:
 - \$10,079,602
 - Spending at 97%
 - Available for spending \$329,748
 - Invoices for FY 2015/16 still being paid, encumbrances are expected, and Journal Entries to be done
 - Estimate final spending to be between 98-99%



General Fund - Expenses

Description	FY 2015-16 Adjusted Budget	Encumbered	YTD Spent	Available Budget	% of Budget Available
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Water Enterprise - Revenue

- Through August 12, 2016:
 - \$3,905,414
 - 85% collected to-date
 - Initial revenue estimates lowered in anticipation of water conservation efforts - \$4,581,628
 - Estimates at end of Q1 and Q2 were on target
 - Water usage in Q3 and Q4 were lower than anticipated
 - Staff estimates \$4,100,000 will be received for FY 15/16
 - Shortage of \$481,628 for the Water Enterprise Fund Revenues



Water Enterprise - Expenses

- Through August 12, 2016:
 - \$4,634,021
 - Spending at 93%
 - Invoices for FY 2015/16 still being paid, encumbrances are expected, and Journal Entries to be done
 - Estimate final spending to be between 94-95%



Waste Water Enterprise - Revenue

- Through August 12, 2016:
 - \$3,075,072
 - 106% collected to-date
 - Amount collected is higher than estimated due primarily to:
 - Settlement Agreement for Pond 1A
 - Utility Billing Audit



Waste Water Enterprise - Expenses

- Through August 12, 2016:
 - \$2,734,973
 - Spending at 93%
 - Invoices for FY 2015/16 still being paid, encumbrances are expected, and Journal Entries to be done
 - Estimate final spending to be between 94-95%



FY 15/16 Q4 Checks over \$100,000

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