

## STAFF REPORT

**DATE:** October 21, 2014

**TO:** City Council

**FROM:** Kelly Fletcher, Budget Manager  
Robert Blyth, Accounting & Fiscal Analyst  
Yvonne Quiring, Assistant City Manager/Administrative Services Director

**SUBJECT:** FY 2014/15 First Quarter Budget Update

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### **Recommendation**

This is an informational report; no action is requested on this item.

### **Fiscal Impact**

This informational item presents unaudited year-end revenue and expenditure results for the Fiscal Year ended June 30, 2014 (FY 2013/14), as well as revenue and expenditure results through the first three periods of FY 2014/15. The General Fund ended FY 2013/14 with an increase of \$848,342 over the projected year-end fund balance estimate. In June 2014, the voters approved a half-cent increase in Transactions and Use Tax (Sales) which went into effect October 1, 2014 and is projected to raise \$2.7 million over nine months. This projected revenue has been included in the analysis.

### **Summary**

This report summarizes the final, unaudited year-end All Funds revenue and expenditure results for FY 2013/14 and presents All Funds revenue and expenditure results through the first three periods of FY 2014/15 (July-Sept). In addition, the report highlights General Fund revenue and expenditure results in comparison to estimates used in the development of the current FY 2014/15 budget.

Highlights of the reported results include:

- *The unaudited General Fund Unreserved Fund Balance as of June 30, 2014, was \$6.09 million or 13.9% of operating revenues.* This result represents an increase of \$848,342 as compared to the year-end fund balance estimate of \$5.24 million assumed in the development of the FY 2014/15 Adopted Budget. This balance includes a reduction of approximately \$1.95 million which has been re-appropriated into current FY 2014/15 for encumbrances that were not completed as of June 30, 2014. *(See Attachment B)*
  - General Fund revenues ended FY2013/14 at \$46.3 million, which is \$2.9 million, or (6.7%) above the estimate of \$43.40 million. Major contributors to this additional revenue include Property Tax (\$569,711) and Lease revenue (\$1.75 million) for Water and Sewer infrastructure on City-Owned property for the past three years.

- FY 2013/14 General Fund expenditures were \$46.4 million. This includes an ending balance of \$44.48 million plus an adjustment of \$1.95 million for changes in encumbrance balances re-appropriated into current fiscal year 2014/15 for specific projects that were not completed as of June 30, 2014. This was \$2.0 million above the expenditure estimate assumed in the budget, and \$1.81 million of it can be attributed to expenses incurred for the City's water and sewer usage from August 2010 to June 30, 2014.
  - The net effect of truing up the utility leases and water payments from the General Fund for the past three years is \$68,266. In FY 2014/15, an amount of \$1.2 million was included for expenses related to water. Although a number of the issues related to water have been resolved, this amount is still being held to pay for the scheduled water rate increases and to assist in water conservation efforts.
- *Year-to-date FY 2014/15 General Fund revenues through the first three months of the fiscal year were \$4.26 million, or 9.1% of the \$46.76 million adjusted revenue budget.*
- *In FY 2013/14, overall Property Tax revenue increased 8.7% over prior year results, as total assessed valuations are experiencing better levels of growth. The year-end property tax result of \$16.96 million was \$730,579 (4.5%) above the revenue estimate of \$16.23 million, which was used in the development of the FY 2014/15 budget. As a result it is possible that the City's property tax revenue for this fiscal year may be higher than originally projected. The first indication of this will be in January when the first installment of current-year property tax revenues is received.*
  - *Sales Tax revenue ended FY 2013/14 at \$10.3 million, 0.8% above the budget estimate, and first quarter results for FY 2014/15 stand at \$569,711, or 4.4% of the annual budget figure of \$13.09 million. Typically, Sales Tax revenue forecasts are not updated on the basis of results from one quarter, and year-to-date results do not warrant any early revisions to the forecast. The additional revenue from the voter-approved half cent sales tax measure will not be counted until the next quarter because it became effective October 1, 2014.*
  - *Service Fee and Permit revenue collected in FY 2013/14 totaled \$4.99 million, slightly above the budget projections of \$4.89 million. First quarter revenues are currently at \$1,721,171 or 37.1% of the Adjusted Budget figure of \$4,641,874. This is primarily due to higher revenue collections in Community Services in the first quarter for their summer activities.*
  - *Investment Earnings. Due to the fact that interest rates remain at historic lows the City's interest earnings are correspondingly modest. The variance is large but the dollar amount is not (\$10,800 budgeted versus \$6,965 actual).*
  - *All Other Sources category of Revenues in FY 2013/14 ended the year higher than projected. The main component of this increase is "Rents and Leases" which added \$1.75 million above the estimates for water and sewer infrastructure on City-owned property. This is a one-time infusion of revenues for property leases dating back to*

*August 2010 and is offset by \$1.81 million in costs for City water and Sewer services for the past three years. The net cost to the general Fund was \$68,266.*

- ❑ *Through September (Period 3), FY 2014/15 General Fund expenditures (including encumbrances) were \$9.29 million, or 18.5% of the adjusted budget of \$50.14 million. (See Attachment D) Citywide personnel expenditures appear within budget, with 20.1% expended through three periods (see Attachment A, Table 7). Departmental expenditure projections will be evaluated with the FY 2014/15 Mid-Year Budget Update.*

*The Adopted FY 2014/15 budget projected a General Fund unreserved Fund Balance at June 30, 2015 of \$3.78 million, or 8.5% of General Fund revenues net of Intra-City Revenues. Final year-end results for FY2013/14 show an ending fund balance above the original projection. This results in an updated year-end fund balance of \$4.65 million or 10.5% at June 30, 2015.*

- ❑ *All Funds Revenues for the year ended June 30, 2014 were \$177,106,464 as compared to an Adjusted Budget of \$273,934,613. Enterprise Funds are lower than FY 2013/14 revenue estimates primarily due to delay in the Wastewater Treatment Plant Improvement project supported by a State Revolving Fund loan. This \$85 million dollar project was moved to FY 2014/15 and therefore loan revenues were not received. (See Attachment A – Table 1).*
- ❑ *All Funds Expenditures for FY 2013/14 were \$168,767,903, which represents 57.9% of the Adjusted Budget of \$291,563,842. Personnel costs represent \$51,265,235 or 30.4% of the FY 2013/14 expenditures. All Funds Expenditures through the first quarter of FY 2014/15 stand at \$38,429,494 or 13.1% of the All Funds Budget of \$294,222,646. (See Attachment A – Tables 3, 5, 6).*
- ❑ *Through the first quarter of the current fiscal year, All Funds Revenues stood at \$21,227,577, or roughly 7.3% of the Adjusted Budget figure of \$289,062,360. General Fund and Special Revenue Funds include several major sources of tax revenues (Property Tax, Sales Tax, Park Maintenance and Open Space) which are paid in major installments in January and May, so those revenues will be received in the second half of the fiscal year. Internal Service Fund revenues from fees are tracking in line with projections, as these are fixed annual costs charged in 1/12<sup>th</sup> increments. Enterprise Funds (Water and Sewer) are low in relation to budget estimates because the rates changed after the budget was prepared. Reimbursement “draws” from Wells Fargo Line of Credit & State Revolving Fund Loan (Alternative Water Supply & Surface Water Local Facilities) and Waste Water Treatment Plant Financing (WWTP Facility Improvement) will be made throughout the fiscal year based on current fiscal year expenditures. (See Attachment A – Table 2).*
- ❑ *As of September 30, the City has twenty-two (22) full-time and one (1) part-time vacant positions. These vacancies represent 6.4% of the current work force. Of current vacancies, there are three (3) positions which are being backfilled with either temporary part-time staff or special assignment pay to current staff for supplemental work assignments. Three (3) regular full-time vacant positions have been filled as of September 30, 2014. (See Table 9)*

**Attachments:**

- A. All Funds Revenues and Expenditures
- B. Summary of General Fund Operations

- C. General Fund Revenues
- D. General Fund Expenditures

**Attachment A**

**ALL FUNDS REVENUES AND EXPENDITURES**

**Table 1 – All Funds FY 2013/14 Revenues**

| <b>FY13/14 Revenues</b>    |                          |                     |              |           |
|----------------------------|--------------------------|---------------------|--------------|-----------|
|                            | Final Adjusted<br>Budget | Unaudited<br>Actual | %            | Note      |
| General Fund               | 43,665,205               | 46,299,489          | 106.0%       | 1b        |
| Special Revenue Funds      | 24,994,978               | 20,922,060          | 83.7%        | 1c        |
| Debt Service               | 2,652,608                | 2,660,661           | 100.3%       |           |
| Capital Projects Funds     | 4,335,239                | 2,666,487           | 61.5%        | 1d        |
| Trust Funds                | 60                       | 1,265               | 0.0%         |           |
| Enterprise Funds           | 169,652,447              | 80,153,266          | 47.2%        | 1e        |
| Internal Service Funds     | 20,781,680               | 20,868,883          | 100.4%       |           |
| RDA Successor Agency Funds | 7,852,396                | 3,534,353           | 45.0%        | 1f        |
| <b>Total All Funds</b>     | <b>273,934,613</b>       | <b>177,106,464</b>  | <b>64.7%</b> | <b>1a</b> |

- 1a** All Funds Revenues ended FY 2013/14 at \$177.11 million, or 64.7% of the adjusted budget of \$273.93 million.
- 1b** General Fund revenues ended the fiscal year at \$46.30 million which is 6% higher than the adjusted budget. This is attributed to Sales and Use Tax revenues coming in higher than budgeted by \$882,000; Property Transfer Tax Settlement receiving a one-time adjustment of \$256,000; and Property Tax revenues including Residual Distributions from the county for Redevelopment area in the amount of \$1.3 million. Most of these are in line with projected year-end estimates. Notable year-end revenues in excess of estimates include Secured Property Taxes by \$166,000, Supplemental Property Tax was \$337,000; Sales Tax, \$82,000, Transient Occupancy Tax \$47,000, Departmental revenues due to increased submission of development plans and review \$275,000, and Land Lease revenues by \$1.75 million. The Land Lease revenues were offset by General Fund expense for three years of water and sewer usage from August 2010 to June 30, 2014.
- 1c** Special Revenue Funds experienced a shortfall in revenue for Child Care Funds of \$1.6M, which were offset by expenditure savings. In addition, the reimbursement-based revenue for Transportation Development Act (\$1.0M) is still pending from the FY 2013/14 Claims submitted to SACOG and the revenue will not be realized until FY 2014/15. Revenue for the Fifth Street Corridor improvement project (\$750,000) was also budgeted in FY 2013/14, but will be realized in FY 2014/15.
- 1d** Capital Project Funds experienced delays in projects and both the anticipated revenues into FY 2014/15, as well as the corresponding expenditures were moved. Examples of the more significant projects moved to FY 2014/15 are \$1.5 million in State Grant funds for the UCD California Avenue Bridge, Urban Greening Grant funds of \$430,000 for the Downtown Gateway project and \$410,000 in Prop 84 Grant Funds in support of the North Davis Riparian Greenbelt Project.

- 1e** Enterprise Funds are lower than FY 2013/14 revenue estimates primarily due to delays in the Wastewater Treatment Plant Improvement project supported by a State Water Resources loan. This \$85 million dollar project was moved to FY 2014/15 and therefore expenditures were not incurred and offsetting projected revenues were not received.
- 1f** RDA Successor Agency Funds were lower than original budget due to 2011 Series Bond expenditures which were not approved by the California Department of Finance for reimbursement. As a result, the corresponding expenditures did not occur.

**Table 2 – All Funds FY 2014/15 Revenues**

| <b>FY14/15 Revenues</b> |                        |                            |             |             |
|-------------------------|------------------------|----------------------------|-------------|-------------|
|                         | <b>Adjusted Budget</b> | <b>Year-To-Date Actual</b> | <b>%</b>    | <b>Note</b> |
| General Fund            | 46,755,309             | 4,258,983                  | 9.1%        | 2a          |
| Special Revenue Funds   | 19,964,561             | 2,228,492                  | 11.2%       | 2b          |
| Debt Service            | 2,663,012              | 44                         | 0.0%        |             |
| Capital Projects Funds  | 4,622,043              | 494,716                    | 10.7%       | 2c          |
| Trust Funds             | 10                     | 536                        | 100.0%      |             |
| Enterprise Funds        | 189,659,180            | 9,174,616                  | 4.8%        | 2d          |
| Internal Service Funds  | 21,692,245             | 5,069,817                  | 23.4%       |             |
| RDA Successor Funds     | 3,706,000              | 373                        | 0.0%        | 2e          |
| <b>Total All Funds</b>  | <b>289,062,360</b>     | <b>21,227,577</b>          | <b>7.3%</b> | <b>2a</b>   |

- 2a** All Funds Revenues through the first quarter of FY 2014/15 are \$21.23 million, or 7.3% of the adjusted budget. General Fund Revenues are \$4.3 million or 9.1% of the adjusted budget, with many of the City’s major tax revenues (property tax & sales tax) yet to be collected.
- 2b** Special Revenue Funds include Transportation Development Act, Child Care, Community Development Block Grant, and Operational Grants, which are subject to timing of expenditures and receipt of reimbursements, and typically have a timing laps of several months.
- 2c** Capital Projects Funds related to development within the City are down due to the timing of development such as the Cannery project.
- 2d** Enterprise Funds reflect financing plans for three Capital Improvement Projects – Alternative Water Supply, Surface Water Local Facilities and Wastewater Treatment Plant Facility Improvement. Reimbursement “draws” will be made throughout the fiscal year based on current fiscal-year expenditures.
- 2e** RDA Successor Funds revenue looks short for the quarter but will be in line with estimates when property tax installments are received from the County in January and May.

**Table 3 – All Funds FY 2013/14 Expenditures**

| <b>FY13/14 Expenditures</b> |                          |                     |              |           |
|-----------------------------|--------------------------|---------------------|--------------|-----------|
|                             | Final Adjusted<br>Budget | Unaudited<br>Actual | %            | Note      |
| General Fund                | 46,291,257               | 44,484,663          | 96.1%        | 3b        |
| Special Revenue Funds       | 24,262,452               | 18,254,655          | 75.2%        | 3c        |
| Debt Service                | 2,828,481                | 2,811,676           | 99.4%        |           |
| Capital Projects Funds      | 13,645,581               | 3,840,318           | 28.1%        | 3d        |
| Trust Funds                 | -                        | -                   | 0.0%         |           |
| Enterprise Funds            | 177,282,204              | 74,890,144          | 42.2%        | 3e        |
| Internal Service Funds      | 22,576,043               | 20,770,436          | 92.0%        |           |
| Redevelopment Funds         | 4,677,824                | 3,716,011           | 79.4%        | 3f        |
| <b>Total All Funds</b>      | <b>291,563,842</b>       | <b>168,767,903</b>  | <b>57.9%</b> | <b>3a</b> |

- 3a** All Funds Expenditures for FY 2013/14 were \$168.77 million, or 57.9% of the adjusted budget of \$291.56 million. All funds were under budget (ranging from 28.1% to 99.4% of budget spent).
- 3b** General Fund Expenditures ended the year at \$44.48 million, or 3.9% under budget. Committed purchase orders of \$1.95 million have carried forward into FY 2014/15, which would exceed the year-end estimate of \$46.43 million. The major driver of the difference is the \$1.81 million year-end expense incurred for water and sewer usage from August 2010 to June 30, 2014. While these are expenses in excess of projections, they are almost net neutral to the overall ending fund balance because of an offsetting General Fund revenue for land lease revenue for the same period of time.
- 3c** Special Revenue Funds ended the year 24.8% below budget. Child Care grant revenue was down \$1.6 million from original projections due to a cut in program funding from the State with a corresponding reduction in expenses. Expenditures in other grant-funded programs such as Davis FREE grant, the FTA grant for 5<sup>th</sup> Street Corridor Improvements, and the OTS Avoid grant were carried over to FY 2014/15. Expenditures of gas tax funds were also \$900,000 lower than the adjusted budget.
- 3d** Capital Project Funds (28.1%) experienced delays in projects, moving both the anticipated revenues into FY 2014/15, as well as the corresponding expenditures. Examples of the more significant projects moved to FY 2014/15 are State Grant funds for the UCD California Avenue Bridge (\$1.5 million), Urban Greening Grant funds for the Downtown Gateway project (\$430,000) and Prop 84 Grant Funds in support of the North Davis Riparian Greenbelt Project (\$410,000). The Fire Station Relocation project did not move forward in FY 2013/14 which resulted in a savings of \$2.3 million.
- 3e** Enterprise Funds spent less (42.2%) for the year because projects were carried forward. Projects included in this are Alternative Water Supply, Wastewater Treatment Plant and Surface Water Local Facilities. These projects have a combined budget of over \$114 million in FY 2013/14. Of this \$92 million was unspent and have been carried over to FY 2014/15.
- 3f** A budget of \$639,000, set aside for professional legal services related to the RDA successor agency was not spent in FY 2013/14 and resulted in a savings of 20.6% to the RDA Fund.

**Table 4 – All Funds FY 2013/14 Expenditures by Department**

| <b>FY13/14 Expenditures</b>   |                       |                    |              |           |
|-------------------------------|-----------------------|--------------------|--------------|-----------|
|                               | Final Adjusted Budget | Unaudited Actual   | %            | Note      |
| City Attorney                 | 707,967               | 581,203            | 82.1%        |           |
| City Manager / Council        | 5,620,431             | 4,189,558          | 74.5%        | 4b        |
| Administrative Services Dept. | 19,844,472            | 18,861,312         | 95.0%        |           |
| Comm Dev/Sustainability       | 5,316,386             | 4,156,401          | 78.2%        | 4c        |
| Parks & Community Services    | 15,373,968            | 13,885,477         | 90.3%        |           |
| Fire                          | 10,495,847            | 10,095,292         | 96.2%        |           |
| Police                        | 16,899,003            | 16,754,297         | 99.1%        |           |
| Public Works                  | 54,801,148            | 47,150,225         | 86.0%        |           |
| Capital Improvements          | 138,296,729           | 29,164,596         | 21.1%        | 4d        |
| Debt Service                  | 20,258,515            | 20,218,833         | 99.8%        |           |
| RDA Successor Agency          | 4,363,101             | 3,710,709          | 85.0%        |           |
| Other/Savings Estimate        | (413,725)             | -                  | 0.0%         | 4e        |
| <b>Total All Funds</b>        | <b>291,563,842</b>    | <b>168,767,903</b> | <b>57.9%</b> | <b>4a</b> |
|                               |                       |                    |              |           |

- 4a** All Funds Expenditures across all departments were within budget for FY 2013/14.
- 4b** The City Manager’s Office is showing expenditures at 74.5% primarily due to Housing Rehabilitation money (\$541,000) that was not expended in the FY 2013/14, as well as grant funded activities in Housing Coordination (\$519,000). Revenue to support the expenditures in Housing Coordination were also reduced.
- 4c** Community Development and Sustainability ended below adjusted budget due to expenditures budgeted for work on the City-University Mixed-Use Innovation District being carried over to the FY 2014/15 in the amount of \$554,000 as well as the majority of the Davis Future Renewable Energy and Efficiency program (\$258,000) being transferred to FY 2014/15.
- 4d** There are two large Capital Projects that had a majority of their costs budgeted in FY 2013/14, but will have their costs spread over several years. The Wastewater Treatment Plant project has \$86.9 million unspent at the end of the FY which was carried over to FY 2014/15. The Surface Water Project and Local Facilities had \$5.1 million unspent at year end.
- 4e** The “Other/Savings Estimate” is an expectation of citywide savings anticipated in the course of the year. There are no actual entries for this particular category.



**Table 5 – All Funds FY 2014/15 Expenditures by Fund**

| FY14/15 Expenditures          |                    |                     |              |           |
|-------------------------------|--------------------|---------------------|--------------|-----------|
|                               | Adjusted Budget    | Year-To-Date Actual | %            | Note      |
| General Fund                  | 50,144,407         | 9,293,261           | 18.5%        | 5b        |
| Special Revenue Funds         | 21,264,444         | 2,812,096           | 13.2%        | 5c        |
| Debt Service                  | 2,824,134          | 2,113,854           | 74.8%        | 5d        |
| Capital Projects Funds        | 7,072,611          | 780,496             | 11.0%        | 5e        |
| Trust Funds                   | 573                | -                   | 0.0%         |           |
| Enterprise Funds              | 186,667,501        | 17,287,164          | 9.3%         | 5e        |
| Internal Service Funds        | 22,411,414         | 4,788,609           | 21.4%        |           |
| Redevelopment Successor Funds | 3,837,562          | 1,354,014           | 35.3%        |           |
| <b>Total All Funds</b>        | <b>294,222,646</b> | <b>38,429,494</b>   | <b>13.1%</b> | <b>5a</b> |

- 5a** Year-to-date expenditures through the first quarter of FY 2014/15 appear within budget across all fund categories. Actual expenditures (including encumbrances) totaled \$38.4 million, or 13.1% of the adjusted budget.
- 5b** General Fund expenditures would appear to be tracking slightly below budget, due to the timing of some Capital Improvement projects, primarily the Transportation Infrastructure Rehab work which will take place in spring.
- 5c** Special Revenue Fund expenditures are reporting at 13.2%. Many of the expenditure appropriations (Gas Tax, Transit Funding and Grant Funding) within this category are directly related to Capital Improvement projects which are scheduled to begin later in the spring.
- 5d** Debt Service Funds reflect expenditures at 74.8% of budget, as a result of annual debt payments due in the first quarter of the fiscal year.
- 5e** Capital Projects Funds and Enterprise Funds are below expectations at the end of the first quarter. This is a result of the timing of construction projects and the awarding of contracts which occur intermittently throughout the year.

**Table 6 – All Funds FY 2014/15 Expenditures by Department**

| FY14/15 Expenditures               |                    |                     |              |           |
|------------------------------------|--------------------|---------------------|--------------|-----------|
|                                    | Adjusted Budget    | Year-To-Date Actual | %            | Note      |
| City Attorney                      | 707,967            | 210,763             | 29.8%        |           |
| City Manager / Council             | 4,938,353          | 752,249             | 15.2%        | 6b        |
| Administrative Services            | 20,123,899         | 4,649,505           | 23.1%        |           |
| Comm. Development & Sustainability | 4,532,853          | 755,357             | 16.7%        | 6c        |
| Parks & Community Services         | 17,016,898         | 3,295,207           | 19.4%        |           |
| Fire                               | 10,519,697         | 2,197,957           | 20.9%        |           |
| Police                             | 17,374,249         | 3,568,976           | 20.5%        |           |
| Public Works                       | 42,476,130         | 6,761,116           | 15.9%        | 6d        |
| Capital Improvements               | 164,608,488        | 10,285,147          | 6.2%         | 6e        |
| Debt Service                       | 6,442,588          | 4,599,203           | 71.4%        | 6f        |
| Redevelopment Successor Agency     | 3,726,524          | 1,354,014           | 36.3%        |           |
| Other                              | 1,755,000          | -                   | 0.0%         |           |
| <b>Total All Funds</b>             | <b>294,222,646</b> | <b>38,429,494</b>   | <b>13.1%</b> | <b>6a</b> |

- 6a** Year-to-date expenditures through the first quarter of FY 2014/15 appear within budget across most departments with the exception of Debt Services and Redevelopment Successor Agency, which are traditionally higher in the first quarter as a result of annual debt payments.
- 6b** The City Manager’s office is currently showing expenses at 15.2% of budget. This is due in part to salary savings from the currently unfilled City Manager position that is under filled with a temporary interim City Manager. Also there are some contract expenditures that are not expensed until later in the year.
- 6c** Community Development and Sustainability is currently below budget expectations due to expenses budgeted for the Nishi development project. Contract work associated with this project will be encumbered in the second quarter of FY 2014/15.
- 6d** Public Works expenses are below budget expectations however due to the timing of large encumbrances for items such as fuel, tires, and materials in Fleet and materials and supplies in Wastewater and other Enterprise divisions.
- 6e** Capital Improvements contain two large projects, Alternative Water Supply and Wastewater Treatment Plant. In conjunction with the water supply project an ancillary Surface Water Local Facilities project will install and improve the existing distribution lines. These three projects comprise 85% or nearly \$140 M of the current adjusted budget for Capital Improvements. These projects are multiyear projects that will expense their budgets over that time.
- 6f** The majority of Debt Service payments are made in the first quarter of the year which account for this Department showing 71.4% of the budget has been expended.

Personnel Analysis

**Table 7 – All Funds FY 2013/14 Year-End Results and FY 2014/15 Year-to-Date Personnel Expenditures**

| <i>All Funds Personnel Expenditures - Table 7</i>        |  |                                 |              |                               |                                    |              |           |
|--|--|---------------------------------|--------------|-------------------------------|------------------------------------|--------------|-----------|
| <i>FY13/14 Year-End Results and FY14/15 Year-to-Date</i> |  |                                 |              |                               |                                    |              |           |
| Expenditure by Department                                | FY13/14<br>Final<br>Adjusted<br>Budget | FY13/14<br>UNAUDITED<br>Actuals | % Exp.       | FY14/15<br>Adjusted<br>Budget | FY14/15<br>Year-to-Date<br>Actuals | % Exp.       | Note      |
| City Manager / Council                                   | 1,966,807                              | 1,932,453                       | 98.3%        | 1,930,503                     | 373,130                            | 19.3%        |           |
| Administrative Services                                  | 3,725,962                              | 3,692,877                       | 99.1%        | 3,860,656                     | 735,680                            | 19.1%        |           |
| Comm Dev/Sustainability                                  | 2,885,397                              | 2,885,920                       | 100.0%       | 2,838,273                     | 589,871                            | 20.8%        |           |
| Parks & Community Services                               | 6,537,826                              | 6,799,984                       | 104.0%       | 7,307,869                     | 1,620,637                          | 22.2%        |           |
| Fire   | 8,513,268                              | 8,457,799                       | 99.3%        | 8,105,967                     | 1,749,263                          | 21.6%        |           |
| Police   | 14,230,061                             | 14,182,741                      | 99.7%        | 14,506,211                    | 2,904,674                          | 20.0%        |           |
| Public Works   | 13,266,892                             | 11,726,702                      | 88.4%        | 12,429,037                    | 2,268,445                          | 18.3%        |           |
| Capital Improvements/Debt                                | 1,639,884                              | 1,477,054                       | 90.1%        | 1,704,373                     | 306,314                            | 18.0%        |           |
| RDA Successor Agency                                     | 111,759                                | 109,705                         | 98.2%        | 108,298                       | 24,368                             | 22.5%        |           |
| Other/Citywide savings                                   | (72,661)                               | -                               | 0.0%         | (75,000)                      | -                                  | 0.0%         | 7b        |
| <b>Total</b>   | <b>\$ 52,805,195</b>                   | <b>\$ 51,265,235</b>            | <b>97.1%</b> | <b>\$ 52,716,187</b>          | <b>\$ 10,572,382</b>               | <b>20.1%</b> | <b>7a</b> |

**7a** FY 2013/14 personnel expenditures ended the year at \$51.27 million, below the final budget of \$52.81 million, reporting a 2.9% savings. On a citywide basis, the 2013/14 All Funds Personnel costs represented 30.4% of total city expenditures of \$168.77 million.

**7b** FY 2014/15 personnel expenditures are currently tracking at 20.1%, which is consistent with budgeted projections, when taking seasonality of personnel expenditures into consideration, as well as current vacancies (See vacancy listing in table 9).

**Table 8** summarizes the FY 2013/14 overtime results, as well as the FY 2014/15 budget by department. In review of the table below, it is important to note that overtime is only one component of total human resource costs.

**Table 8 – Overtime Summary FY 2013/14 Year-End Results and FY 2014/15 Year-to-Date**

| OVERTIME SUMMARY  | FY13/14               |                     | FY14/15             |                     | Note      |
|---|-----------------------|---------------------|---------------------|---------------------|-----------|
|   | Final Adjusted Budget | Unaudited Actual    | Adjusted Budget     | Year-To-Date Actual |           |
| <b>OVERTIME SALARIES &amp; WAGES</b>  |                       |                     |                     |                     |           |
| City Manager's Office   | 1,100                 | 899                 | 1,100               | -                   |           |
| Administrative Services   | 22,089                | 16,579              | 6,621               | 41                  |           |
| Community Development   | 7,034                 | 2,846               | 7,034               | 937                 |           |
| Parks & Community Services  | 44,572                | 12,740              | 11,923              | 4,327               |           |
| Fire  | 1,076,183             | 982,748 *           | 595,701             | 387,972 *           | 8b        |
| Police  | 505,786               | 471,296             | 274,735             | 85,544              | 8c        |
| Public Works  | 138,304               | 135,504             | 152,707             | 31,353              |           |
| Capital Improvement Projects  | 22,130                | 12,122              | 10,000              | 5,853               |           |
| Redevelopment   | 15                    | 15                  | -                   | -                   |           |
| <b>TOTAL OVERTIME</b>   | <b>\$ 1,817,213</b>   | <b>\$ 1,634,749</b> | <b>\$ 1,059,821</b> | <b>\$ 516,027</b>   | <b>8a</b> |
| * The portion of overtime related to Strike Teams is reimburseable through State or Federal Funding. In FY13/14 this amounted to \$133,262 and FY14/15 claim reimbursements to date are \$45,968, with 4 more recent strike team cost calculations still in progress. |                       |                     |                     |                     |           |

- 8a** On an all funds basis, total actual overtime in FY 2013/14 was \$1.63 million, and FY 2014/15 budgeted overtime is \$1.06 million.
- 8b** Fire Department overtime expenditures in both FY 2013/14 and 2014/15 have been impacted by strike team assignments, as well as backfilling for position vacancies. The majority of strike team assignments are reimbursed through State & Federal funds, and the backfill overtime is offset by vacancy savings in regular salaries and benefits.
- 8c** The Police Department has also experienced a number of Police Officer vacancies, which are being backfilled with overtime to meet peak workload staffing needs. These expenses are also offset by vacancy savings in regular salaries and benefits.

Position Vacancy Listing

The following *Table 9* presents a listing of vacant positions as of September 30, 2014, as well as updated information on previous reported vacancies hired since July 1, 2014.

**Table 9– Position Vacancy List**

| <b>Vacant Positions as of September 30, 2014</b> |                                      |                            |                                    |
|--|--------------------------------------|----------------------------|------------------------------------|
| Dept   | Position Title                       | Funding Source             | Status                             |
| CMO  | City Manager                         | General Fund/Enterprise    | Vacant 4/25/14 Backfill with TPT   |
| CMO  | Office Assistaatnt II - Confidential | General Fund / Special Rev | Vacant 5/8/14                      |
| ASD  | Accounting Assistant                 | General Fund/Internal Svc  | Vacant 6/13/14 Backfill with TPT   |
| ASD  | Finance Administrator                | General Fund/Enterprise    | Vacant 7/1/12                      |
| PCS  | Child Care Coordinator               | Special Fund               | Vacant 9/5/14                      |
| PCS  | Park Maintenance Worker II (50%)     | General Fund/Internal Svc  | Vacant 4/18/14                     |
| FD   | Fire Fighter II                      | General Fund               | Vacant 2/10/14                     |
| FD   | Fire Fighter II                      | General Fund               | Vacant 2/11/14                     |
| FD   | Fire Fighter II                      | General Fund               | Vacant 6/27/14                     |
| FD   | Fire Fighter II                      | General Fund               | Vacant 8/14/14                     |
| PD   | Police Officer                       | General Fund               | Vacant 7/7/14                      |
| PD   | Police Officer                       | General Fund               | Vacant 6/27/14                     |
| PD   | Police Officer                       | General Fund               | Vacant 8/18/14                     |
| PD   | Police Service Specialist            | General Fund               | Vacant 3/30/14                     |
| PW   | Conservation Coordinator             | Enterprise/General Fund    | Vacant 7/1/14                      |
| PW   | Public Works Maint Worker II         | General Fund/Enterprise    | Vacant 5/2/14                      |
| PW   | WWTP Lead Operator                   | Enterprise Funds           | Vacant 12/30/13 Backfill wit TPT   |
| PW   | WWTP Lead Operator                   | Enterprise Funds           | Vacant 9/15/14                     |
| PW   | Assistant Public Works Director      | Various Funds              | Vacant 12/31/10                    |
| PW   | Principal Civil Engineer             | Enterprise Funds           | Vacant 5/29/14                     |
| PW   | Water Distribution Operator I        | Enterprise Funds           | Vacant 8/18/14                     |
| PW   | Water Production System Operator     | Enterprise Funds           | Vacant 9/30/14                     |
| PW   | Facilities Manager                   | Internal Service Funds     | Vacant 8/26/14                     |
|  |                                      |                            |                                    |
|  |                                      |                            |                                    |
| <b>Positions Hired</b>                           |                                      |                            |                                    |
| Dept   | Position Title                       | Funding Source             | Hire Date                          |
|  |                                      |                            | Vacant 7/1/14                      |
| PCS  | Irrigation Specialist                | General Fund               | Underfilled with Park Maint Worker |
|  |                                      |                            | Vacant 7/1/14                      |
| PCS  | Irrigation Specialist                | General Fund               | Underfilled with Park Maint Worker |
|  |                                      |                            | Vacant 4/11/14                     |
| PW   | Senior Electrician                   | General Fund/Enterprise    | Underfill with Electrician 7/21/14 |

- *As of September 30, the City has twenty-two (22) full-time and one (1) part-time vacant positions. These vacancies represent 6.4% of the current work force. Of current vacancies, there are three (3) positions which are being backfilled with either temporary part-time staff or special assignment pay to current staff for supplemental work assignments. Three (3) regular full-time vacant positions have been filled as of September 30, 2014. (See Table 9)*

**Attachment B**

**Summary of General Fund Operations**

**Table 10** presents a summary of the City’s General Fund results through the year ended June 30, 2014 as well as year-to-date results through the first three months of FY 2014/15:

| <i>Table 10a: General Fund Summary</i>  |  |  |   |   |
|---|--|--|---|---|
| <i>FY2013/14 Results</i>  |  |  |   |   |
| <b>Description</b>  | <b>FY2013/14<br/>Adjusted<br/>Budget</b> | <b>FY2013/14<br/>Budget<br/>Projection</b> | <b>FY2013/14<br/>UNAUDITED<br/>Actual Results</b> | <b>FY 2013/14<br/>Projection to<br/>Actual<br/>Variance</b> |
| <i>Beginning Unreserved Fund Balance</i>  | \$6,203,517                              | \$6,203,517                                | \$6,203,517                                       |   |
| Revenues  | 43,665,205                               | 43,398,627                                 | 46,299,489  | 2,900,862   |
| Expenditures  | (46,291,257)                             | (44,362,082)                               | (44,484,663)                                      | (122,581)   |
| Transfers   | 0  | 0  | 0   |   |
| Change in Reserved Fund Balance **  | 0  | 0  | 18,689  | 18,689  |
| <b><i>Unaudited Unreserved Fund Balance</i></b>   | <b>\$3,577,465</b>                       | <b>\$5,240,062</b>                         | <b>\$8,037,032</b>                                | <b>\$2,796,970</b>  |
| Encumbrance Carryover   | 0  | 0  | (1,948,628)                                       | (1,948,628)   |
| <b><i>Ending Unreserved Fund Balance</i></b>  | <b>\$3,577,465</b>                       | <b>\$5,240,062</b>                         | <b>\$6,088,404</b>                                | <b>\$848,342</b>  |
| Percentage (E.U.F.B./Revenues)  | 8.7%                                     | 12.9%                                      | 13.9%   |   |
| ** This line item is included to link the Audited Financial Statements with Budget Estimates and also includes changes in encumbrance balances. |  |  |   |   |

**FY 2013/14**

The General Fund’s Unreserved Fund Balance as of June 30, 2014 was \$6.09 million or 13.9% of General Fund operating revenues. This result represents an increase of \$848,342 as compared to the year-end fund balance estimate of \$5.24 million assumed in the development of the FY 2014/15 Adopted Budget. This balance includes a reduction of approximately \$1.95 million which has been re-appropriated into current fiscal year 2014/15 for specific projects that were not completed as of June 30, 2014.

| <i>Table 10b: General Fund Summary</i>  |   |  |   |  |
|---|---|--|---|--|
| <i>FY2014/15 Results</i>  |   |  |   |  |
| <b>Description</b>  | <b>FY2014/15<br/>Adopted<br/>Budget</b> | <b>FY2014/15<br/>Adjusted<br/>Budget</b> | <b>FY2014/15<br/>Year-to-Date<br/>Results</b> | <b>FY2013/14<br/>Year-end<br/>Projection</b> |
| <i>Beginning Unreserved Fund Balance</i>  | \$5,240,062                             | \$6,088,404                              | <i>n/a</i>                                    | \$6,088,404                                  |
| Revenues  | 46,679,128                              | 46,755,309                               | 4,258,983                                     | 46,755,309                                   |
| Expenditures  | (48,137,877)                            | (50,144,407)                             | (9,293,261)                                   | (50,144,407)                                 |
| Transfers   | 0                                       | 0  | 0   | 0  |
| Change in Reserved Fund Balance **  | 0                                       | 0  | 0   | 0  |
| <b><i>Unaudited Unreserved Fund Balance</i></b>   | <b>\$3,781,313</b>                      | <b>\$2,699,306</b>                       | <i>n/a</i>                                    | <b>TBD</b>                                   |
| Encumbrance Carryover   | 0                                       | 1,948,628                                |   |  |
| <b><i>Ending Unreserved Fund Balance</i></b>  | <b>\$3,781,313</b>                      | <b>\$4,647,934</b>                       | <i>n/a</i>                                    | <b>TBD</b>                                   |
| Percentage (E.U.F.B./Revenues)  | 8.5%                                    | 10.5%                                    | <i>n/a</i>                                    | <i>TBD</i>                                   |
| ** This line item is included to link the Audited Financial Statements with Budget Estimates and also includes changes in encumbrance balances. |   |  |   |  |

FY 2014/15

The Adopted FY 2014/15 budget projected a General Fund unreserved Fund Balance at June 30, 2015 of \$3.78 million, or 8.5% of General Fund revenues net of Intra-City Revenues. Final year-end results for FY2013/14 show an ending fund balance above the original projection. This results in an updated year-end fund balance of \$4.65 million or 10.5% at June 30, 2015

**Attachment C**

**General Fund Revenues**

**Tables 11a & b** present a summary of major General Fund revenue sources. FY 2013/14 revenues were \$46.30 million which was \$2,900,862 (6.7%) above the revenue estimate used in the development of the FY 2014/15 budget primarily due to the receipt of three years of lease revenue for water and sewer infrastructure on City-owned property

| <b>Table 11a: General Fund Revenues</b> |                           |                             |                            |                                    |                     |      |
|---|---------------------------|-----------------------------|----------------------------|------------------------------------|---------------------|------|
| <b>FY2013/14 Results</b>                |                           |                             |                            |                                    |                     |      |
| Revenue by Source                       | FY2013/14 Adjusted Budget | FY2013/14 Budget Projection | Unaudited FY2013/14 Actual | Variance Favorable / (Unfavorable) | Variance Percentage | Note |
| Property Taxes                          | \$15,393,154              | \$16,227,635                | \$16,958,214               | \$730,579                          | 4.5%                | 11a  |
| Sales & Use Tax                         | \$9,400,000               | \$10,200,000                | \$10,282,593               | \$82,593                           | 0.8%                | 11b  |
| Transient Occupancy Tax                 | \$1,070,000               | \$1,203,000                 | \$1,250,725                | \$47,725                           | 4.0%                |      |
| Property Transfer Tax                   | \$128,000                 | \$194,327                   | \$225,977                  | \$31,650                           | 16.3%               | 11c  |
| Business License Tax                    | \$1,659,000               | \$1,660,257                 | \$1,669,289                | \$9,032                            | 0.5%                |      |
| Municipal Services Tax                  | \$2,802,000               | \$2,656,015                 | \$2,669,472                | \$13,457                           | 0.5%                |      |
| Franchise Fees                          | \$550,256                 | \$558,592                   | \$575,083                  | \$16,491                           | 3.0%                |      |
| Community Development                   | \$632,288                 | \$523,455                   | \$613,802                  | \$90,347                           | 17.3%               | 11d  |
| Parks & Community Services              | \$2,426,652               | \$2,322,921                 | \$2,306,952                | (\$15,969)                         | -0.7%               | 11d  |
| Other Depts (Fire, PD, PW)              | \$1,576,150               | \$2,041,742                 | \$2,072,344                | \$30,602                           | 1.5%                | 11d  |
| Fines & Forfeitures                     | \$738,400                 | \$706,900                   | \$698,776                  | (\$8,124)                          | -1.1%               |      |
| Investment Earnings                     | \$10,800                  | \$4,200                     | \$6,964                    | \$2,764                            | 65.8%               | 11e  |
| Intra-City Revenues                     | \$2,626,107               | \$2,626,107                 | \$2,626,107                | \$0                                | 0.0%                |      |
| All Other Sources                       | \$4,652,398               | \$2,473,476                 | \$4,343,191                | \$1,869,715                        | 75.6%               | 11g  |
| <b>Total</b>                            | <b>\$43,665,205</b>       | <b>\$43,398,627</b>         | <b>\$46,299,489</b>        | <b>\$2,900,862</b>                 | <b>6.7%</b>         |      |

| <b>Table 11b: General Fund Revenues</b> |                          |                           |                        |                      |                                    |      |
|---|--------------------------|---------------------------|------------------------|----------------------|------------------------------------|------|
| <b>FY2014/15 Projections</b>            |                          |                           |                        |                      |                                    |      |
| Revenue by Source                       | FY2014/15 Adopted Budget | FY2014/15 Adjusted Budget | FY2014/15 Year to Date | FY2014/15 Projection | Variance Favorable / (Unfavorable) | Note |
| Property Taxes                          | \$16,538,421             | \$16,538,421              | \$0                    | \$16,538,421         | \$0                                | 11a  |
| Sales & Use Tax                         | \$13,088,184             | \$13,088,184              | \$569,711              | \$13,088,184         | \$0                                | 11b  |
| Transient Occupancy Tax                 | \$1,227,060              | \$1,227,060               | \$12,441               | \$1,227,060          | \$0                                |      |
| Property Transfer Tax                   | \$198,214                | \$198,214                 | \$0                    | \$198,214            | \$0                                | 11c  |
| Business License Tax                    | \$1,660,247              | \$1,660,247               | \$41,742               | \$1,660,247          | \$0                                |      |
| Municipal Services Tax                  | \$2,735,700              | \$2,735,700               | \$910,041              | \$2,735,700          | \$0                                |      |
| Franchise Fees                          | \$1,065,854              | \$1,065,854               | \$0                    | \$1,065,854          | \$0                                |      |
| Community Development                   | \$491,200                | \$491,200                 | \$123,557              | \$491,200            | \$0                                | 11d  |
| Parks & Community Services              | \$2,400,006              | \$2,402,403               | \$1,065,710            | \$2,402,403          | \$0                                | 11d  |
| Other Depts (Fire, PD, PW)              | \$1,716,771              | \$1,748,271               | \$531,904              | \$1,748,271          | \$0                                | 11d  |
| Fines & Forfeitures                     | \$686,900                | \$686,900                 | \$104,508              | \$686,900            | \$0                                |      |
| Investment Earnings                     | \$4,200                  | \$4,200                   | \$209                  | \$4,200              | \$0                                | 11e  |
| Intra-City Revenues                     | \$2,331,416              | \$2,331,416               | \$582,357              | \$2,331,416          | \$0                                |      |
| All Other Sources                       | \$2,534,955              | \$2,577,239               | \$316,803              | \$2,577,239          | \$0                                | 11g  |
| <b>Total</b>                            | <b>\$46,679,128</b>      | <b>\$46,755,309</b>       | <b>\$4,258,983</b>     | <b>\$46,755,309</b>  | <b>\$0</b>                         |      |



- 11a** *In FY 2013/14, overall Property Tax revenue increased 8.7% over prior year results, as total assessed valuations are experiencing better levels of growth. The year-end property tax result of \$16.96 million was \$730,579 (4.5%) above the revenue estimate of \$16.23 million, which was used in the development of the FY 2014/15 budget. As a result it is possible that the City's property tax revenue for this fiscal year may be higher than originally projected. The first indication of this will be in January when the first installment of current-year property tax revenues is received.*
- 11b** *Sales Tax revenue ended FY 2013/14 at \$10.3 million, 0.8% above the budget estimate, and first quarter results for FY 2014/15 stand at \$569,711, or 4.4% of the annual budget figure of \$13.09 million. Typically, Sales Tax revenue forecasts are not updated on the basis of results from one quarter, and year-to-date results do not warrant any early revisions to the forecast. The additional revenue from the voter-approved half cent sales tax measure will not be counted until the next quarter because it became effective October 1, 2014.*
- 11c** *Property Transfer Tax revenue was relatively flat with an increase in FY 2013/14 over prior year FY 2012/13 results of \$31,650 (16.3%).*
- 11d** *Service Fee and Permit revenue collected in FY 2013/14 totaled \$4.99 million, slightly above our budget projections of \$4.89 million. First quarter revenues are currently at \$1,721,171 or 37.1% of the Adjusted Budget figure of \$4,641,874. This is primarily due to higher revenue collections in Community Services in the first quarter for their summer activities.*
- 11e** *Investment Earnings. Due to the fact that interest rates remain at historic lows, the City's interest earnings are correspondingly modest. The variance is large but the dollar amount is not (\$10,800 budgeted versus \$6,965 actual).*
- 11f** *All Other Sources category of Revenues in FY 2013/14 ended the year higher than projected. The main component of this increase is "Rents and Leases" which added \$1.75 million above the estimates for water and sewer infrastructure on City-owned property. This is a one-time infusion of revenues for property leases dating back to August 2010 and is offset by \$1.81 million in costs for City water and Sewer services for the past three years. The net cost to the general Fund was \$68,266.*

## Attachment D

### General Fund Expenditures

**Table 12** summarizes General Fund expenditure results for all departments. Expenditures ended the fiscal year at \$44.48 million, or (\$1.81 million) under the adjusted budget of \$46.29 million.

| <i>Table 12: General Fund Expenditures</i>                   |                                 |                                   |                       |              |                                |                                 |                                      |              |
|--|---------------------------------|-----------------------------------|-----------------------|--------------|--------------------------------|---------------------------------|--------------------------------------|--------------|
| <i>FY2013/14 Year-End Results and FY2014/15 Year-to-Date</i> |                                 |                                   |                       |              |                                |                                 |                                      |              |
| Expenditure by Department                                    | FY2013/14<br>Adjusted<br>Budget | FY2013/14<br>UNAUDITED<br>Actuals | Variance              | % Exp.       | FY2014/15<br>Adopted<br>Budget | FY2014/15<br>Adjusted<br>Budget | FY2014/15<br>Year-to-Date<br>Actuals | % Exp.       |
| City Attorney  | 557,967                         | 555,619                           | (2,348)               | 99.6%        | 362,967                        | 362,967                         | 15,763                               | 4.3%         |
| City Manager / Council                                       | 2,415,619                       | 2,283,360                         | (132,259)             | 94.5%        | 2,459,435                      | 2,578,701                       | 522,192                              | 20.3%        |
| Administrative Services                                      | 2,694,166                       | 2,443,917                         | (250,249)             | 90.7%        | 2,634,375                      | 2,771,055                       | 453,522                              | 16.4%        |
| Community Development  | 2,758,135                       | 2,094,664                         | (663,471)             | 75.9%        | 2,216,802                      | 2,246,390                       | 333,640                              | 14.9%        |
| Parks & Community Services                                   | 7,166,301                       | 6,967,742                         | (198,559)             | 97.2%        | 9,230,187                      | 9,240,978                       | 1,981,607                            | 21.4%        |
| Fire   | 8,506,461                       | 8,500,700                         | (5,761)               | 99.9%        | 8,537,250                      | 8,555,010                       | 1,957,134                            | 22.9%        |
| Police   | 14,815,939                      | 14,800,248                        | (15,691)              | 99.9%        | 15,679,852                     | 15,722,929                      | 3,305,644                            | 21.0%        |
| Public Works   | 6,516,578                       | 6,366,801                         | (149,777)             | 97.7%        | 2,305,599                      | 2,408,650                       | 638,863                              | 26.5%        |
| Capital Improvements   | 2,077,787                       | 471,612                           | (1,606,175)           | 22.7%        | 4,658,910                      | 5,005,227                       | 84,896                               | 1.7%         |
| Debt   | -                               | -                                 | -                     | 0.0%         | -                              | -                               | -                                    | 0.0%         |
| Redevelopment  | -                               | -                                 | -                     | 0.0%         | -                              | -                               | -                                    | 0.0%         |
| <i>Non-Deptmntl Adjust.</i>                                  | (1,217,696)                     | -                                 | 1,217,696             | 0.0%         | 52,500                         | 1,252,500                       | -                                    | 0.0%         |
| <b>Total</b>   | <b>\$46,291,257</b>             | <b>\$ 44,484,663</b>              | <b>\$ (1,806,594)</b> | <b>96.1%</b> | <b>\$48,137,877</b>            | <b>\$ 50,144,407</b>            | <b>\$ 9,293,261</b>                  | <b>18.5%</b> |

FY 2013/14 General Fund expenditure results for operating departments were within their adjusted budget, with savings ranging from 0.1% to 24.9% of budgeted expenditures. The more significant savings in the Community Development Department is due to expenditures budgeted for work on the City-University Mixed-Use Innovation District being carried over to FY 2014/15. In addition, the majority of Capital Improvement Department projects savings are due to unspent funds being carried forward into FY 2014/15. The more notable projects are Citywide Irrigation (\$268,718); Infrastructure Rehabilitation (\$848,364); Walnut Park Restrooms, (\$142,360); 5<sup>th</sup> Street Corridor (\$120,503) and Redwood Park Memorial (\$52,186). In addition completed projects returning unspent funds to the General Fund balance include Mace Community Park Habitat/Passive Recreation Area (\$107,698); 1<sup>st</sup> Street Corridor (\$44,002); and Olive/Mace Bike Path (\$22,344).

On a citywide basis, FY 2013/14 General Fund expenditures were \$44.48 million, plus an adjustment of \$1.95 million for changes in encumbrance balances re-appropriated into current fiscal year 2014/15 for specific projects that were not completed as of June 30, 2014. This adjusted ending expenditure total of \$46.4 million was \$2.0 million above the expenditure estimate assumed in the budget and \$1.81 million of it can be attributed to expenses incurred for the City's water and sewer usage from August 2010 to June 30, 2014.

The net effect of truing up the utility leases and water payments from the General Fund for the past three years is \$68,266. In FY 2014/15, an amount of \$1.2 million was included for expenses related to water. Although a number of the issues related to water have been resolved, this amount is still being held to pay for the scheduled water rate increases and to assist in water conservation efforts.

The net overall savings from General Fund expenditures had a positive impact on our projected fund balance moving from a 12.9% to a 13.9% fund balance reserve at FY 2013/14 year-end.

Through the first quarter of FY 2014/15 General Fund expenditures were \$9.29 million, or 18.5% of the adjusted budget of \$50.14 million. Of the adjusted budget, \$1.95 million was re-appropriated from FY2013/14 for encumbrances and allocations for specific projects that were not completed as of June 30, 2014. Overall, personnel expenditures are tracking within budget through the first three periods of the fiscal year, when accounting for the seasonality of recreation program expenditures in Community Services.

Expenditures will continue to be monitored to assess whether the General Fund will sustain the assumptions incorporated into the FY 2014/15 budget, as well as updated in the mid-year budget report.