

RESOLUTION NO. 2016-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA RECEIVING FISCAL YEAR 2015-16 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 FY2015-16 General Fund mid-year fiscal report, and;

WHEREAS, the FY2015-16 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 FY2015-16 General Fund mid-year fiscal report (**EXHIBIT A**) and budget amendments (**ATTACHMENT 1 & 2**), the City Council wishes to authorize amendments accordingly .

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

1. Accept the fiscal year 2015-16 mid-year fiscal report;
2. Authorize the City Manager to execute amendments to the financial system project in accordance with the above,
3. Authorize the finance director to make necessary accounting and budgetary entries; and
4. Direct the finance director to post the necessary year-end budget and journal entries to resolve the Preston Park acquisition and financing.
5. Direct the finance director to post the necessary year-end budget and journal entries to resolve the Marina Heights Development project costs paid by the General Fund.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 17th day of February, 2016, 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

ATTEST:

Anita Sharp, Deputy City Clerk

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of February 17, 2016

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2016-,
RECEIVING FISCAL YEAR 2015-16 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. 2016- receiving the Fiscal Year 2015-16 Mid-Year Fiscal Report;
2. Authorizing the City Manager to execute amendments to the financial system project in accordance with the above;
3. Authorizing Finance Director to make appropriate accounting and budgetary entries, and;
4. 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, after December 31st (six months of the fiscal year), a “mid-year” fiscal report is presented with updated financial estimations. Although the estimations are based upon thorough review of historical trends and third party expert data/advice, when available, these remain estimates and actual results may differ. This report reflects Council budget actions through February 2, 2016. This report focuses on the General Fund with other funds included to the extent budget adjustments are presented for Council consideration.

GENERAL FUND ANALYSIS:

The General Fund balance and revenues are higher in these estimates than the adopted FY15-16 budget. The structural budget remains in net positive position (see “on-going” column). Estimated fund balance remains strong at 36%.

FY15-16 ESTIMATED BUDGET				
General Fund				
FY15-16 Budget	Total	On-Going	vs.	One-Time
Beginning Fund Balance	\$ 8,845,992			
Revenues	\$ 18,409,409	\$ 17,974,909		\$ 434,500
Less - Expenditures	\$ 19,295,322	\$ 17,427,888		\$ 1,867,434
Revenues Over/(Under) Expenditures	\$ (885,913)	\$ 547,021		\$ (1,432,934)
Ending Fund Balance	\$ 7,960,079		3.0%	
Estimated Combined Fund Balance				
General Fund	\$ 7,960,079			
Development Activity Fund 50	\$ (1,605,047)			
General Fund, net of fund 50	\$ 6,355,032			
			36%	

The table above summarizes the FY 2015-16 General Fund beginning fund balance of \$8.8 million, estimated revenues of \$18.4 million, estimated expenditures of \$19.3 million and estimated ending 6/30/16 fund balance of \$8 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 \$6.4 million.

Beginning General Fund Balance (7/1/2015) – The favorable beginning balance is a reflection of on-going fiscal stewardship, higher than expected revenues and continual cost management. FY2014-15 revenues were 6% (\$1M) higher than the final budget. The recovery economy yielded higher City tax revenues (+\$0.5M) and community development charges for services (+\$0.2M). FY2014-15 expenditures were 2.3% (\$0.4M) lower than the final budget.

Estimated Revenues – The estimated revenue of \$18.4 million includes stronger taxes of approximately \$0.7M for sales, TOT and property taxes. It excludes the delayed PW Corp Yard parcel sale. For further detail, see attachment.

FY15-16 Rollforward (Adopted to Estimated \$)			
FY15/16 Gen Fund Budget	Revenues	On-Going	One-Time
Adopted	\$ 18,034,509	\$ 17,284,509	\$ 750,000
Mid-Year Updates	\$ 374,900	\$ 690,400	\$ (315,500)
Revised/Estimated Budget	\$ 18,409,409	\$ 17,974,909	\$ 434,500

Estimated Expenditures – The estimated expenditures of \$19.3 million includes higher one-time costs such as Preston Park acquisition & financing, Cinemark Agreement, emergency preparedness, vehicle acquisitions, and reimbursed grant costs. For further detail, see attachment.

FY15-16 Rollforward (Adopted to Estimated \$)			
FY15/16 Gen Fund Budget	Expenditures	On-Going	One-Time
Adopted	\$ 17,773,588	\$ 17,039,588	\$ 734,000
Mid-Year Updates	\$ 1,521,734	\$ 388,300	\$ 1,133,434
Revised/Estimated Budget	\$ 19,295,322	\$ 17,427,888	\$ 1,867,434

As it pertains to the Marina Heights Development project, the Developer has advanced funds for some of the permit fees required to be paid as the homes develop. The City will be required to process approvals consistent with the Development Agreement and at least for the initial permits, the fees already paid will be credited to fees owed causing the City to expend funds for the processing without receiving funds in this fiscal year. Over time, if all of the homes are developed, the City will recover the costs associated with the permit processing, but there may be an initial cash shortfall as a result of the Developer’s credit toward permit fees. At the time of this staff report, approximately \$30k of engineering services is included but other costs cannot be determined at this time. We request the City Council authorize year-end budget and journal entries accordingly.

Estimated Ending General Fund Balance (6/30/2016) – The estimated ending General Fund balance is \$8 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 \$6.4 million (which the adopted budget assumed \$6.2 million).

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

The mid-year budget amendments for other funds pertain to the Public Facility Impact Fee and City CIP Funds. For PFIF revenue is delayed for several projects, and City CIP revisions are for minor changes to the financial system project and funding a parks master plan for the Equestrian Center, Veteran’s Trail and Sports Complex. For further detail, see attachment.

In FY15/16 the City acquired Preston Park housing and completed two financing transactions. These transactions are very complex to record and as such, we request the City Council authorize year-end budget and journal entries accordingly.

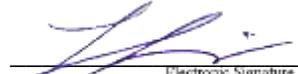
FISCAL IMPACT:

Should the City Council accept this report and approve the budget amendments, the FY 2015-16 includes General Fund beginning fund balance of \$8.8 million, estimated revenues of \$18.4 million, estimated expenditures of \$19.3 million and estimated ending 6/30/16 fund balance of \$8. million. The estimated ending General Fund balance, net of Development Activity Fund 50, is approximately \$6.4 million.

CONCLUSION:

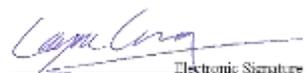
This request is submitted for City Council consideration and possible action.

Respectfully submitted,



Lauren Lai, CPA
Finance Director
City of Marina

REVIEWED/CONCUR:



Layne P. Long
City Manager
City of Marina