



COUNCIL AGENDA REPORT

CITY COUNCIL

Chris Vierra, Mayor
Ken Lane Bret Durossette
Mike Kline Linda Ryno

MEETING DATE: February 22, 2016

TO: Mayor and City Council

FROM: Toby Wells, P.E., City Manager

CONTACT: Suzanne Dean, Finance Director
suzanne.dean@ci.ceres.ca.us

538-5764

SUBJECT: Resolution No. 2016-018, Approving the Fiscal Year 2015-2016
Mid-Year Budget Amendment.

RECOMMENDED COUNCIL ACTION:

Staff recommends Council adopt Resolution No. 2016-018, Approving the Fiscal Year 2015-2016 Mid-Year Budget Amendment.

I. BACKGROUND:

Revenues for Fiscal Year 2015-2016 are tracking slightly lower than last fiscal year. As of December 31, 2015 we have received 31.85% of the budgeted revenues, as compared to 32.91% as of December 31, 2014. General Fund revenue received as of December 31, 2015 equals 22.10% of the budgeted revenues as compared to 27.69% as of December 31, 2014. The Revenue attachment shows the percentage of the total revenue received for all funds and a detail report shows General Fund revenues. Major revenues such as the first installment of Property Taxes and Motor Vehicle In-Lieu payments were received in January 2016 and are not reflected on these reports.

Total expenditures, including encumbrances, as of December 31, 2015 equal 43.49% of the budgeted expenditures as compared to 39.04% as of December 31, 2014. General Fund expenditures, including encumbrances, as of December 31, 2015 equal 48.31% as compared to 49.54% as of December 31, 2014. The Expenditure attachments show the percentage of total expenditures for all funds and a detail report shows General Fund expenditures.

The City is on a Modified Accrual basis of accounting. This means revenues are recorded when they become measurable and available. Expenditures are recorded when the work is done or the item is purchased. At the fiscal year end, revenue and expenditures that are

related to the current fiscal year are recorded in the current fiscal year, even if the revenue is received or the bills are paid in the next fiscal year. Revenue received through August will be recorded in June.

December is 50% of the way through the fiscal year. Revenue that is received monthly would have at the most four months of revenue recorded. Revenue that is received on a semi-annual basis such as property taxes have one payment recorded. However, Stanislaus County did not forward our first installment of property tax revenue to us until January 2016 therefore this payment is not reflected in the revenue report. Large semi-annual payments are received from the State of California for Motor Vehicle in Lieu and the Triple Flip are received in January and May. Annual payments such as franchise fees are received in April and June and therefore show no revenue received as of December 31, 2015.

There are minimal requests for changes to the fiscal year 2015-2016 Budget. Additional local transportation revenue has been identified for this fiscal year. The Engineering department is asking for this revenue to be appropriated to the round-a-bout project at Morgan/Aristocrat and Central/Pine. There are adjustments to the Successor Agencies to CRA and SCRC for the January through June 2016 approved ROPS. The attached budget amendment details these requests.

General Information:

Secured Property Taxes – The City of Ceres participates in the Stanislaus County Teeter Plan. Under the Teeter Plan, Stanislaus County makes the property tax distributions to the City in December 55%, April 40% and June 5%. Assessed values increased 5.83% for fiscal year 2015-2016 compared to an increase of 14.66% for fiscal year 2014-2015.

Sales Tax – Under an agreement with Stanislaus County, Ceres received 0.95% of its local 1% share and the County gets the remaining 0.05%. In March 2004, California voters approved a deficit bond measure that included a 'triple flip'. The flip reduces the City sales tax by 25% and replaces the reduction with property taxes from the Education Revenue Augmentation Fund (ERAF). The State used the funds taken from the City to pay off their bonds. These bonds have now been defeased and the State is in the process of 'unwinding' the Triple Flip. The final 'true-up' payments will be made in January and May 2016 giving the City a onetime "bump" in revenue.

Motor Vehicle In-Lieu (VLF) – VLF revenue is based on registered automobiles in the City. The rate has been lowered by the State from 2% to 0.65%. The State agreed to backfill the 1.35% difference with County property taxes. The County is required to distribute the backfill to the City in two payments – January 2016 and May 2016. The backfill received in future years will increase at rates corresponding to the rate of increase in local property taxes, not registered automobiles. VLF backfill payments had not been received as of December 31, 2015.

Utility Users Tax (UUT) – Utility Users Tax is 3% of the utility bill, collected by the utility company, and remitted to the City by the end of the month following collection. Receipts are coming in as expected. Receipts for electrical service are highest from July through

September when the weather is warmer. Receipts for natural gas are highest from December through March when the weather is colder. Receipts for cable TV continue to decline as people switch to satellite service. The City collects UUT on all phones and beginning January 2016 we are collecting UUT on the prepaid phone cards sold in stores.

Business License – Business License tax is based on gross receipts or a flat rate depending on the type of business. Licenses are issued annually and billed quarterly. Licensing revenue is tracking slightly below expected.

Franchises – Franchise fees are imposed on companies for the privilege of using the City right-of-ways for profit. The City has Franchise agreements with Charter Cable (5%), Pacific Gas and Electric (5%) and Bertolotti Disposal (10.5%). Charter and Pacific Gas and Electric remit their fees to the City in April of each year. The City collects revenue for garbage services and remits a check monthly to Bertolotti for 89.5% of the services billed.

Interest Earnings – Funds not needed for immediate use are invested in the Local Agency Investment Fund (LAIF), Treasury Notes, Agency Notes or Corporate Notes. The City uses a ‘pooled cash’ investment strategy. Interest earnings on pooled cash are allocated back to the contributing funds. The allocation is based on the respective cash balances at the end of the month. Interest is received quarterly. The LAIF interest rate was 0.400% for December 2015.

II. REASONS FOR RECOMMENDATION:

In order to adhere to Generally Accepted Account Principles we are required to adjust our budget to more accurately reflect our fiscal year revenues and expenditures. There is sufficient revenue to cover the additional expenditures in the transportation funds and the Successor Agencies.

III. FISCAL IMPACTS:

There is no fiscal impact with approval of the information portion of this report. There are no impacts on the General Fund with these adjustments and there is sufficient revenue to cover the requested adjustments.

Approved by: _____



Toby Wells, P.E., City Manager

Attachments:

1. Resolution
2. Revenue Report July 1, 2015 through December 31, 2015
3. General Fund Revenue Report July 1, 2015 through December 31, 2015
4. Expenditure Report July 1, 2015 through December 31, 2015
5. General Fund Expenditure Report July 1, 2015 through December 31, 2015

Please refer to bound reports provided by Finance

RESOLUTION NO. 2016-018

**RESOLUTION APPROVING THE FISCAL YEAR 2015-2016 MID-YEAR BUDGET
AMENDMENT**

**THE CITY COUNCIL
City of Ceres, California**

WHEREAS, the City Council approval of the Fiscal Year 2015-2016 budget on June 8, 2015; and

WHEREAS, it is necessary and prudent to review all revenues and expenditures midway through the fiscal year and make any necessary adjustments; and,

WHEREAS, staff has identified necessary adjustments in the amount of \$54,755 in the Federal Transportation Fund, \$7,094 in the StanCOG Local Transportation Fund, \$29,300 in the Successor Agency to CRA and \$11,400 in the Successor Agency to SCRC.

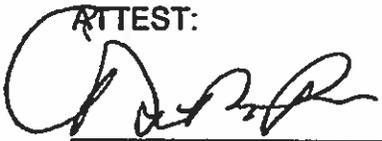
NOW, THEREFORE, IT IS HEREBY RESOLVED that the City Council of the City of Ceres does hereby approve a budget amendment with the amounts of \$54,755 in the Federal Transportation Fund, \$7,094 in the StanCOG Local Transportation Fund, \$29,300 in the Successor Agency to CRA and \$11,400 in the Successor Agency to SCRC. The line items being adjusted are listed on the attached budget amendment. The Finance Director is authorized to make all necessary accounting entries for this budget amendment.

PASSED AND ADOPTED by the Ceres City Council at a regular meeting thereof held on the 22nd day of February, 2016, by the following vote:

AYES: Council Members: Durossette, Lane, Kline, Ryno, Mayor Vierra
NOES: Council Members: None
ABSENT: Council Members: None



Chris Vierra, Mayor

ATTEST:


Diane Nayares-Perez, City Clerk

**City of Ceres
Mid-Year Budget Adjustments
Fiscal Year 2015-2016**

Resolution No. 2016-018

Roundabout at Morgan-Aristocrat & Central-Pine-Industrial

268.95.1511.0	Roundabout Design Project	54,755
273.95.1511.0	Roundabout Design Project	7,094

Adjust Successor to CRA for January to June 2016 ROPS

466.58.0201.0	Accounting & Auditing Svc's	1,400
466.58.0209.0	Legal Services	1,800
466.58.0213.0	Trust Fee/Arbtrg Rbte/Cont Discl	4,300
466.58.0222.0	Subscriptions & Memberships	16,500
466.58.0226.0	Training	200
466.58.0230.0	Printing and Binding	100
466.58.0299.0	Contract Services	5,000

Adjust Successor to SCRC for January to June 2016 ROPS

469.59.0201.0	Accounting & Auditing Svc's	1,400
469.59.0222.0	Subscriptions & Memberships	5,000
469.59.0299.0	Contract Services	5,000