



# Quarterly Financial Report

## First Quarter of 2015-16

December 1, 2015

### OVERVIEW

This report summarizes the City's overall financial position for the 2015-16 fiscal year through September 2015. Except as noted below, revenue and operating expenditure trends are generally on target based on past trends for the first quarter.

**Adjusted Budgets and Revenue Estimates.** The majority of changes to revenue estimates have been to reflect the carryover of unspent grant monies available to fund ongoing capital improvement costs while other changes have been made to reflect the latest information available as of September 2015. Expenditure budget values include adjustments for carryovers, encumbrances, the rollover of unspent, prior year capital improvement appropriations and any supplemental appropriations that have been approved as of September 30, 2015.

**Mid-Year Budget Review.** The City's overall revenue and expenditure picture will be discussed in greater detail during the Mid-Year Budget Workshop, scheduled for Council consideration on December 15 2015. An updated General Fund Fiscal Forecast will be also presented at that time.

### GENERAL FUND

**General Fund Financial Condition.** With 25% of the year complete, General Fund revenues are at 13.4% of projections and expenditures are at 21.1% as shown below:

|                               | Budget           | Actual     | % Change |
|-------------------------------|------------------|------------|----------|
| Revenues                      | 5,694,920        | 766,220    | 13.4%    |
| Expenditures                  | -5,689,734       | -1,198,758 | 21.1%    |
| Increase/(Decrease) FB        | 5,186            | -432,548   |          |
| Estimated Fund Balance, Beg   | 3,547,625        |            |          |
| <b>Estimated Fund Balance</b> | <b>3,552,811</b> |            |          |

**Top Ten Revenues.** Our top ten revenues account for about 85.5% of total General Fund revenues. By focusing on these, the reader gets an excellent understanding of the City's revenue position.

Revenues levels will appear lower than the

budgeted expectations at this time of year because amounts that were received in the current year for the prior year have been adjusted out of these totals. The effect of these adjustments remains until the accruals are calculated for the end of the current fiscal year. In spite of this, overall, these key revenues are performing as projected based on payment patterns and past trends for the first quarter. Any significant variances are noted in the narrative below.

| Top Ten Revenues       | Budget           | YTD Actual     | %     |
|------------------------|------------------|----------------|-------|
| VLF IN-LIEU            | 1,362,000        | 0.00           | 0.0%  |
| Measure L – 1%         | 1,150,000        | 256,370        | 22.3% |
| Franchise Fees         | 690,000          | 175,309        | 25.4% |
| SALES TAX REVENUE      | 540,000          | 116,830        | 21.6% |
| SANITATION FRANCHISE   | 280,000          | 112,968        | 40.3% |
| PROPERTY TAX - SECURED | 235,000          | 77,671         | 33.1% |
| SALES TAX IN-LIEU      | 233,798          | 0.00           | 0.0%  |
| REFUSE FRANCHISE       | 225,000          | 104,703        | 46.5% |
| ELECTRIC FRANCHISE     | 110,000          | 0.00           | 0.0%  |
| GAS FRANCHISE          | 42,000           | 0.00           | 0.0%  |
| <b>Total</b>           | <b>4,867,798</b> | <b>843,851</b> | 17.3% |

**Sales Tax.** Results to-date are closer to budget estimates than it appears. Due to the "triple flip," the City only receives 75% of our base revenues from monthly State apportionments. The remaining 25% is remitted to the City from the County in January and June in the form of in-lieu property tax payments.

**Property Tax.** The first major apportionment of 2015-16 taxes will not occur until December 2015.

**Property Tax In-Lieu of VLF.** This revenue source is received in two annual payments; the first payment won't be received until December 2015, along with the first apportionment of property tax revenues.

**Measure L – 1%.** These taxes are received at the same time as the Sales Tax Revenues and since are directly attributable to sales in the City of Arvin, are higher than sales tax received from the state.

**Business Tax.** The renewal cycle for business tax occurs during the first quarter of the fiscal year; therefore most of the revenue anticipated for the year has been collected.

**Development Review Fees.** We will continue to monitor these revenues. They are below projections for the current year and are substantially lower than the same period last year.

| Description            | Traffic          | Park           | Sewer          |
|------------------------|------------------|----------------|----------------|
| Revenues               | 78,857           | 17,671         | 92,400         |
| Balance, Start of Year | 1,231,262        | 279,494        | 759,730        |
| <b>Balance</b>         | <b>1,310,119</b> | <b>297,165</b> | <b>852,130</b> |

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

| Expenditures By Type      | Budget           | YTD Actual       | % Expended   |
|---------------------------|------------------|------------------|--------------|
| Staffing                  | 2,981,998        | 532,319          | 17.9%        |
| Maintenance               | 140,111          | 36,752           | 26.2%        |
| Insurance                 | 500,014          | 105,092          | 21.0%        |
| Other operating costs     | 751,929          | 106,600          | 14.2%        |
| Professional services     | 705,310          | 277,632          | 39.4%        |
| Minor capital             | 81,500           | 18,145           | 22.3%        |
| Interest expense          | 40,000           | 0                | 0%           |
| Kern County Fire Services | 488,872          | 122,218          | 25.0%        |
| <b>Total</b>              | <b>5,689,734</b> | <b>1,198,758</b> | <b>21.1%</b> |

There are two key variances in the spending trend shown. The first relates to insurance costs, due to the payment in July of the City’s full annual premium for liability, workers compensation and property insurance. Contract Services amounts include values that are encumbered at the start of the year. Departmental operating expenditures are generally on target:

| Expenditures              | Budget           | YTD Actual       | % Expended   |
|---------------------------|------------------|------------------|--------------|
| Administration            | 1,241,471        | 329,118          | 26.5%        |
| Adobe Complex             | 59,840           | 13,956           | 23.3%        |
| Animal Control            | 156,926          | 37,118           | 23.7%        |
| Buildings & Grounds       | 76,204           | 13,204           | 17.3%        |
| Building & Planning       | 374,841          | 104,241          | 28.3%        |
| Senior Center             | 31,166           | 9,535            | 30.6%        |
| Mayor & Council           | 45,850           | 6,596            | 14.4%        |
| Parks & Grounds           | 224,953          | 59,448           | 26.4%        |
| Police                    | 2,238,481        | 433,381          | 19.4%        |
| Public Works              | 14,807           | 8,686            | 58.7%        |
| Capital Projects          | 119,642          | 10,949           | 9.2%         |
| Measure L 1% Sales Tax    | 1,105,553        | 172,528          | 15.6%        |
| <b>Total Expenditures</b> | <b>5,689,734</b> | <b>1,198,756</b> | <b>21.1%</b> |

The expense attributable to negotiated union contracts and increases in the health insurance renewals have yet to be reflected in these numbers.

**ENTERPRISES FUNDS**

Enterprise fund revenues and expenditures are consistent with past trends. Please refer to the following charts for more details.

**Sanitation Fund**

| Description            | Budget           | YTD Actual | Percent |
|------------------------|------------------|------------|---------|
| Revenues               | 2,269,179        | 192,070    | 8%      |
| Expenditures           |                  |            |         |
| Operating programs     | 416,966          | 125,533    | 30%     |
| CIP projects           | 783,387          | 0          | 0%      |
| Debt service           | 2,266,420        | 396,456    | 17%     |
| Other Sources (Uses)   | 783,387          | 0          | 0%      |
| Balance, Start of Year | 4,119,547        | -          | -       |
| <b>Balance</b>         | <b>3,193,685</b> |            |         |

A majority of Sanitation fund revenues are received through property taxes receipts from the County and will not be reflected in our books until December and January.

**Transit Fund**

| Description                 | Budget         | YTD Actual | Percent |
|-----------------------------|----------------|------------|---------|
| Revenues                    | 649,481        | 13,553     | 2%      |
| Expenditures                |                |            |         |
| Operating programs          | 646,519        | 135,808    | 21%     |
| Profit/(Loss)               | 2,962          | -122,255   |         |
| Other Sources (Uses)        | 0              |            |         |
| Fund Balance, Start of Year | 276,641        | -          | -       |
| <b>Balance</b>              | <b>279,603</b> |            |         |

A substantial portion of Transit Fund revenue (equal to 77% of total revenues) is from Federal & State grants that are received periodically through the fiscal year.

**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 661-854-3134.