



Town of Atherton

FINANCE COMMITTEE STAFF REPORT

TO: FINANCE COMMITTEE

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: NOVEMBER 20, 2014

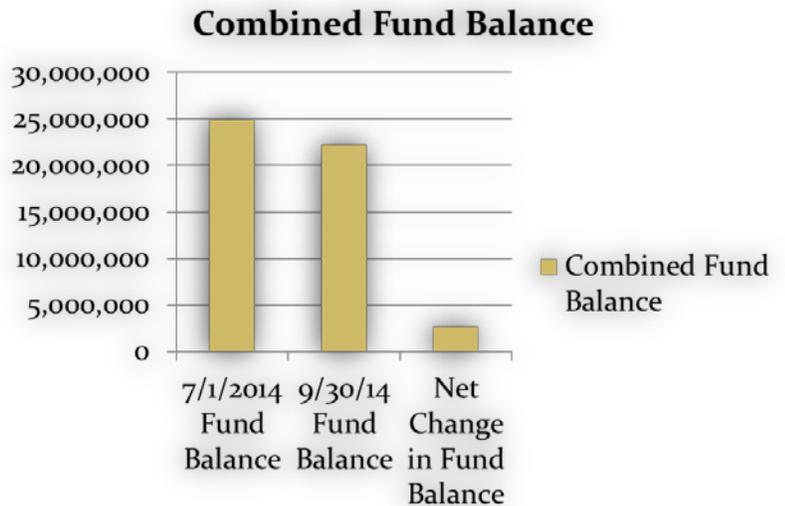
SUBJECT: FINANCIAL REPORT FOR SEPTEMBER 30, 2014

RECOMMENDATION

Receive and File the Combined Statement of Revenues, Expenditures and Changes in Fund Balance Financial Report for September 30, 2014

DISCUSSION

This is a review of the Town’s Annual to date Financial Report, which includes the Combined Statement of Revenues, Expenditures and Changes in Fund Balance. This report provides the current financial status of the Town of Atherton. The Town finished its third month of the 2014-2015 fiscal year (25%). The Town’s Total Ending Fund Balance as of September 30 is \$22,248,039 compared to a beginning fiscal year Total Fund Balance of \$24,894,434.



The Town has a combined net negative change of \$2,646,395. The adjacent chart reflects the combined net change in Fund Balance at September 30, 2014. The Combined Statement consists of four major fund categories: General Fund, Special Revenue Funds, Capital Improvement Funds, and the Internal Service Fund. Property Taxes comprise of 70% of our total yearly revenue and we begin to receive our installments during the months of December and January. The net negative change is contributed to timing of receiving not only property tax but also transportation

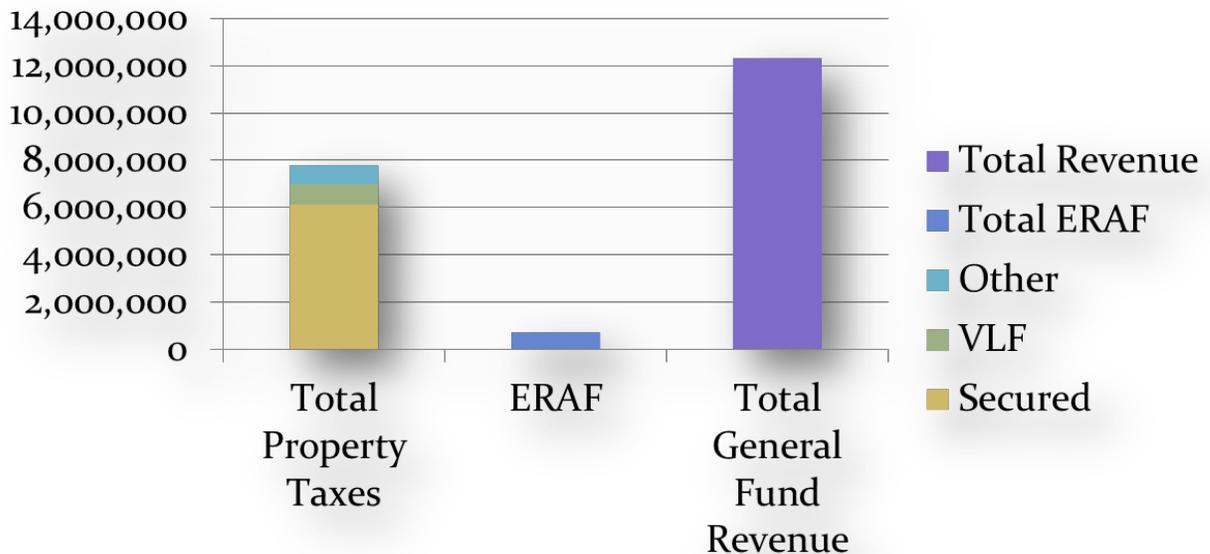
measure funds. All four major funds categories at September 30 have positive ending fund balances.

General Fund

Revenues

The General Fund total revenue to date is \$1,054,990 and is 8.6% of the revenue budget of \$12,319,741. This includes a transfer in of \$93,000 from the Parcel Tax Fund. This is a prorated amount of the total due - \$372,000. During the Fiscal Year 2014-2015 budget discussions, the allocation of Parcel Tax to the General Fund for Police department operations was reduced from 60% to 20%.

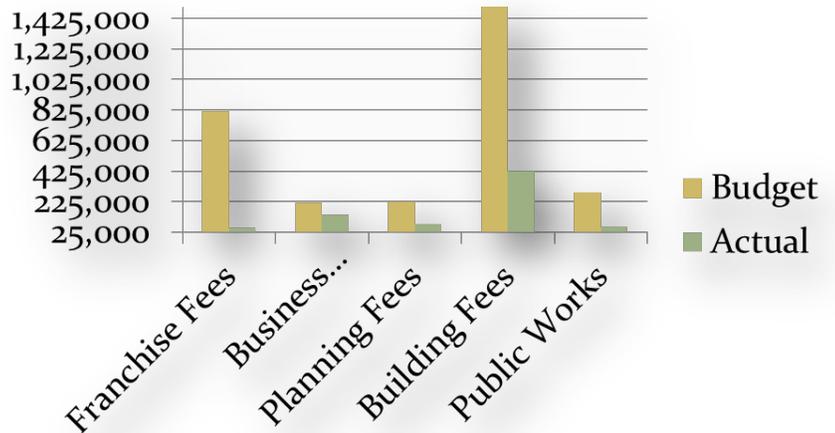
Of the total General Fund Revenue received to date, \$7,321 is from in Property Tax in Lieu (VLF) and \$80,487 in other property taxes. This is a total of \$87,808 for total property taxes and represents 8.3% of total revenue received to date. The chart below reflects the total Property Taxes budget and their representation to total revenues.



Franchise Fees to the Town come from PG&E, Cal Water, Garbage, and Cable. Total Franchise fees to date are \$54,137 or 6.7% to a budget of \$814,044. Business Licenses are \$137,578 or 63.9% of budgeted revenue of \$215,210. Planning fees are at \$75,185 compared to budgeted revenues of 225,280. Building revenues are at \$423,056 in relation to a yearly budget of \$1,559,581 or 27.1% of budget Public Works revenues are \$58,633 and to a budget of \$286,881. A majority of the department revenue is due to encroachment permits of \$46,676.

These revenues are approximately 25% of the total general fund revenue of \$12,319,741.

Major Town revenue sources such as property taxes are received in 2 installments and begin in December.



General Fund Expenditures

The General Fund Expenditures ending September 2014 are \$3,561,951 compared to the total budget of \$11,463,891. Currently total operational expenditures are at 31.1% of budget. In July the Council authorized an allocation of \$1,020,000 towards the OPEB trust. Without the allocation the total expenditures to date would be \$2,541,950 or 22.1% of budget.

As of September 30, 2014 the total General Fund Revenues of \$1,054,990 are deficient to current operational expenditures of \$3,561,951 by \$2,506,960. Most of the operational departments are within their budget in the first quarter with the exception of non-departmental due to the payment of \$1,020,000 towards OPEB trust.

Anticipated Unassigned General Fund Reserves

As a result of the current financial data, the period (September 2014) ending General Fund Balance is \$7,971,189. Based on the current reserve policy and allocating the mandatory 15% for emergency and 20% for operating reserves, the calculated Unassigned General Fund Balance is \$3,958,827.

General Fund Reserve Calculation		
Total General Fund Operational Budget (Sheet 2)		\$ 11,463,891
Period Ending General Fund Balance (Above)		\$ 7,971,189
Minimum Mandatory Emergency Reserve	15%	\$ 1,719,584
Minimum Mandatory Operating Reserve	20%	\$ 2,292,778
Unassigned General Fund Balance		\$ 3,958,827

Special Revenue Funds

Total Special Revenue Funds had a beginning Fund Balance of \$9,606,460 and have a projected ending Fund Balance of \$9,568,274. The major funds in the category are the Library Fund, Building Department Fund and the SLESF Fund. The Library fund receives its money called “donor funds” usually towards the end of the fiscal year in June. These funds are the funds remitted to the Town after the Library major expenditures are paid through the JPA. The Town has maintenance and operational expenses for the facility, as well expenditures for the Library’s portion of the new Town Civic Center. The estimated donor fund revenue for the fiscal year is \$1,185,000. Currently there is no income in the Library Fund. The San Mateo County JPA changed how it remits donor funds to agencies. The Town will no longer receive its “donor funds” at the end of each fiscal year. Instead it will be held in a trust by the JPA and every year we will get our yearly revenue amount that we record as a Trust in our financials. The JPA will only remit donor funds from the Trust once we have spent all of our existing Library revenues. Our financials record both funds held by the Town *and* funds held in Trust by the JPA.

The current Library Funds on hand prior to the JPA change were \$6,174,621. In FY 2012-2013 the JPA held \$1,121,146 in a Trust for the Town. The current balance in the Library Fund as of September is \$7,304,618. During the fiscal year the Library Fund is budgeted to contribute \$1,250,000 for its portion towards the Town Center environmental review, planning and design. Current expenditures to date are \$6,327.

The Building Department Fund is the Town’s capital facilities fund for the new Town Civic Center. The current fund balance as of September 2014 is \$2,166,579. This fund does not receive revenues, only interest income is earned. This fund will appropriate \$1,903,927 towards the planning, design and environmental review of the Town Center in Fiscal Year 2014-2015 and, will include the allocation of the Library portion of the project. The Building Fund currently has expended \$28,604 or 1.5% of its budgeted expenditures.

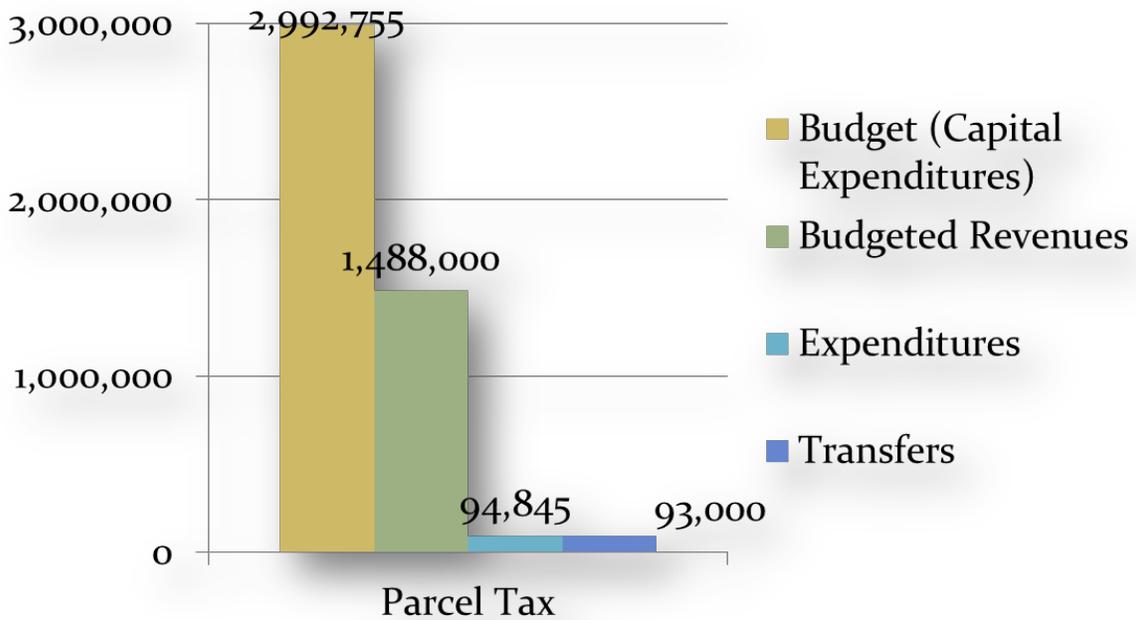
The SLESF Fund is an annual State grant for public safety – front line enforcement. It can be used for personnel or front line equipment. The amount is received is based on a per capita formula with the minimum grant set at \$100,000. The balance in this fund is \$8,661. We budget this fund accordingly and transfer the yearly \$100,000 to the General Fund for the Police Department. This amount is budgeted in the Police Department as an offset to Salaries.

Capital Improvement Funds

There are currently eight (8) capital improvement funds the Town uses for capital improvement/infrastructure needs. The revenue amounts in these funds come from special taxes, transportation tax measures, and property taxes. These are the funds that make up a majority of the Town’s Capital Improvement Program. These funds began with a balance of \$3,696,681 and have a period ending balance of \$3,542,838. The major funds include the Parcel Tax, Measure A, Gas Tax Fund, and the Road Impact Fee (which the Town no longer collects). Since most major capital projects have significant costs, the Town “saves then spends” for capital projects over multiple years.

The Parcel Tax is one of the main revenue sources for capital projects. In Fiscal Year 2014-2015 The Parcel Tax provides \$1,488,000 to the Capital Improvement program based on the new 20%/80% split. The Parcel Tax Fund currently has no revenues as property tax appropriation begin in December. The Parcel tax has current expenditure of \$94,845 and a transfer of \$93,000 to the General Fund. In the Capital Improvement Program for FY 2014-2015, the Parcel Tax budgeted \$2,992,755 for capital expenditures.

Below is a chart reflecting the Parcel Tax Capital Budget allocations including budgeted revenues and current Expenditures:



As of September 2014 the ending balance for the Parcel Tax is \$1,492, 415. A number of capital projects are programmed through the Parcel Tax that include street seal and patching projects, Marsh Road wall repairs, drainage project, accessibility improvements, El Camino Real and bike and pedestrian improvement program.

Measure A is the County Transportation Sales Tax and is used for transportation related capital projects. The current revenues are \$51,423 and to a yearly budgeted revenue of \$250,000. Total expenditures to date are \$29,620 and include the Congestion Relief C/CAG fee of \$24,845. Currently the Bridge Inspection and Traffic Safety programs are budgeted in the fund for a total amount of \$69,705. As of September 2014 the ending fund balance is \$681,232. The Gas Tax Fund has an ending balance of \$225,848. Current revenues are \$57,651 to a budget of \$200,000. The Gas Tax Fund is used for the Capital Improvement Program management and support staff in the Public Works department. A portion of staff time spent on all streets and roads improvement programs is accounted for in this Fund. The Road Impact Fee Fund no longer collects fees and currently has a balance of \$592,168. the Fiscal Year 2014-2015 budget includes expenditure allocation for the Marsh Retaining Wall project.

Capital Projects continue to be an important part of the Town for servicing infrastructure needs and for enhanced improvements on buildings, drainage, and throughout the community.

Internal Service Funds

The Internal Service Funds account for activities involved in rendering services to Town departments. These funds consist of the Workers' Compensation, General Liability, Employee Benefits, and Equipment Replacement Fund. Each fund performs a specific purpose and charges/allocation are made from the General Fund operations budgets to the respective funds. Costs of materials and services used by the Town are accumulated and delivered in these funds.

The total beginning balance of the Internal Service Funds was \$1,206,144 with current total revenues of \$1,332,211, and expenditures of \$1,372,615, for a total ending fund balance of \$1,165,739. For transaction purposes in recording OPEB trust liability, the \$1,020,000 allocation from the General Fund was transferred to the Employee Benefits Fund and then allocated to the Town's OPEB Trust.

The total Combined Statement of Town Funds at September 2014 have combined revenues of \$2,506,600, transfers in of \$93,000 compared to expenditures of \$5,152,995, and transfers out of \$93,000, for a combined net deficient change of \$2,646,395.

FISCAL IMPACT

None.

ATTACHMENT(S)

Combined Statements Annual Financial Report

**Combined Statement of Revenues, Expenditures and
Changes in Fund Balances and Retained Earnings
Period Ending September 30, 2014**

	<u>Fund Balance 7/1/2014</u>	<u>Revenues</u>	<u>Transfers In</u>	<u>Expenditure</u>	<u>Transfers Out</u>	<u>Fund Reserve Adjustments</u>	<u>Ending Fund Balance</u>
General Fund	\$ 10,385,150	\$ 1,054,990	\$ 93,000	\$ 3,561,951			\$ 7,971,189
Special Revenue Funds							
Library Fund	\$ 7,304,618	\$ -	\$ -	\$ 6,327	\$ -	\$ -	\$ 7,298,291
Building Department Fund	\$ 2,195,183	\$ -		\$ 28,604	\$ -	\$ -	\$ 2,166,579
Tennis Fund	\$ 17,640	\$ 1,715	\$ -	\$ 735	\$ -	\$ -	\$ 18,620
SLESF/COPS Grant Fund	\$ 151	\$ 8,510	\$ -	\$ -	\$ -	\$ -	\$ 8,661
Evans Creative Design	\$ 58,069	\$ -	\$ -	\$ 12,745	\$ -	\$ -	\$ 45,324
HP Park Improvement Fund	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Tree Committee	\$ 24,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,799
Total Special Rev Funds	\$ 9,606,460	\$ 10,225	\$ -	\$ 48,411	\$ -	\$ -	\$ 9,568,274
Capital Improvements Fund							
Parcel Tax Fund	\$ 1,680,260	\$ -	\$ -	\$ 94,845	\$ 93,000	\$ -	\$ 1,492,415
Measure A Fund	\$ 659,429	\$ 51,423	\$ -	\$ 29,620	\$ -	\$ -	\$ 681,232
Gas Tax Fund	\$ 212,463	\$ 57,651	\$ -	\$ 44,265	\$ -	\$ -	\$ 225,848
Measure M Fund	\$ 45,817	\$ -	\$ -	\$ 112	\$ -	\$ -	\$ 45,705
Road Impact Fee Fund	\$ 592,211	\$ -	\$ -	\$ 43	\$ -	\$ -	\$ 592,168
Storm Drainage	\$ 29,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,917
Atherton Channel Fund	\$ 240,998	\$ 101	\$ -	\$ -	\$ -	\$ -	\$ 241,099
Capital Improvements Fund	\$ 235,586	\$ -	\$ -	\$ 1,132	\$ -	\$ -	\$ 234,454
Total Capital Projects Funds	\$ 3,696,681	\$ 109,174	\$ -	\$ 170,018	\$ 93,000	\$ -	\$ 3,542,838
Internal Service Fund							
Workers' Compensation Fund	\$ 111,193	\$ 52,650		\$ -	\$ -	\$ -	\$ 163,843
General Liability Fund	\$ 230,735	\$ 87,005	\$ -	\$ 217,469	\$ -	\$ -	\$ 100,271
Employee Benefits Fund	\$ 525,019	\$ 1,147,470	\$ -	\$ 1,127,282	\$ -	\$ -	\$ 545,207
Equipment Replacement Fund	\$ 339,197	\$ 45,086	\$ -	\$ 27,865	\$ -	\$ -	\$ 356,418
Total Internal Service Funds	\$ 1,206,144	\$ 1,332,211	\$ -	\$ 1,372,615	\$ -	\$ -	\$ 1,165,739
Total	\$ 24,894,434	\$ 2,506,600	\$ 93,000	\$ 5,152,995	\$ 93,000	\$ -	\$ 22,248,039

Months in Period 3
Percent of Year Complete 25%

General Fund Reserve Calculation		
Total General Fund Operational Budget (Sheet 2)		\$ 11,463,891
Period Ending General Fund Balance (Above)		\$ 7,971,189
Minimum Mandatory Emergency Reserve	15%	\$ 1,719,584
Minimum Mandatory Operating Reserve	20%	\$ 2,292,778
Unassigned General Fund Balance		\$ 3,958,827

Statement of Revenues
Period Ending September 2014

	FY 2014-2015		
	Budgeted	YTD Actual	%
GENERAL FUND			
Secured Property Taxes	\$ 6,132,731	\$ -	0.0%
ERAF	\$ 700,000	\$ -	0.0%
Property Tax In Lieu (VLF)	\$ 845,667	\$ 7,321	0.9%
Other Property Taxes	\$ 794,693	\$ 80,487	10.1%
Sales Taxes	\$ 232,611	\$ 65,531	28.2%
Franchise Fees	\$ 814,044	\$ 54,137	6.7%
Intergovernmental	\$ 40,047	\$ -	0.0%
Business Licenses	\$ 215,210	\$ 137,578	63.9%
Planning Fees	\$ 225,280	\$ 75,185	33.4%
Building Fees	\$ 1,559,581	\$ 423,056	27.1%
Police Revenues	\$ 80,527	\$ 22,605	28.1%
Public Works Revenues	\$ 286,881	\$ 58,633	20.4%
Park Revenues	\$ 109,631	\$ 63,485	57.9%
Miscellaneous Revenues	\$ 282,838	\$ 66,972	23.7%
TOTAL GENERAL FUND	\$ 12,319,741	\$ 1,054,990	8.6%
SPECIAL REVENUE FUNDS			
Library Fund	\$ 1,185,000	\$ -	0.0%
Building Department Fund	\$ 3,562,000	\$ -	0.0%
Tennis Fund	\$ 8,250	\$ 1,715	20.8%
SLESF/COPS Grant Fund	\$ 100,280	\$ 8,510	8.5%
Evans Creative Design	\$ -	\$ -	#DIV/0!
HP Park Improvement Fund	\$ -	\$ -	#DIV/0!
Tree Committee	\$ -	\$ -	#DIV/0!
TOTAL SPECIAL REV FUNDS	\$ 4,855,530	\$ 10,225	0.2%
CAPITAL PROJECTS FUND			
Parcel Tax Fund	\$ 1,860,000	\$ -	0.0%
Measure A Fund	\$ 250,000	\$ 51,423	20.6%
Gas Tax Fund	\$ 200,000	\$ 57,651	28.8%
Measure M Fund	\$ 75,000	\$ -	0.0%
Road Impact Fee Fund	\$ 3,615	\$ -	0.0%
Storm Drainage	\$ -	\$ -	#DIV/0!
Atherton Channel Fund	\$ 96,300	\$ 101	0.1%
Capital Improvements Fund	\$ 350,000	\$ -	0.0%
TOTAL CAPITAL PROJECTS FUNDS	\$ 2,834,915	\$ 109,174	3.9%
INTERNAL SERVICE FUNDS			
Workers' Compensation Fund	\$ 270,706	\$ 52,650	19.4%
General Liability Fund	\$ 349,321	\$ 87,005	24.9%
Employee Benefits Fund	\$ 534,443	\$ 1,147,470	214.7%
Equipment Replacement Fund	\$ 183,143	\$ 45,086	24.6%
TOTAL INTERNAL SERVICE FUND	\$ 1,337,613	\$ 1,332,211	99.6%
TOTAL REVENUES	\$ 21,347,799	\$ 2,506,600	11.7%

<i>Percent of Year Complete</i>	25%
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**Statement of Expenditures
Period Ending September 2014**

	FY 2014-2015		
	Budgeted	YTD Actual	%
GENERAL FUND			
City Council	\$ 113,296	\$ 34,465	30.4%
Administration	\$ 660,599	\$ 164,272	24.9%
City Attorney	\$ 204,100	\$ 40,610	19.9%
Finance	\$ 643,295	\$ 160,151	24.9%
Planning	\$ 277,890	\$ 46,952	16.9%
Building	\$ 1,343,166	\$ 339,533	25.3%
Police	\$ 6,008,955	\$ 1,403,118	23.4%
Public Works	\$ 1,652,652	\$ 237,704	14.4%
Interdepartmental	\$ 559,938	\$ 1,135,146	202.7%
TOTAL GENERAL FUND	\$ 11,463,891	\$ 3,561,951	31.1%
SPECIAL REVENUE FUNDS			
Library Fund	\$ 1,380,305	\$ 6,327	0.5%
Building Department Fund	\$ 1,903,927	\$ 28,604	1.5%
Tennis Fund	\$ 10,700	\$ 735	6.9%
SLESF/COPS Grant Fund	\$ 100,000	\$ -	0.0%
Evans Creative Design	\$ 15,000	\$ 12,745	85.0%
HP Park Improvement Fund	\$ -	\$ -	#DIV/0!
Tree Committee	\$ -	\$ -	#DIV/0!
TOTAL SPECIAL REV FUNDS	\$ 3,409,932	\$ 48,411	1.4%
CAPITAL PROJECTS & PROGRAM FUNDS			
Parcel Tax Fund	\$ 3,470,758	\$ 94,845	2.7%
Measure A Fund	\$ 429,845	\$ 29,620	6.9%
Gas Tax Fund	\$ 167,848	\$ 44,265	26.4%
Measure M Fund	\$ 69,705	\$ 112	0.2%
Road Impact Fee Fund	\$ 594,000	\$ 43	0.0%
Storm Drainage	\$ -	\$ -	#DIV/0!
Atherton Channel Fund	\$ 352,500	\$ -	0.0%
Capital Improvements Fund	\$ 483,792	\$ 1,132	0.2%
TOTAL CAPITAL PROJECTS FUNDS	\$ 5,568,448	\$ 170,018	3.1%
INTERNAL SERVICE FUNDS			
Workers' Compensation Fund	\$ 223,761	\$ -	0.0%
General Liability Fund	\$ 348,021	\$ 217,469	62.5%
Employee Benefits Fund	\$ 469,407	\$ 1,127,282	240.2%
Equipment Replacement Fund	\$ 190,223	\$ 27,865	14.6%
TOTAL INTERNAL SERVICE FUND	\$ 1,231,412	\$ 1,372,615	111.5%
TOTAL EXPENDITURES	\$ 21,673,683	\$ 5,152,995	23.8%

Percent of Year Complete	25%
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**Statement of Expenditures
Capital Projects
Period Ending September 2014**

	FY 2014-2015 Budget	FY 2014-2015 YTD Actual	%
STREETS AND SIDEWALKS			
Traffic Control Devices Replacement	\$ 15,000	\$ -	0.0%
Pedestrian Traffic Signal	\$ 100,000	\$ -	0.0%
Traffic Safety Program Funding	\$ 50,000	\$ 4,775	9.6%
Bike and Pedestrian Improvement Program	\$ 500,000	\$ -	0.0%
Bike Ped Master Plan	\$ 19,705	\$ -	0.0%
Street Patching Program	\$ 150,000	\$ -	0.0%
Street Sealing Program	\$ 259,083	\$ -	0.0%
Bridge Inpsection & Repair	\$ 50,000	\$ 112	0.2%
Atherton Ave Middlefield Fair Oaks Resurfacing	\$ 350,000	\$ -	0.0%
Street Tree Inventory	\$ 40,000	\$ -	0.0%
TOTAL STREET PROJECTS	\$ 1,533,788	\$ 4,887	0.3%
DRAINAGE			
Roadside Drainage Master Plan & Improvements	\$ 259,617	\$ -	0.0%
Marsh Road Retaining Wall Repair Project	\$ 2,709,303	\$ -	0.0%
Upper Atherton Channel Phase 2	\$ 10,000	\$ -	0.0%
TOTAL DRAINAGE PROJECTS	\$ 2,978,920	\$ -	0.0%
PARKS AND OPEN SPACE			
Park Master Plan	\$ 15,792	\$ 1,132	7.2%
Miscellaneous Landscape Projects	\$ -	\$ -	#DIV/0!
TOTAL PARKS AND OPEN SPACE	\$ 15,792	\$ 1,132	7.2%
COMMUNITY BUILDINGS			
Atherton Library Project	\$ 1,250,000	\$ -	0.0%
Atherton Civic Center Project	\$ 1,902,000	\$ 122,873	6.5%
Town Center Facilities Plan & Repairs	\$ 60,000	\$ -	0.0%
Miscellaneous Building Improvements	\$ -	\$ -	#DIV/0!
TOTAL COMMUNITY BUILDINGS	\$ 3,212,000	\$ 122,873	3.8%
MISCELLANEOUS OTHER			
Series Street Light Repair Project	\$ 150,000	\$ -	0.0%
Miscellaneous Retaining Wall Repairs	\$ -	\$ -	#DIV/0!
Engineering Studies and Services	\$ -	\$ -	#DIV/0!
ADA Improvements	\$ 58,000	\$ -	0.0%
TOTAL MISCELLANEOUS OTHER	\$ 208,000	\$ -	0.0%
TOTAL CAPITAL PROJECTS	\$ 7,948,500	\$ 128,892	1.6%