



Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: MAY 21, 2014

SUBJECT: FINANCIAL REPORT FOR APRIL 30, 2014

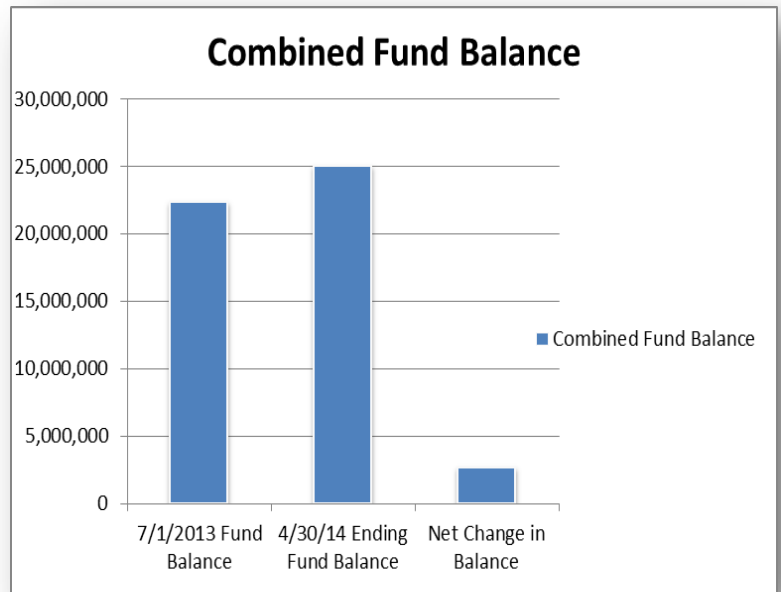
RECOMMENDATION

Receive and File the Combined Statement of Revenues, Expenditures and Changes in Fund Balance Financial Report for April 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 tenth month of the fiscal year (83%). The Town’s Total Ending Fund Balance as of April 30 is \$24,995,468 compared to a beginning fiscal year Total Fund Balance of \$22,327,498.

The Town has a combined net positive change of \$2,667,970. The adjacent chart reflects the combined net change in Fund Balance at April 30, 2014. The Combined Statement



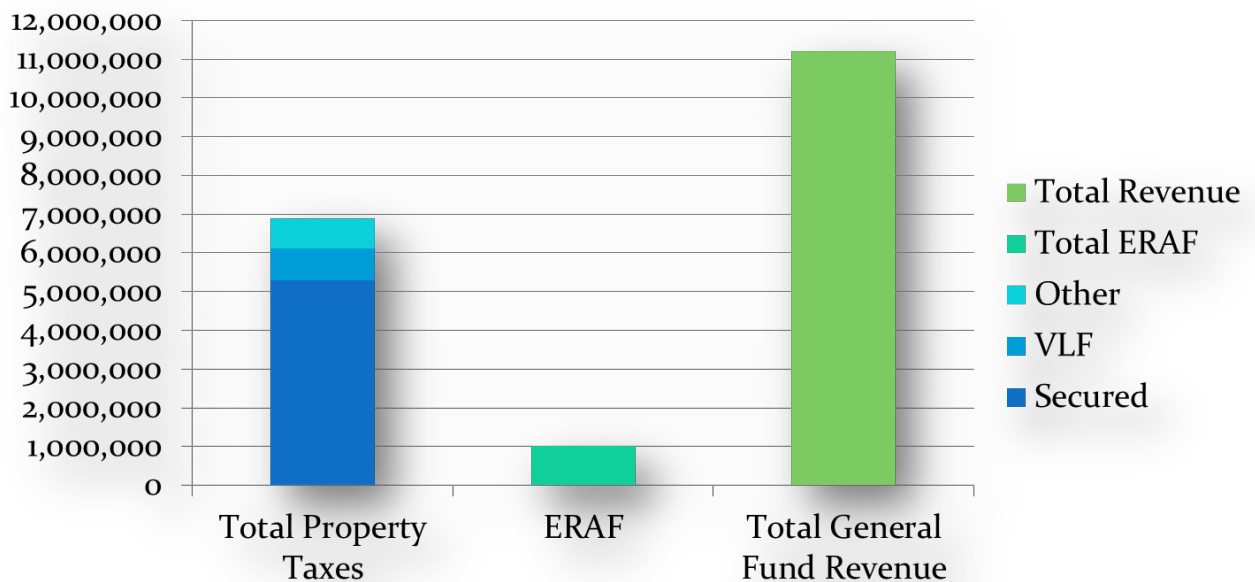
consists of four major fund categories: General Fund, Special Revenue Funds, Capital Improvement Funds, and the Internal Service Fund. All four major funds categories at April 30 have positive ending fund balances.

General Fund

Revenues

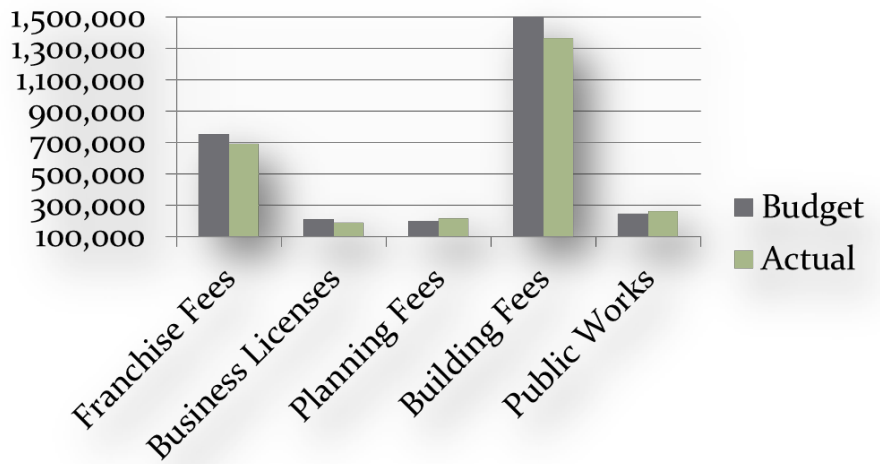
The General Fund total revenue to date is \$11,201,665 and is 92.2% of the revenue budget of \$12,152,729. This includes a transfer in of \$930,000 from the Parcel Tax Fund. This is a prorated amount of the total due - \$1,116,000. There is a year to date transfer out in the amount of \$105,600 for the Civic Center Master Plan.

Of the total General Fund Revenue received to date, \$5,293,517 is from Secured Property Taxes, \$811,531 in Property Tax in Lieu (VLF) and \$791,945 in other property taxes. This is a total of \$6,896,993 for total property taxes and represents 62% of total revenue. ERAF received for the year is at \$1,020,085. The chart below reflects the total Property Taxes and ERAF received and their representation to total revenues to date.



Franchise Fees to the Town come from PG&E, Cal Water, Garbage, and Cable. Total Franchise fees to date are \$688,956 or 91.6% to a budget of \$752,265. Business Licenses are \$188,440 or 89.3% of budgeted revenue of \$210,990. Planning fees are at \$212,547 and exceed budgeted revenues by \$16,096. Building revenues are at \$1,364,044 in relation to a budget of \$1,529,001 and expect to meet budget. Public Works revenues are \$260,280 and exceed their budget of \$245,673. A majority of the department revenue is due to encroachment permits of \$206,892.

These revenues are approximately 24% of the total general fund revenue of \$11,201,665.



Staff does not anticipate any major revenue shortfall for the year. Staff anticipates that all major revenue sources will reach or exceed the stated budget.

General Fund Expenditures

The General Fund Expenditures ending April 2014 are \$10,186,978 compared to the total adjusted budget of \$12,875,476. Currently total operational expenditures are at 79.1% of budget.

As we near the end of the fiscal year, staff does not foresee any unanticipated expenditures. All major expenditures are expected to come in at or below budget. Currently, total General Fund Revenues of \$11,201,665 exceed current operational expenditures of \$10,186,978 by \$1,014,687.

Anticipated Unassigned General Fund Reserves

As a result of the current financial data, the period (April 2014) ending General Fund Balance is \$10,201,543. 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 \$5,695,126.

General Fund Reserve Calculation		
Total General Fund Operational Budget (Sheet 2)		\$ 12,875,476
Period Ending General Fund Balance (Above)		\$ 10,201,543
Minimum Mandatory Emergency Reserve	15%	\$ 1,931,321
Minimum Mandatory Operating Reserve	20%	\$ 2,575,095
Unassigned General Fund Balance		\$ 5,695,126

Special Revenue Funds

Total Special Revenue Funds had a beginning Fund Balance of \$9,646,106 and have a projected ending Fund Balance of \$9,646,149. 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 \$933,000. Currently the only income is interest income in the Library Fund in the amount of \$51,123. Last year 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 April is \$7,295,769

The Building Department Fund is the Town’s capital facilities fund for the new Town Civic Center. The current fund balance as of April 2014 is \$2,188,472. There are no revenues that this fund receives. The \$18,774 in revenue is interest income. This fund received appropriations this year in the amount of a transfer in of \$105,600 from the General Fund for the Civic Center Master Plan.

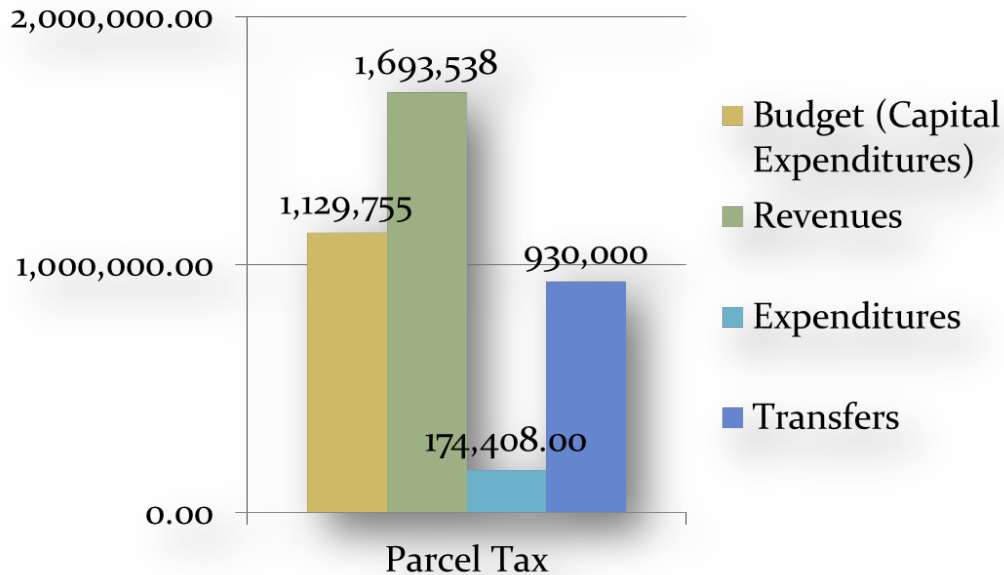
The SLESF Fund is an annual State grant for public safety – front line enforcement. It can be used for personnel or front line equipment. The amount is received is based on a per capita formula with the minimum grant set at \$100,000. The balance in this fund is \$56,235. We budget this fund accordingly 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 \$3,295,374 and have a period ending balance of \$3,995,594. 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. The Parcel Tax provides \$744,000 to the Capital Improvement program based on the current 60%/40% split. Current revenues in the Parcel Tax Fund are \$1,693,538 with current expenditures of \$174,408 and a transfer of \$930,000 to the General Fund. In the Capital Improvement Program for FY 2013-2014, the Parcel Tax budgeted \$1,129,755 for capital expenditures.

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



As of April 2014 the ending balance for the Parcel Tax is \$2,060,775. A number of capital projects are programmed through the Parcel Tax that include street seal and patching projects, Marsh Road wall repairs, drainage project, series street light replacement, street signage and striping, and bike lane thermoplastic.

Some projects in the Capital Improvement Program may take time before the project is implemented. As we approach each fiscal year end, staff reviews the capital improvement program and re-budget any projects not started and/or are in the current capital improvement process and not completed.

Measure A is the County Transportation Sales Tax and is used for transportation related capital projects. The current revenues of \$261,887 exceed the current budget of \$250,000. Total expenditures to date are \$28,147 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 \$60,000. As of April 2014 the ending fund balance is \$603,212. The Gas Tax Fund has an ending balance of \$184,051. Current revenues are \$181,906 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 \$590,386. Staff budgets street patch and STP projects out of this fund.

Capital Projects are 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/allocations 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 Workers' Compensation Fund accounts for the cost and expense of managing the workers' compensation program through the Town's risk pool insurer Cities Group. Also within this fund are costs related to risk management and prevention – safety training, educational materials and accident prevention programs.

The General Liability Fund hosts the insurance costs for liability claims and property losses. The Town is part of the insurance pool of ABAG (Association of Bay Area Governments). The activities within this fund provide for expenses related to general liability insurance, employment practice insurance and self-insured retention claims.

The Employee Benefits Fund is used for the accounting and accumulation of costs internally among the Town's various departments for employee benefits including other post-employment benefits other than pension, compensated absences and potential unemployment charges.

The Equipment Replacement Fund is used for the replacement of Town vehicles and capital equipment. The annual contribution to this fund comes from amortizations across the various departments that use capital equipment for daily operations. Each department has a charge against the particular equipment to amortize the cost of replacement of the equipment.

The total beginning balance of the Internal Service Funds was \$1,023,562 with current total revenues of \$1,087,748, transfers in of \$107,000 and expenditures of \$1,066,129, for a total ending fund balance of \$1,152,181. The Town has an underfunded Workers' Compensation Reserve based on the Town's experience modifier. Cities Group requires that the Town increase its annual contribution. This is a "major fiscal change" for FY 2014/15.

The total Combined Statement of Town Funds at April 2014 have combined revenues of \$14,658,168, transfers in of \$1,142,600 compared to expenditures of \$12,097,198, and transfers out of \$1,035,600, for a combined net positive change of \$2,667,970. As we near the end of the fiscal year staff will continue to update the Financial Report and provide the financial status outlook for Fiscal Year 2013-2014.

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 April, 2014**

	<u>Fund Balance 7/1/2013</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	\$ 8,362,456	\$ 11,201,665	\$ 930,000	\$ 10,186,978	\$ 105,600	\$ -	\$ 10,201,543
Special Revenue Funds							
Library Fund	\$ 7,341,403	\$ 51,123	\$ -	\$ 96,757	\$ -	\$ -	\$ 7,295,769
Building Department Fund	\$ 2,190,486	\$ 18,774	\$ 105,600	\$ 126,387	\$ -	\$ -	\$ 2,188,472
Tennis Fund	\$ 13,434	\$ 6,907	\$ -	\$ 3,359	\$ -	\$ -	\$ 16,982
SLESF/COPS Grant Fund	\$ 151	\$ 56,084	\$ -	\$ -	\$ -	\$ -	\$ 56,235
Evans Creative Design	\$ 69,833	\$ 474	\$ -	\$ 12,415	\$ -	\$ -	\$ 57,892
HP Park Improvement Fund	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Tree Committee	\$ 24,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,799
Total Special Rev Funds	\$ 9,646,106	\$ 133,362	\$ 105,600	\$ 238,918	\$ -	\$ -	\$ 9,646,149
Capital Improvements Fund							
Parcel Tax Fund	\$ 1,471,645	\$ 1,693,538	\$ -	\$ 174,408	\$ 930,000	\$ -	\$ 2,060,775
Measure A Fund	\$ 369,471	\$ 261,887	\$ -	\$ 28,147	\$ -	\$ -	\$ 603,212
Gas Tax Fund	\$ 140,607	\$ 181,906	\$ -	\$ 138,463	\$ -	\$ -	\$ 184,051
Measure M Fund	\$ 77,919	\$ 636	\$ -	\$ 29,824	\$ -	\$ -	\$ 48,731
Road Impact Fee Fund	\$ 774,040	\$ 6,379	\$ -	\$ 190,033	\$ -	\$ -	\$ 590,386
Storm Drainage	\$ 29,582	\$ 244	\$ -	\$ -	\$ -	\$ -	\$ 29,826
Atherton Channel Fund	\$ 149,606	\$ 88,081	\$ -	\$ 6,657	\$ -	\$ -	\$ 231,030
Capital Improvements Fund	\$ 282,504	\$ 2,720	\$ -	\$ 37,641	\$ -	\$ -	\$ 247,583
Total Capital Projects Funds	\$ 3,295,374	\$ 2,235,392	\$ -	\$ 605,172	\$ 930,000	\$ -	\$ 3,995,594
Internal Service Fund							
Workers' Compensation Fund	\$ 83,620	\$ 89,046	\$ 107,000	\$ 147,001	\$ -	\$ -	\$ 132,665
General Liability Fund	\$ 143,803	\$ 313,687	\$ -	\$ 248,709	\$ -	\$ -	\$ 208,781
Employee Benefits Fund	\$ 369,839	\$ 568,308	\$ -	\$ 438,019	\$ -	\$ -	\$ 500,127
Equipment Replacement Fund	\$ 426,300	\$ 116,708	\$ -	\$ 232,400	\$ -	\$ -	\$ 310,608
Total Internal Service Funds	\$ 1,023,562	\$ 1,087,748	\$ 107,000	\$ 1,066,129	\$ -	\$ -	\$ 1,152,181
Total	\$ 22,327,498	\$ 14,658,168	\$ 1,142,600	\$ 12,097,198	\$ 1,035,600	\$ -	\$ 24,995,468

Months in Period 10
Percent of Year Complete 83%

General Fund Reserve Calculation	
Total General Fund Operational Budget (Sheet 2)	\$ 12,875,476
Period Ending General Fund Balance (Above)	\$ 10,201,543
Minimum Mandatory Emergency Reserve 15%	\$ 1,931,321
Minimum Mandatory Operating Reserve 20%	\$ 2,575,095
Unassigned General Fund Balance	\$ 5,695,126

**Statement of Revenues
Period Ending April 2014**

	FY 2013-2014		
	Budgeted	YTD Actual	%
GENERAL FUND			
Secured Property Taxes	\$ 5,896,857	\$ 5,293,517	89.8%
ERAF	\$ 1,020,085	\$ 1,020,085	100.0%
Property Tax In Lieu (VLF)	\$ 813,141	\$ 811,531	99.8%
Other Property Taxes	\$ 764,127	\$ 791,945	103.6%
Sales Taxes	\$ 213,181	\$ 179,464	84.2%
Franchise Fees	\$ 752,265	\$ 688,956	91.6%
Intergovernmental	\$ 39,262	\$ 22,968	58.5%
Business Licenses	\$ 210,990	\$ 188,440	89.3%
Planning Fees	\$ 196,451	\$ 212,547	108.2%
Building Fees	\$ 1,529,001	\$ 1,364,044	89.2%
Police Revenues	\$ 93,221	\$ 61,413	65.9%
Public Works Revenues	\$ 245,673	\$ 260,280	105.9%
Park Revenues	\$ 82,907	\$ 73,240	88.3%
Miscellaneous Revenues	\$ 295,568	\$ 233,235	78.9%
TOTAL GENERAL FUND	\$ 12,152,729	\$ 11,201,665	92.2%
SPECIAL REVENUE FUNDS			
Library Fund	\$ 933,000	\$ 51,123	5.5%
Building Department Fund	\$ -	\$ 18,774	#DIV/0!
Tennis Fund	\$ 8,900	\$ 6,907	77.6%
SLESF/COPS Grant Fund	\$ 100,000	\$ 56,084	56.1%
Evans Creative Design	\$ -	\$ 474	#DIV/0!
HP Park Improvement Fund	\$ -	\$ -	#DIV/0!
Tree Committee	\$ -	\$ -	#DIV/0!
TOTAL SPECIAL REV FUNDS	\$ 1,041,900	\$ 133,362	12.8%
CAPITAL PROJECTS FUND			
Parcel Tax Fund	\$ 1,860,000	\$ 1,693,538	91.1%
Measure A Fund	\$ 250,000	\$ 261,887	104.8%
Gas Tax Fund	\$ 200,000	\$ 181,906	91.0%
Measure M Fund	\$ 75,000	\$ 636	0.8%
Road Impact Fee Fund	\$ 3,300	\$ 6,379	193.3%
Storm Drainage	\$ -	\$ 244	#DIV/0!
Atherton Channel Fund	\$ 82,000	\$ 88,081	107.4%
Capital Improvements Fund	\$ 350,000	\$ 2,720	0.8%
TOTAL CAPITAL PROJECTS FUNDS	\$ 2,820,300	\$ 2,235,392	79.3%
INTERNAL SERVICE FUNDS			
Workers' Compensation Fund	\$ 119,469	\$ 89,046	74.5%
General Liability Fund	\$ 312,026	\$ 313,687	100.5%
Employee Benefits Fund	\$ 687,945	\$ 568,308	82.6%
Equipment Replacement Fund	\$ 138,480	\$ 116,708	84.3%
TOTAL INTERNAL SERVICE FUND	\$ 1,257,920	\$ 1,087,748	86.5%
TOTAL REVENUES	\$ 17,272,849	\$ 14,658,168	84.9%

<i>Percent of Year Complete</i>	83%
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**Statement of Expenditures
Period Ending April**

FY 2013-2014

	Budgeted	YTD Actual	%
GENERAL FUND			
City Council	\$ 83,598	\$ 45,339	54.2%
Administration	\$ 646,007	\$ 505,717	78.3%
City Attorney	\$ 204,100	\$ 128,000	62.7%
Finance	\$ 611,260	\$ 485,330	79.4%
Planning	\$ 275,600	\$ 195,119	70.8%
Building	\$ 1,311,547	\$ 1,086,759	82.9%
Police	\$ 5,657,772	\$ 4,356,972	77.0%
Public Works	\$ 1,529,071	\$ 931,446	60.9%
Interdepartmental	\$ 2,556,521	\$ 2,452,296	
TOTAL GENERAL FUND	\$ 12,875,476	\$ 10,186,978	79.1%
SPECIAL REVENUE FUNDS			
Library Fund	\$ 206,400	\$ 96,757	46.9%
Building Department Fund	\$ 129,800	\$ 126,387	97.4%
Tennis Fund	\$ 22,000	\$ 3,359	15.3%
SLESF/COPS Grant Fund	\$ -	\$ -	#DIV/0!
Evans Creative Design	\$ -	\$ 12,415	#DIV/0!
HP Park Improvement Fund	\$ -	\$ -	#DIV/0!
Tree Committee	\$ -	\$ -	#DIV/0!
TOTAL SPECIAL REV FUNDS	\$ 358,200	\$ 238,918	66.7%
CAPITAL PROJECTS & PROGRAM FUNDS			
Parcel Tax Fund	\$ 1,129,755	\$ 174,408	15.4%
Measure A Fund	\$ 84,845	\$ 28,147	33.2%
Gas Tax Fund	\$ 167,848	\$ 138,463	82.5%
Measure M Fund	\$ 35,000	\$ 29,824	85.2%
Road Impact Fee Fund	\$ 150,000	\$ 190,033	126.7%
Storm Drainage	\$ -	\$ -	#DIV/0!
Atherton Channel Fund	\$ 10,000	\$ 6,657	66.6%
Capital Improvements Fund	\$ 502,500	\$ 37,641	7.5%
TOTAL CAPITAL PROJECTS FUNDS	\$ 2,079,948	\$ 605,172	29.1%
INTERNAL SERVICE FUNDS			
Workers' Compensation Fund	\$ 196,184	\$ 147,001	74.9%
General Liability Fund	\$ 310,526	\$ 248,709	80.1%
Employee Benefits Fund	\$ 634,288	\$ 438,019	69.1%
Equipment Replacement Fund	\$ 176,980	\$ 232,400	131.3%
TOTAL INTERNAL SERVICE FUND	\$ 1,317,978	\$ 1,066,129	80.9%
TOTAL EXPENDITURES	\$ 16,631,602	\$ 12,097,198	72.7%

Percent of Year Complete	83%
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**Statement of Expenditures
Capital Projects
Period Ending April 2014**

	FY 2013-2014 Budget	FY 2013-2014 YTD Actual	%
STREETS AND SIDEWALKS			
Traffic Control Devices Replacement	\$ 30,000	\$ -	0.0%
Pedestrian Traffic Signal	\$ 135,000	\$ -	0.0%
Traffic Safety Program Funding	\$ 50,000	\$ 1,862	3.7%
Bike Lanes and Paths	\$ 50,000	\$ -	0.0%
Bike Ped Master Plan	\$ 35,000	\$ 29,824	85.2%
Street Patching Program	\$ 100,000	\$ -	0.0%
Street Sealing Program	\$ 350,000	\$ 109,717	31.3%
Bridge Inpsection & Repair	\$ 10,000	\$ 8,507	85.1%
Atherton Ave Middlefield Fair Oaks Resurfacing	\$ 500,000	\$ -	0.0%
Miscellaneous Pavement Marking	\$ -	\$ -	#DIV/0!
Miscellaneous Roadway Improvements	\$ -	\$ -	#DIV/0!
TOTAL STREET PROJECTS	\$ 1,260,000	\$ 149,909	11.9%
DRAINAGE			
Roadside Drainage Master Plan & Improvements	\$ 100,000	\$ 32,431	32.4%
Marsh Road Retaining Wall Repair Project	\$ 210,000	\$ 14,610	7.0%
Upper Atherton Channel Phase 2	\$ 10,000	\$ 3,400	34.0%
Storm Drain Videotaping	\$ -	\$ -	#DIV/0!
Miscellaneous Storm Drain Repairs	\$ -	\$ -	#DIV/0!
TOTAL DRAINAGE PROJECTS	\$ 320,000	\$ 50,441	15.8%
PARKS AND OPEN SPACE			
Park Master Plan	\$ 75,000	\$ 37,641	50.2%
Miscellaneous Landscape Projects	\$ -	\$ -	#DIV/0!
TOTAL PARKS AND OPEN SPACE	\$ 75,000	\$ 37,641	50.2%
COMMUNITY BUILDINGS			
Atherton Library Project	\$ 75,000	\$ 64,995	86.7%
Atherton Civic Center Project	\$ 150,000	\$ 122,873	81.9%
Town Center Facilities Plan & Repairs	\$ 70,000	\$ -	0.0%
Miscellaneous Building Improvements	\$ -	\$ -	#DIV/0!
TOTAL COMMUNITY BUILDINGS	\$ 295,000	\$ 187,868	63.7%
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	\$ 17,500	\$ -	0.0%
TOTAL MISCELLANEOUS OTHER	\$ 167,500	\$ -	0.0%
TOTAL CAPITAL PROJECTS	\$ 2,117,500	\$ 425,859	20.1%