



COUNCIL AGENDA REPORT

CITY COUNCIL

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

MEETING DATE: March 13, 2017

TO: Mayor and City Council

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

CONTACT: Suzanne Dean, Finance Director (209) 538-5764
suzanne.dean@ci.ceres.ca.us

SUBJECT: Resolution No. 2017-23, approving the Fiscal Year 2016-2017
Mid-Year Budget Amendment

RECOMMENDED COUNCIL ACTION:

Staff recommends Council approve the Fiscal Year 2016-2017 Mid-Year Budget Amendment.

I. BACKGROUND:

Revenues for Fiscal Year 2016-2017 are tracking almost identical to last fiscal year. As of December 31, 2016 we have received 33.99% of the budgeted revenues, as compared to 33.85% as of December 31, 2015. General Fund revenue received as of December 31, 2016 equals 22.81% of the budgeted revenues as compared to 22.10% as of December 31, 2015. 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 2017 and are not reflected on these reports.

Total expenditures, including encumbrances, as of December 31, 2016 equal 38.34% of the budgeted expenditures as compared to 43.49% as of December 31, 2015. General Fund expenditures, including encumbrances, as of December 31, 2016 equal 47.85% as compared to 48.31% as of December 31, 2015. 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 normally has one payment recorded. However, Stanislaus County did not forward our first installment of property tax revenue to us until January 2017; therefore this payment is not reflected in the revenue report. A large semi-annual payment is received from the State of California for Motor Vehicle in Lieu 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, 2016.

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 4.17% for fiscal year 2016-2017 compared to an increase of 5.83% for fiscal year 2015-2016.

Sales Tax – Under an agreement with Stanislaus County, Ceres receives 0.95% of its local 1% share and the County gets the remaining 0.05%. The “Triple Flip” ended and the City did receive the one time “bump” in Sales Tax revenue of \$697,000 in Fiscal Year 2015/16. Sales Tax growth has slowly increased with an anticipated growth of 6% for fiscal year 2017. The completion of the Mitchell Ranch lawsuit opens the City to future retail growth which is greatly needed.

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 2017 and May 2017. 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, 2016.

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 began 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 above 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 0.680% for December 2016. We began investing outside of LAIF in July of 2016. Rate of return are at a minimum of double the LAIF rate. We will have a more detailed presentation on investment earnings at a later date.

II. REASONS FOR RECOMMENDATION:

The attached budget amendment details the required changes to the 2016-2017 budget allocations. As approved by the Council on February 27, 2017, lower available funding from the StanCOG Local Transportation Funds (LTF) requires some budgetary changes to complete several projects. Many federally funded projects were anticipated to use the LTF as matching funds. There is now insufficient funding in Fund 273 StanCog Local Transportation to complete the budgeted projects. The funding source is being changed from Fund 273 to various other funds. None of these projects are being allocated to the General Fund.

Human Resources was required to engage a new service provider to complete the Affordable Care Act (ACA) reporting for 2016. This item was not in the original budget and requires a budget amendment of \$4,000 to the General Fund, \$2,000 to the Water Fund and \$2,000 to the Sewer Fund. Additionally, all payroll funds are being adjusted to cover the costs of health care premiums after completing the analysis from open enrollment. The General Fund will be adjusted by a \$107,861 for health care. The remaining changes are contained in the attached budget amendment.

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. Staff recommends Council approve the attached resolution and budget amendment.

III. FISCAL IMPACTS:

There is sufficient revenue to cover the shift of expenditures in the transportation fund to the other funds detailed in the attached budget amendment.

The increase to the General Fund will come from our reserves.

IV. STEPS FOLLOWING APPROVAL:

The Finance Department will process the approved budget amendment.



Approved by: _____
Toby Wells, P.E., City Manager

Attachments:

1. Resolution
2. Budget Amendment
3. Revenue Report July 1 through December 31, 2016
4. Expenditure Report July 1 through December 31, 2016

RESOLUTION NO. 2017-23

**RESOLUTION APPROVING THE FISCAL YEAR 2016-2017 MID-YEAR BUDGET
AMENDMENT**

THE CITY COUNCIL
City of Ceres, California

WHEREAS, the City Council approval of the Fiscal Year 2016-2017 budget on July 11, 2016; 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 various funds which are detailed in the attached budget amendment.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the City Council of the City of Ceres does hereby approve a budget amendment with the line items being adjusted 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 13th day of March, 2017, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ATTEST:

Chris Vierra, Mayor

Diane Nayares-Perez, City Clerk

Resolution NO. 2017 -23

City of Ceres
 Mid-Year Budget Adjustments
 Fiscal Year 2016-2017

BA # _____

Account No.	Amendment Amount	Fund Totals
100.09.0122.0 Employee Group Insurance	(9,559)	
100.10.0122.0 Employee Group Insurance	50,579	
100.13.0122.0 Employee Group Insurance	154	
100.14.0122.0 Employee Group Insurance	(2,100)	
100.15.0122.0 Employee Group Insurance	70,002	
100.18.0122.0 Employee Group Insurance	(958)	
100.19.0122.0 Employee Group Insurance	754	
100.40.0122.0 Employee Group Insurance	567	
100.55.0122.0 Employee Group Insurance	(6,070)	
100.63.0122.0 Employee Group Insurance	759	
100.65.0122.0 Employee Group Insurance	2,374	
100.66.0122.0 Employee Group Insurance	(114)	
100.66.0299.0 Contract Services	4,000	
100.67.0122.0 Employee Group Insurance	(1,578)	
100.70.0122.0 Employee Group Insurance	203	
100.73.0122.0 Employee Group Insurance	8,850	
100.75.0122.0 Employee Group Insurance	(6,002)	
General Fund Total		\$ 111,861
245.18.0122.0 Employee Group Insurance	145	
245.19.0122.0 Employee Group Insurance	(1,330)	
AB939 Total		\$ (1,185)
255.18.0122.0 Employee Group Insurance	145	
255.19.0122.0 Employee Group Insurance	145	
255.30.0122.0 Employee Group Insurance	8,461	
State Gas Tax Total		\$ 8,751
262.10.0122.0 Employee Group Insurance	8,126	
262.15.0122.0 Employee Group Insurance	14,372	
Meas H Total		\$ 22,498
263.15.0122.1 Employee Group Insurance	(28,145)	
SAFER Grant Total		\$ (28,145)
275.55.0122.0 Employee Group Insurance	(907)	
Community Center Total		\$ (907)
292.30.0122.0 Employee Group Insurance	683	
292.40.0122.0 Employee Group Insurance	189	
St Light/Landscaping Total		\$ 872
295.10.0122.0 Employee Group Insurance	399	
AVA Total		\$ 399
466.58.0122.0 Employee Group Insurance	305	
CRA Successor Total		\$ 305

Resolution NO. 2017 _____

City of Ceres
 Mid-Year Budget Adjustments
 Fiscal Year 2016-2017

BA # _____

Account No.	Ammendment Amount	Fund Totals
469.59.0122.0 Employee Group Insurance	(97)	
SCRC Successor Total		\$ (97)
527.18.0122.0 Employee Group Insurance	929	
527.19.0122.0 Employee Group Insurance	1,217	
527.19.0122.0 Employee Group Insurance	465	
527.35.0122.0 Employee Group Insurance	(7,534)	
527.36.0122.0 Employee Group Insurance	(10,468)	
527.63.0122.0 Employee Group Insurance	380	
527.65.0122.0 Employee Group Insurance	1,188	
527.66.0122.0 Employee Group Insurance	(57)	
527.66.0299.0 Contract Services	2,000	
527.73.0122.0 Employee Group Insurance	8,848	
527.75.0122.0 Employee Group Insurance	(1,412)	
Water Fund Total		\$ (4,446)
567.18.0122.0 Employee Group Insurance	929	
567.19.0122.0 Employee Group Insurance	1,217	
567.19.0122.0 Employee Group Insurance	465	
567.25.0122.0 Employee Group Insurance	20,798	
567.30.0122.0 Employee Group Insurance	4,504	
567.63.0122.0 Employee Group Insurance	380	
567.65.0122.0 Employee Group Insurance	1,188	
567.66.0122.0 Employee Group Insurance	(57)	
567.66.0299.0 Contract Services	2,000	
567.73.0122.0 Employee Group Insurance	8,848	
567.75.0122.0 Employee Group Insurance	(1,412)	
Sewer Fund Total		\$ 38,858
571.19.0122.0 Employee Group Insurance	(3,654)	
StanCog Dial a Ride Total		\$ (3,654)
600.20.0122.0 Employee Group Insurance	13,714	
Fleet Total		\$ 13,714
616.16.0122.0 Employee Group Insurance	13,328	
IT Total		\$ 13,328
679.41.0122.0 Employee Group Insurance	6,104	
Building Maintenance Total		\$ 6,104
Total Adjustments	\$ 178,253	\$ 178,253

Changes in Funding Source (from Fund 273)		
251.95.1509.0 ITS Signal Sync Ph II	8,399	
251.95.1510.0 Traffic Signal Sync Improvements	93,758	
251.95.1511.0 Roundabout Design Project	31,092	
251.95.1605.0 Service Rd Overlay PH II	6,146	
251.95.1606.0 ITS Signal Sync Ph III	6,146	
251.95.1608.0 Traf Sig Modif Roeding/Mitch	3,231	
251.95.1609.0 ITS Signal Sync Ph IV	6,146	
Street Expansion Total		\$ 154,918
268.95.1530.0 Mitchell Rd Overlay Ph IV	236	
268.95.1531.0 Service Rd Overlay Ph II	285	

Resolution NO. 2017 _____

City of Ceres
Mid-Year Budget Adjustments
Fiscal Year 2016-2017

BA # _____

Account No.	Ammendment Amount	Fund Totals
Federal Transportation Total	\$	521

Resolution NO. 2017 _____

City of Ceres
 Mid-Year Budget Adjustments
 Fiscal Year 2016-2017

BA # _____

Account No.	Ammendment Amount	Fund Totals
489.95.1517.0 Citywide Rd Improvements	40,476	
Bonds - CRA Successor		\$ 40,476
527.19.0110.0 Salaries and Wages	19,609	
527.19.0111.0 Overtime	664	
527.19.0117.0 Temporary Employee Salaries	3,685	
527.19.0121.0 Social Security (FICA)	1,971	
527.19.0122.0 Employee Group Insurance	4,418	
527.19.0123.0 Retirement Plan Charges	6,210	
527.19.0124.0 Worker's Compensation	844	
527.19.0271.0 ISF - IT Allocation	2,130	
Water Fund Total		\$ 39,531
567.19.0110.0 Salaries and Wages	19,609	
567.19.0111.0 Overtime	664	
567.19.0117.0 Temporary Employee Salaries	3,685	
567.19.0121.0 Social Security (FICA)	1,971	
567.19.0122.0 Employee Group Insurance	4,418	
567.19.0123.0 Retirement Plan Charges	6,210	
567.19.0124.0 Worker's Compensation	844	
567.19.0271.0 ISF - IT Allocation	2,130	
Sewer Fund Total		\$ 39,531
Total Changes in Funding Source	\$ 274,977	\$ 274,977

Elimination of Budget StanCog Trans Fund		
273.19.0299.0 Contract Services	(82,754.55)	
273.95.1315.0 ITS Signal Synch Phase I	(560.59)	
273.95.1317.0 Mitchell overly, PH 3	(59,413.94)	
273.95.1407.0 ADA Compliance	(31,756.12)	
273.95.1408.0 Nadine w/o Richland St Impr	(69,741.79)	
273.95.1512.0 Whit/Morgan Intersec Improve	(9,096.03)	
273.95.1513.0 Citywide Traffic Calming Policy	(25,000.00)	
273.95.1514.0 ADA Transition Plan/Compliance	(19,051.50)	
273.95.1534.0 STRS Don Pedro/Nadine Corridor	(5,000.00)	
273.95.1607.0 Traffic Signal- Morgan/Service Rd	(144,600.00)	
273.95.1610.0 ADA Compliance	(150,000.00)	
273.95.1613.0 Upgrade Wiring 10 Traffic Intersec	(159,550.00)	
273.95.1706.0 ATP SRTS Whitmore Corridor	(305,653.00)	
273.95.1707.0 Blaker Rd Overlay Ph I	(72,463.00)	
273.95.1708.0 Traf Signal Morgan/Service	(144,600.00)	
273.95.1709.0 ADA Compliance	(150,000.00)	
273.95.7711.0 Strm Drain Outfall N Richland	(45,265.32)	
Elimination of Budget StanCog Trans Total	\$ (1,474,506)	\$ (1,474,506)