



Staff Report

TO: Honorable Mayor and Members of the Hemet City Council

FROM: Jessica A. Hurst, Deputy City Manager/Administrative Services
Alexander P. Meyerhoff, City Manager *A*

DATE: January 26, 2016

RE: Quarterly Budget Update – As of December 31, 2015

RECOMMENDATION:

Receive and file.

BACKGROUND:

In an effort to more closely monitor the progress of the City of Hemet's financial situation, the City Council directed staff to present quarterly reports of revenues and expenditures. The first quarterly budget update for fiscal year 2015-2016 was presented to the City Council on November 10, 2015.

Staff continue to make progress towards efforts to reduce the financial impact of retiree medical benefits on City. By the close of December 2015, 22 retirees remain on the highest-costing Managed Choice and Traditional Choice plans. Outreach efforts to those retirees on these plans will continue through the remainder of the plan year.

Additionally, the fiscal year 2014-2015 financial statements are being compiled and audited by the City's contract auditors and anticipate the Comprehensive Annual Financial Report (CAFR) to be available by the end of February. After that time a presentation of the CAFR to the City Council will be scheduled to provide final revenue and expenditure figures for fiscal year 2014-2015. This finalized financial data will be used to update the 5-year financial plan for use in preparing the fiscal year 2016-2017 proposed budget.

The attached fiscal year 2015-2016 quarterly budget activity reports reflect unaudited revenue and expenditure activity through December 31, 2015 for all funds. Total amounts include revenue collected and funds expended through the quarter ending date. While the City is halfway through the fiscal year, revenues and expenditures may not be at 50% for many reasons. Most noticeably the two largest funds of the City, the General Fund and Water Enterprise Fund, continue to track below this threshold in the second quarter of the fiscal year.

The General Fund has collected 29.62% of revenues budgeted through the end of the second

quarter. This amount is typical as the majority of General Fund revenues collected through property taxes are received in the second half of the fiscal year and sales tax revenues are generally received two months in arrears; however, receipts-to-date are tracking within and slightly above receipts for the same period in the previous fiscal year.

General Fund expenditures are slightly lower than expected through the end of the second quarter at 45.91%. This is due to many factors including staff vacancies and careful monitoring of contracts and other costs within the departmental budgets. Savings resulting from the retiree medical incentive plan will be calculated and returned to all contributing funds at the end of the fiscal year.

The Water Fund has collected 41.98% of budgeted revenues through December 31, 2015, slightly less than anticipated. This is likely due to continued community conservation efforts.

The Water Fund has expended only 18.00% of budgeted appropriations through the end of the second quarter, due in part to staff vacancies, lower than anticipated costs related to ground water management, and several capital projects that are in the planning stages but anticipated to begin construction by the end of the fiscal year.

FISCAL IMPACT:

None.

Respectfully submitted,

Jessica A. Hurst
Deputy City Manager/Admin. Services

Attachments:

1. General Fund – Revenue and Expenditure Report
2. Non-General Fund – Revenue and Expense Report

**CITY OF HEMET
GENERAL FUND - REVENUE AND EXPENDITURE REPORT (PRELIMINARY)
AS OF DECEMBER 31, 2015**

| <u>REVENUE SUMMARY</u> | Adjusted Budget | Year to Date Actual | % of Budget Rcvd / Used | % of Budget Remaining |
|-------------------------------------|----------------------------|--------------------------------|------------------------------------|----------------------------------|
| GENERAL ADMIN | 1,033,100 | 549,171 | 53.16% | 46.84% |
| PROPERTY TAXES (includes VLF) | 11,025,000 | 1,709,989 | 15.51% | 84.49% |
| SALES TAXES | 12,160,000 | 2,951,968 | 24.28% | 75.72% |
| OTHER TAXES & FEES | 6,180,400 | 2,812,458 | 45.51% | 54.49% |
| LICENSES & PERMITS | 67,500 | 0 | 0.00% | 100.00% |
| FINES & FORFEITURES | 143,200 | 37,309 | 26.05% | 73.95% |
| USE OF MONEY & PROPERTY | 267,500 | 39,762 | 14.86% | 85.14% |
| INTERGOVERNMENTAL | 590,700 | 314,444 | 53.23% | 46.77% |
| CHARGES FOR SERVICES | 474,900 | 276,730 | 58.27% | 41.73% |
| OTHER FINANCING SOURCES | 1,782,190 | 1,010,691 | 56.71% | 43.29% |
| COMMUNITY DEVELOPMENT | 2,144,700 | 926,369 | 43.19% | 56.81% |
| TRANSFERS IN | 210,000 | 57,828 | 27.54% | 72.46% |
| TOTAL REVENUE | 36,079,190 | 10,686,720 | 29.62% | 70.38% |
| <u>EXPENDITURE SUMMARY</u> | | | | |
| CITY COUNCIL | 324,000 | 136,743 | 42.20% | 57.80% |
| CITY MANAGER | 902,000 | 342,214 | 37.94% | 62.06% |
| CITY CLERK | 282,800 | 109,444 | 38.70% | 61.30% |
| FINANCE | 1,162,358 | 517,945 | 44.56% | 55.44% |
| CITY TREASURER | 31,100 | 13,220 | 42.51% | 57.49% |
| HUMAN RESOURCES | 680,715 | 338,693 | 49.76% | 50.24% |
| POLICE DEPARTMENT | 19,131,502 | 9,066,492 | 47.39% | 52.61% |
| FIRE DEPARTMENT | 10,598,997 | 4,940,767 | 46.62% | 53.38% |
| ANIMAL REGULATION | 230,000 | 96,246 | 41.85% | 58.15% |
| PARKS | 1,056,188 | 462,073 | 43.75% | 56.25% |
| LIBRARY / LITERACY / SIMPSON CENTER | 1,493,000 | 707,296 | 47.37% | 52.63% |
| PLANNING | 1,459,589 | 531,452 | 36.41% | 63.59% |
| HOUSING | 96,000 | 7,916 | 8.25% | 91.75% |
| BUILDING | 1,203,097 | 486,101 | 40.40% | 59.60% |
| CODE COMPLIANCE | 852,650 | 367,773 | 43.13% | 56.87% |
| ENGINEERING | 1,195,258 | 540,083 | 45.19% | 54.81% |
| ECONOMIC DEVELOPMENT | 357,970 | 174,284 | 48.69% | 51.31% |
| TRANSFERS OUT | 510,000 | 245,172 | 48.07% | 51.93% |
| TOTAL EXPENDITURES | 41,567,223 | 19,083,914 | 45.91% | 54.09% |

CITY OF HEMET
NON-GENERAL FUND - REVENUE AND EXPENDITURE REPORT (PRELIMINARY)
AS OF DECEMBER 31, 2015

| | REVENUE SUMMARY | | | EXPENDITURE SUMMARY | | |
|--------------------------------------|-------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
| | Adjusted Budget | Year to Date Actual | % of Budget Remaining | Adjusted Budget | Year to Date Actual | % of Budget Remaining |
| SPECIAL REVENUE FUNDS | | | | | | |
| 130 PUBLIC SAFETY TOWING | 65,300 | 24,091 | 63.11% | 66,362 | 46,665 | 29.68% |
| 221 GAX TAX | 1,746,500 | 725,487 | 58.46% | 3,166,886 | 1,192,016 | 62.36% |
| 222 MEASURE A | 1,442,000 | 396,112 | 72.53% | 3,709,585 | 328,992 | 91.13% |
| 223 ARTICLE 3 / SB 821 | 0 | 0 | 0.00% | 70,601 | 2,325 | 96.71% |
| 224 AQMD | 416,000 | 174,151 | 58.14% | 173,574 | 19,574 | 88.72% |
| 231 ASSET FOREITURE | 0 | 19,814 | 0.00% | 20,341 | 0 | 100.00% |
| 234 PUBLIC SAFETY CFD | 512,000 | 0 | 100.00% | 404,600 | 243,543 | 39.81% |
| 241 GENERAL PLAN | 31,000 | 12,600 | 59.35% | 40,000 | 0 | 100.00% |
| 254 STORM DRAIN/SEWER | 3,464,000 | 1,398,286 | 59.63% | 4,358,519 | 1,263,262 | 71.02% |
| 788 HEARTLAND BOND | 850,000 | 2 | 100.00% | 738,525 | 547,771 | 25.83% |
| TOTAL SPECIAL REVENUES | 8,526,800 | 2,750,542 | | 12,748,992 | 3,644,148 | |
| DEVELOPMENT IMPACT FEE FUNDS: | | | | | | |
| 315 PUBLIC MEETINGS FACILITIES | 2,000 | 0 | 100.00% | 0 | 0 | 0.00% |
| 316 GENERAL FACILITIES | 114,000 | 33,572 | 70.55% | 4,600 | 0 | 100.00% |
| 326 FLOOD CONTROL | 212,000 | 84,814 | 59.99% | 1,681,577 | 46,943 | 97.21% |
| 329 BRIDGES/STREETS | 330,000 | 1,176,227 | -256.43% | 1,161,839 | 160,310 | 86.20% |
| 331 LAW ENFORCEMENT | 52,800 | 21,343 | 59.58% | 87,013 | 421 | 99.52% |
| 332 FIRE FACILITIES | 100,000 | 25,200 | 74.80% | 147,382 | 14,408 | 90.22% |
| 361 PARK DEVELOPMENT | 140,000 | 61,026 | 56.41% | 189,719 | 1,824 | 99.04% |
| 362 VALLEY WIDE DVL | 27,000 | 11,886 | 55.98% | 0 | 0 | 0.00% |
| 363 LIBRARY FACILITIES | 80,000 | 30,870 | 61.41% | 407,750 | 83,781 | 79.45% |
| 370 CAPITAL PROJECTS FUND | 470,000 | 235,002 | 50.00% | 1,169,943 | 138,942 | 88.12% |
| TOTAL IMPACT FEE FUNDS | 1,527,800 | 1,679,940 | | 4,849,824 | 446,629 | |
| ENTERPRISE FUND: | | | | | | |
| 571 WATER | 10,239,300 | 4,298,040 | 58.02% | 18,693,204 | 3,365,501 | 82.00% |
| TOTAL ENTERPRISE FUND | 10,239,300 | 4,298,040 | | 18,693,204 | 3,365,501 | |
| ASSESSMENT DISTRICT FUNDS: | | | | | | |
| 225 L&LMD | 1,900,562 | 1,740 | 99.91% | 2,025,936 | 754,321 | 62.77% |
| 227 LIGHTING DIST POST 218 | 293,128 | 0 | 100.00% | 276,732 | 84,200 | 69.57% |
| 228 LANDSCAPE DIST POST 218 | 1,454,163 | 0 | 100.00% | 1,543,144 | 598,004 | 61.25% |
| TOTAL ASSESSMENT DISTRICT | 3,647,853 | 1,740 | | 3,845,811 | 1,436,525 | |
| INTERNAL SERVICE FUNDS: | | | | | | |
| 380 EQUIPMENT REPLACEMENT | 685,900 | 331,307 | 51.70% | 2,085,000 | 971,670 | 53.40% |
| 680 ADMINISTRATIVE SERVICES | 2,229,300 | 1,107,690 | 50.31% | 2,246,302 | 881,616 | 60.75% |
| 681 WORKERS COMP | 2,115,900 | 1,057,950 | 50.00% | 2,115,900 | 1,896,101 | 10.39% |
| 682 MEDICAL/DENTAL | 350,000 | 137,983 | 60.58% | 350,000 | 156,856 | 55.18% |
| 683 LIABILITY FUND | 915,900 | 468,310 | 48.87% | 1,169,900 | 450,146 | 61.52% |
| 684 VEHICLE MAINTENANCE | 1,360,500 | 687,222 | 49.49% | 1,372,378 | 645,464 | 52.97% |
| 685 FACILITIES MAINTENANCE | 1,559,900 | 780,266 | 49.98% | 3,289,671 | 958,552 | 70.86% |
| 686 PW ADMINISTRATION | 1,057,562 | 592,758 | 43.95% | 1,162,788 | 515,669 | 55.65% |
| 689 OPEB | 4,159,700 | 2,085,334 | 49.87% | 4,159,700 | 1,930,124 | 53.60% |
| 690 UNEMPLOYMENT BENEFITS | 0 | 0 | 0.00% | 0 | 29,532 | 0.00% |
| 691 CITY ATTORNEY ALLOCATION | 1,200,000 | 608,994 | 49.25% | 1,200,000 | 664,627 | 44.61% |
| TOTAL INTERNAL SERVICE | 15,634,662 | 7,857,814 | | 19,151,638 | 9,100,356 | |
| GRANT FUNDS | | | | | | |
| 232 PUBLIC SAFETY GRANTS | 576,630 | 258,045 | 55.25% | 512,110 | 246,025 | 51.96% |
| 236 COPS /AB 3229 | 110,205 | 89,254 | 19.01% | 126,011 | 9,128 | 92.76% |
| 237 LLEBG | 166,225 | 0 | 100.00% | 139,216 | 0 | 100.00% |
| 240 CDBG | 737,698 | 307,007 | 58.38% | 1,139,878 | 243,508 | 78.64% |
| 242 HOME - Program Income | 0 | 0 | 0.00% | 0 | 8,148 | 100.00% |
| 245 CALHOME | 0 | 0 | 0.00% | 75,985 | 51,204 | 32.61% |
| 246 HOME | 1,500 | 0 | 100.00% | 0 | 0 | 0.00% |
| 247 NSP GRANT | 0 | 5,750 | 0.00% | 0 | 41,089 | 0.00% |
| 260 INDIAN GAMING GRANTS | 0 | 0 | 0.00% | 273,769 | 273,769 | 0.00% |
| TOTAL GRANT FUNDS | 1,592,258 | 660,056 | | 2,266,969 | 872,870 | |