

RESOLUTION NO. 2015-20

A RESOLUTOIN OF THE CITY COUNCIL OF THE CITY OF MARINA RECEIVING FISCAL YEAR 2014-15 GENERAL FUND MID-YEAR FISCAL REPORT, AUTHORIZING FINANCE DIRECTOR TO MAKE APPROPRIATE ACCOUNTING AND BUDGETARY ENTRIES AND PROVIDE STAFF WITH ANY FURTHER DIRECTION IN THE MATTER

WHEREAS, the Finance Director presented the FY2014-15 General Fund mid-year fiscal report, and;

WHEREAS, the FY2014-15 estimated revenues and expenditures were determined by the City Manager and Directors based upon historical information, third party resources,(if available), and anticipated activities for the remainder of the fiscal year, and;

WHEREAS, these are Staff's estimates during a dynamic economic climate and actual results will differ, and;

WHEREAS, this report focuses on the General Fund with other funds included to the extend budget adjustments are presented for Council consideration, and;

WHEREAS, after receipt of the FY2014-15 General Fund mid-year fiscal report, the City Council wishes to authorize staff to amend the budget accordingly.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Marina does hereby:

1. Accept the fiscal year 2014-15 General Fund mid-year fiscal report; and
2. Authorize the finance director to make necessary accounting and budgetary entries; and
3. Directs the finance director to post the necessary year-end journal entries to resolve all completed projects in City CIP Fund 62, negative cash positions in Fund 17, 19 and 53, and reimburse the General Fund for previously incurred library maintenance costs.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 18th day of February, 2015, by the following vote:

AYES: COUNCIL MEMBERS: Amadeo, Brown, Morton, O'Connell, Delgado

NOES: COUNCIL MEMBERS: None.

ABSENT: COUNCIL MEMBERS: None.

ABSTAIN: COUNCIL MEMBERS: None.

Bruce C. Delgado, Mayor

Anita Flanagan, Deputy City Clerk

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of February 18, 2015

CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2015-, RECEIVING FISCAL YEAR 2014-15 GENERAL FUND MID-YEAR FISCAL REPORT, AUTHORIZING FINANCE DIRECTOR TO MAKE APPROPRIATE ACCOUNTING AND BUDGETARY ENTRIES AND PROVIDE STAFF WITH ANY FURTHER DIRECTION IN THE MATTER

REQUEST:

It is requested the City Council consider:

1. Adopting Resolution No. 2015- receiving the Fiscal Year 2014-15 General Fund Mid-Year Fiscal Report;
2. Authorizing Finance Director to make appropriate accounting and budgetary entries, and;
3. Provide staff with any further direction in the matter.

BACKGROUND:

The City adopted budget is an estimation of the City resources, revenues and expenditures for a fiscal year period, which is July 1st through June 30th. During the fiscal year, the City Council may authorize changes to the adopted budget. Furthermore, actual events may differ from the adopted budget estimates.

As such, some time after December 31st (six months of the fiscal year), a “mid-year” fiscal report is sometimes presented to updated financial estimations to the City Council. Although the estimations are based upon thorough review of historical trends and third party expert data/advice, when available, these are still only estimates and, thereby, the actual results may differ. This report reflects Council budget actions through February 13, 2015.

This report focuses on the General Fund with other funds included to the extent budget adjustments are presented for Council consideration.

GENERAL FUND ANALYSIS:

TABLE # 1 General Fund Summary		A	B	C
Row #	General Fund -- Fiscal Year 14/15	FY14/15 Adopted Budget	FY14/15 Estimated Actual	Estimated Actual vs. Adopted Budget
1	Estimated Beginning Fund Balance *	\$ 7,964,483	\$ 8,867,742	\$ 903,259
2	Estimated Revenues	\$ 16,994,067	\$ 17,055,067	\$ 61,000
3	Estimated Expenditures	\$ 17,429,400	\$ 17,830,389	\$ 400,989
4	Estimated Net Change in Fund Balance	\$ (435,333)	\$ (775,322)	\$ (339,989)
5	Estimated Ending Fund Balance	\$ 7,529,150	\$ 8,092,420	\$ 563,270

* Fund Balance is only General Fund 11, does not consider negative Development Activity Fund 50

Table 1 Summarizes the FY 2014-15 General Fund beginning fund balance of \$8.9 million, estimated revenues of \$17.1 million, estimated expenditures of \$17.8 million and estimated ending 6/30/15 fund balance of \$8.1 million. After the deduction of Development Activity Fund 50 negative balance of approximately \$1.6 million, the net General Fund available fund balance is approximately \$6.6 million.

Beginning General Fund Balance (7/1/2014) – The favorable beginning balance is a reflection of on-going fiscal stewardship, higher than expected revenues and continual cost management. FY2013-14 revenues were \$0.6 million (3% variance) higher than budget due primarily to higher tax revenues (~\$0.4M favorable from TOT, local City 1% sales tax and MRA “residual” property tax) and community development department fees. FY2013-14 expenditures were \$0.3 million (2% variance) lower than budget due primarily to staffing reorganizations and on-going cost management of services and supplies.

Estimated Revenues – The estimated revenue of \$17.1 million includes the land sale proceed (approximately \$0.6 million) from LDS Church, which is currently under review by the church. Also via this mid-year report, Council may authorize the Finance Director to make the necessary year-end transfer to restore the General Fund for prior year library maintenance expenses and have such costs paid by the new Library Maintenance Fund 13, which Council created in January 2015.

Estimated Expenditures -- In the adopted FY 2014-15 adopted budget, Council authorized total appropriation (expenditures) of \$17.4 million of which approximately \$0.8 million was for one-time capital/equipment costs financed by available General Fund balances.

The FY14/15 estimated expenditures is summarized below along with the mid-year budget requests as specifically described. The library maintenance expenses will be financed and budgeted in the new Library Maintenance Fund 13. The City facility telephone system has been failing, and urgent repairs/upgrades will be done likely before June 30th. The interfund transfer to CDBG Fund 17 represents close-out of historical grant project balances. The interfund transfer to MTC Fund 19 represents amounts related to program rents. The interfund transfer to MRA Successor Agency Fund 53 represents amounts related to a State Department of Finance final determination and requirement. There are about ten City CIP projects in Fund 62 which are completed with balances that need to be resolved, and to the extent necessary, may need General Fund resources. In the course of this FY 2014-15 year-end close and especially in concert with the new financial system implementation, the completed (yet unresolved) CIP Fund 62 projects will be finalized administratively.

FY14/15 Estimated Expenditures	Amount
Adopted FY14/15 Budget	\$ 17,429,400
Council approved appropriations through 2/12/15	\$ 281,750
Mid-Year Budget Requests:	
City Facility Telephone System	\$ 25,000
Library Expense (budget in new Library Maint. Fund 13)	\$ (20,000)
Interfund Transfer - CDBG Fund 17	\$ 13,072
Interfund Transfer - MTC Fund 19	\$ 51,623
Interfund Transfer - MRA Successor Agency Fund 53	\$ 49,544
Interfund Transfer - City CIP Fund 62 (closed projects)	TBD
FY14/15 Estimated Expenditures	\$ 17,830,389

Estimated Ending General Fund Balance (6/30/2015) – The estimated ending General Fund balance is \$8.2 million. After the deduction of Development Activity Fund 50 negative balance of approximately \$1.6 million, the net General Fund available fund balance is approximately \$6.6 million (which the adopted budget assumed \$6 million).

OTHER FUND ANALYSIS – described to the extent budget adjustments are presented for Council consideration:

Library Maintenance Fund 13 and Library Construction Fund 69 – These funds will be amended to reflect Council action to create Fund 13, use proceeds from the County contribution to the Library, and amend the Fund 13 for budget appropriations of maintenance costs.

CDBG Fund 17; MTC Fund 19; MRA Successor Agency Fund 53 – These will have interfund transfers to resolve the negative cash balances.

City CIP Fund 62 – interfund and intrafund transfers will be posted to resolve completed projects with residual balances.

1998 and 2005 General Obligation Bond Funds – Staff is currently planning the refinancing of the 1998 and 2005 General Obligation Bonds to save taxpayers approximately \$1 million (NPV or 12%) and likely close before June 30th. This will be brought to the Council in March for consideration and authorization. If these are refinanced, Council may authorize the Finance Director to make the necessary accounting and budgetary entries.

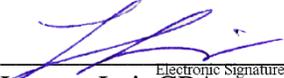
FISCAL IMPACT:

Should the City Council accept this report and approve the budget amendments, the FY 2014-15 includes General Fund beginning fund balance of \$8.9 million, estimated revenues of \$17.1 million, estimated expenditures of \$17.8 million and estimated ending 6/30/15 fund balance of \$8.1 million. The estimated ending General Fund balance, net of Development Activity Fund 50, is approximately \$6.6 million.

CONCLUSION:

This request is submitted for City Council consideration and possible action.

Respectfully submitted,



Electronic Signature
Lauren Lai, CPA
Finance Director
City of Marina

REVIEWED/CONCUR:



Electronic Signature
Layne P. Long
City Manager
City of Marina