

CITY of BANNING



Proud History
Prosperous Tomorrow

Fiscal Year 2013-14 Interim Financial Report

*6 months ended, December 2013
(50% of the year complete)*



General Fund Overview

General Fund – The General Fund Overview table provides a snapshot of budgeted revenues compared to the budgeted expenditures. The General Fund budget was adopted with a balanced budget. The Adjusted Budget includes continuing appropriations for grants, capital projects, revenue carryovers, as well as encumbrances carried forward from June 30, 2013. The Actual Activity covers the 6 month activity through the end of December, 2013 and reports revenues and expenditures that are approximately at 34% and 48% respectively. This report, however, does not reflect any mid-year budget adjustments.

General Fund Overview

General Fund Categories	Adjusted Budget	Actual Activity	%
Revenues	13,610,665	4,580,417	33.7%
Expenditures	13,832,723	6,646,334	48.0%
Excess Revenues (Expenditures)	(222,058)	(2,065,917)	930.4%

General Fund Revenue Details

Monthly Variance Table: General Fund Top 6 Revenues

Top Revenue Sources	Fiscal Year 2013-14						Fiscal Year 2012-13		
	Annual Budget Adopted	Annual Budget Adjusted	YTD Budget Dec 2013	YTD Actual Dec 2013	Difference	% Realized	YTD Actual Dec 2012	Change from Prior YR	% Change
Property Taxes	3,873,499	3,926,118	1,963,059	705,939	(1,257,120)	36.0%	690,239	15,700	2.3%
Electric - Admin	3,000,500	3,000,500	1,500,250	1,500,252	2	100.0%	1,376,550	123,702	9.0%
Sales & Use Taxes	2,510,915	2,510,915	1,255,458	662,862	(592,596)	52.8%	590,409	72,453	12.3%
Franchise Taxes	826,000	826,000	413,000	282,038	(130,962)	68.3%	266,011	16,027	6.0%
BUA Lease Payments	651,000	651,000	325,500	325,500	-	100.0%	325,500	-	0.0%
TOT Tax	590,000	590,000	295,000	157,193	(137,807)	53.3%	137,309	19,884	14.5%
Total	11,451,914	11,504,533	5,752,267	3,633,783	(2,118,483)	63.2%	3,386,018	247,765	7.3%

The six revenues identified in the table above account for approximately 84% of the Adjusted Budget and 79% of the actual revenues in the General Fund. These revenues are a good indication of the status of the General Fund.

- A comparison of the adopted vs. adjusted budget for these six (6) revenues shows a net increase of \$52,619 due to the carryover portion of the 2013 projected revenue for Property Taxes (Teeter Apportionment).
- A comparison of YTD Budget vs. YTD Actual shows that 4 of these 6 revenues fell short of budget by approximately \$2.1M mainly due to the timing of receipts, particularly for Property Taxes and Sales & Use Tax backfill.
- Comparing the YTD Actual December 2013 revenues versus the YTD Actual December 2012 revenues provides a better indication of whether or not City revenues are improving. Revenues show an increase of 7.3% compared to the same period in the prior fiscal year.

Interim Financial Report

- 6 Months Ended December 31, 2013

Property Taxes – The City receives approximately 17 cents on the dollar through property taxes. Typically, the major receipts of property taxes are in January, April and May. In addition, due to various State actions (i.e. VLF Swap), the City receives the “in Lieu” property taxes twice a year (January and June). Compared to 2013, property tax revenues increased by approximately 2%.

Electric Admin – The General Fund charges the Electric utility a 10% administrative charge on Electric Utility operating revenues. Throughout the year the amount transferred to the General Fund is based on the budget estimate. At year end, a calculation is done to adjust the charge based on actual Electric Utility operating revenues.

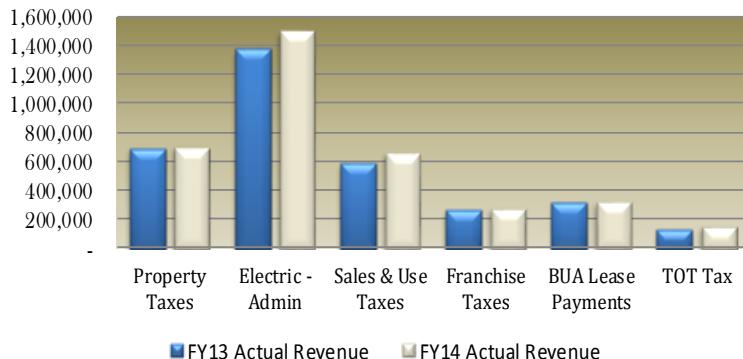
Sales & Use Taxes – This source of revenue is typically responsive to economic circumstances. Compared to the prior year, overall sales tax revenue has increased by approximately 12% for this period. Sales Tax revenues from the Cabazon Outlets, per the City agreement with the County of Riverside, exceeded year to date actual revenues last year by 6%. In the City of Banning the current sales tax rate is 8%. The City receives 1% out of the 8% collected. The State of California processes the sales tax and submits it to the City through normal monthly allocations and the Triple Flip.

Franchise Taxes – The City receives franchise payments from sources like Verizon, Time Warner, the Gas Company, and Waste Management. The refuse payments are received monthly, others are received quarterly and some just once a year. Overall, franchise revenues increased by 6% increase compared to 2013, in part due to the Waste Management yearly increase in trash pick-up rates by approximately 2%, based on the CPI index for FY13-14.

BUA lease payments – The General Fund receives monthly lease payments from the Banning Utility Authority (BUA) which is comprised of the Water (\$39,167/Month) and Wastewater (\$15,083/Month) utilities.

Transient Occupancy Tax (TOT) – This revenue source has almost tripled since fiscal year 2008-09 after a voter approval, increasing the bed tax up to 12%. Effective September 1, 2010 the rate was increased to the maximum of 12% per Ordinance 1425. The TOT rate cap increase of 12% has a sunset of November 3, 2014. As recently approved by the City Council, The TOT tax will be placed on a ballot measure on June 3, 2014 to remove the sunset and maintain the cap at 12%.

Top 6 Revenues (6 Month Comparison)



General Fund Expenditures

At 50% of the year, actual expenditures are at approximately 48%. The General Fund Expenditures table provides a snap-shot of the expenditures by category.

Employee Services account for salaries and benefits of the employees funded through the General Fund. The employees provide service throughout the City which includes: general government (i.e. city manager's office, city council, city clerk, city attorney, and personnel/human resources), financial services, public safety, planning and building, public works, and recreation. Approximately 51% of the budget has been expended in this category.

Approximately 42% of the Services and Supplies category has been expended. Within this category are city contracts for several major services such as Fire and animal control.

The majority of the Capital budget results from grants received by the Police Department. Grants are restricted in how the funds can be used (i.e. grant funds will be used for vehicles, computers, and communication equipment). Majority of the Capital expenditures are for the purchase of three Police vehicles, including installation of appurtenances. These were approved in 2012 using TASIN funds.

The City Hall Lease payments are for the refinanced debt of 2011. Payments are made twice a year.

The Interfund Support category accounts for compliance with the Maintenance of Effort (MOE) for streets projects, and the General Fund allocation of general liability/worker's compensation costs and information technology services.

The Following table 'General Fund Program Expenditure Summary' provides another perspective of the General Fund expenditures.

General Fund Expenditures

Category	Adjusted Budget	Actual YTD	Encum.	% Spent
Employee Services	8,073,287	4,089,819	-	50.7%
Services and Supplies	4,107,673	1,731,003	237,049	42.1%
Capital	282,901	145,497	52,051	51.4%
City Hall Lease	269,951	134,849	-	50.0%
Interfund Support	1,098,911	545,166	-	49.6%
Total	13,832,723	6,646,334	289,100	48.0%

Interim Financial Report

- 6 Months Ended December 31, 2013

General Fund Program Expenditure Summary

PROGRAM TITLE	(1) Adopted Budget	(2) Adjusted Budget	(3) Current Month Expenditures	(4) Y.T.D. Expenditures	Remaining Budget (Col. 2-4)	% Expended (Col. 4/2)
<u>GENERAL GOVERNMENT:</u>						
City Council	146,936	147,736	18,429	66,905	80,831	45%
City Manager	363,378	363,378	27,112	171,625	191,753	47%
Economic Development	-	2,962	33	387	2,575	13%
Personnel	148,683	212,748	9,852	103,909	108,839	49%
City Clerk	93,623	93,623	6,400	41,341	52,282	44%
Elections	-	-	-	-	-	-
City Attorney	161,000	161,000	13,417	80,502	80,498	50%
TV Government Access	56,800	56,800	545	20,448	36,352	36%
Community Enhancement	-	7,491	-	2,695	4,796	36%
Subtotal	970,420	1,045,738	75,788	487,812	557,926	47%
<u>FINANCIAL SERVICES:</u>						
Fiscal Services	228,251	253,675	16,706	111,818	141,857	44%
Purchasing and A/P	34,800	34,800	2,253	23,372	11,428	67%
Subtotal	263,051	288,475	18,959	135,190	153,285	47%
<u>CENTRAL SERVICES:</u>						
Central Services	1,331,781	1,317,198	61,724	512,752	804,446	39%
Subtotal	1,331,781	1,317,198	61,724	512,752	804,446	39%
<u>PUBLIC SAFETY:</u>						
Police	5,447,247	5,475,479	380,383	2,863,339	2,612,140	52%
Dispatch	825,296	825,296	59,574	370,947	454,349	45%
Tasin (Police)	-	117,230	-	107,173	10,057	91%
Animal Control	142,450	155,450	232	34,334	121,116	22%
Fire	2,543,188	2,627,823	207,989	1,222,370	1,405,453	47%
Tasin (Fire)	-	-	-	-	-	-
Subtotal	8,958,181	9,201,278	648,178	4,598,164	4,603,114	50%
<u>PLANNING:</u>						
Building Safety	243,302	251,216	24,728	158,794	92,422	63%
Code Enforcement	189,271	189,271	13,811	96,086	93,185	51%
Planning	364,571	392,976	23,156	180,560	212,416	46%
Subtotal	797,144	833,463	61,695	435,439	398,024	52%
<u>COMMUNITY SERVICES:</u>						
Recreation	215,210	215,210	16,708	108,815	106,395	51%
Aquatics	102,982	102,982	2,330	62,756	40,226	61%
Senior Center	51,198	51,198	3,911	20,966	30,232	41%
Subtotal	369,390	369,390	22,950	192,537	176,853	52%
<u>PUBLIC WORKS:</u>						
Building Maintenance	107,621	174,761	843	56,107	118,654	32%
Parks	334,141	334,141	18,235	98,618	235,523	30%
Engineering	220,239	268,279	11,142	129,715	138,564	48%
Subtotal	662,001	777,181	30,219	284,440	492,741	37%
GENERAL FUND TOTAL	13,351,968	13,832,723	919,511	6,646,334	7,186,389	48%

Citywide Comments And Notes

The Activity Report provides the bottom line status of each fund in the City.

Special Revenue Funds are restricted in nature. This means the funds are restricted by legislation or other external sources. Any deficit variance in the budget typically indicates that there are available resources in the fund balance for projects. The revenues were received in prior years but the expenditures are budgeted in the current year.

Banning Utility Authority Funds – These funds operate similar to Enterprise funds in that the operations are funded through fees. The accrual method of accounting is applied throughout the year rather than using the modified accrual accounting method. The Utility includes Water, Wastewater and Reclaimed Water operations.

Enterprise Funds This category typically includes funds that are funded through fees. The included funds cover Airport, Transit Operations, Refuse, and Electric.

Internal Service Funds These funds provide services to other City funds. Revenues come from charging all of the other funds through an allocation process.

Successor Agency Funds (SA) – In January 2011, the Governor and legislature passed ABx1 26 that eliminated the CRA. Effective January 31st, the CRA ceased to exist. Effective February 1st, the Successor Agency was established to carry on the CRA functions. The budget and expenditures are established through the annual Successor Agency budget process and the Recognized Obligation Payment Schedule (ROPs). The ROPs cover a six month period and are approved by the Successor Agency and Oversight Board.

Good to know: Government Accounting and Budgeting

Most government funds and budgets are managed using a method called “modified accrual” accounting. This method basically means that the governmental funds are managed on a cash basis throughout the year. At year end, accruals are made to ensure that revenues and expenditures are recorded in the applicable fiscal year in which the transactions occurred. This method applies to the General Fund, Special Revenue funds, Capital funds, Internal Service funds and Redevelopment funds/Successor Agency funds.

To illustrate, revenue is recorded as it is received throughout the year (cash basis). The majority of General Fund revenues come in sporadically throughout the year and most of it is received or accrued in the last 6 months of the fiscal year. Meanwhile, the expenditures are continuing each month regardless of when the revenues are received. This circumstance highlights the importance of maintaining a reserve that allows for cash flow needs during the lean months when there are no revenues.

There are funds that are considered like a business. These are called “Enterprise Funds”. The “accrual” method of accounting is used. These business type funds charge customers a fee to cover all or most of the cost of certain services that are provided. Consistent with accrual accounting, the revenues reported on the interim report reflect revenues based on what was billed the customer rather than the cash payments collected. This method applies to the Airport, Transit, Refuse, Electric, Water and Wastewater funds.

CITY OF BANNING

Activity Report

6 Months Ending December 31, 2013

FY 2013-14 50% Complete

Fund	FUND NAME	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%
#		Revenues					Expenditures				
<i>Governmental Funds</i>											
001	General	13,354,930	255,735	13,610,665	4,580,417	33.7%	13,354,930	477,793	13,832,723	6,646,334	48.0%
	Sub-Total	13,354,930	255,735	13,610,665	4,580,417	33.7%	13,354,930	477,793	13,832,723	6,646,334	48.0%
<i>Special Revenue Funds</i>											
002	Developer Deposit Fund	-	117,073	117,073	72,058	61.5%	-	117,073	117,073	70,261	60.0%
003	Riverside County MOU	457,003	-	457,003	63	0.0%	591,337	-	591,337	269,967	45.7%
100	Gas Tax Street	1,044,416	-	1,044,416	466,027	44.6%	1,027,655	427,453	1,455,108	463,886	31.9%
101	Measure A Street	478,000	442,647	920,647	158,202	17.2%	470,000	1,037,226	1,507,226	22,685	1.5%
103	SB300 Street Improvement	425	-	425	36	8.4%	-	22,346	22,346	7,578	33.9%
104	Article 3 - Sidewalk Construction	-	-	-	5	-	-	-	-	-	-
110	C.D.B.G.	119,000	389,975	508,975	-	-	119,000	389,975	508,975	1,681	0.3%
111	Landscape Maintenance Assmt. Dist.#1	136,312	1,706	138,018	1,789	1.3%	128,994	-	128,994	59,460	46.1%
132	Air Quality Improvement	30,250	-	30,250	9,598	31.7%	3,000	40,000	43,000	3,000	7.0%
140	Asset Forfeiture	-	-	-	1	-	-	-	-	-	-
148	Supplemental Law Enforcement	-	25,000	25,000	50,037	200.1%	-	111,191	111,191	9,103	8.2%
149	Public Safety - Sales Tax	-	-	-	-	-	-	-	-	-	-
150	State Park Bond Act	-	-	-	0	-	-	-	-	-	-
190	Housing Authority Fund	-	-	-	2	-	-	-	-	-	-
200	Special Donations	8,250	-	8,250	8,575	103.9%	6,500	-	6,500	3,219	49.5%
201	Senior Center Activities	6,650	-	6,650	3,065	46.1%	13,000	-	13,000	6,446	49.6%
202	Animal Control Reserve	-	-	-	2	-	-	-	-	-	-
203	Police Volunteer	-	-	-	1	-	2,613	-	2,613	1,105	42.3%
300	City Hall COP Debt Service*	437,001	-	437,001	218,271	49.9%	437,001	-	437,001	218,270	49.9%
360	Sun Lakes CFD #86-1	-	-	-	14	-	-	-	-	-	-
365	Wilson Street #91-1 Assessment Debt	-	-	-	20	-	-	-	-	-	-
370	Area Police Computer	50,669	(4,000)	46,669	34,543	74.0%	50,699	(4,000)	46,699	10,191	21.8%
375	Fair Oaks #2004-1 Debt Service	199,493	2,936	202,429	3,022	1.5%	199,943	-	199,943	130,315	65.2%
376	Cameo Homes	100	-	100	19	18.7%	-	-	-	-	-
	Sub-Total	2,967,569	975,337	3,942,906	1,025,352	26.0%	3,049,742	2,141,264	5,191,006	1,277,168	24.6%

CITY OF BANNING
Activity Report
6 Months Ending December 31, 2013
FY 2013-14 50% Complete

Fund	FUND NAME	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%
#		Revenues					Expenditures				
<i>Capital Improvement Funds</i>											
400	Police Facilities Development	-	-	-	837		-	-	-	-	
410	Fire Facility Development	-	-	-	1,717		-	-	-	-	
420	Traffic Control Facility	600	-	600	424	70.6%	35,000	10,000	45,000	-	
421	Ramsey/HIGHLAND Home Traffic Signal	150	-	150	33	22.0%	-	-	-	-	
430	General Facilities	1,200	-	1,200	672	56.0%	45,000	-	45,000	44,781	99.5%
441	Sunset Grade Separation Fund	-	2,631,606	2,631,606	119,370	4.5%	-	304,186	304,186	129,710	42.6%
444	Wilson Median	500	-	500	155	30.9%	-	-	-	-	
451	Park Development	250	-	250	2,019	807.5%	-	132,046	132,046	-	
470	Capital Improvement Fund	400	-	400	116	29.0%	-	-	-	-	
Sub-Total		3,100	2,631,606	2,634,706	125,342	4.8%	80,000	446,232	526,232	174,491	33.2%
<i>Banning Utility Authority</i>											
660	Water Operations	9,673,000	-	9,673,000	5,917,740	61.2%	9,013,200	493,239	9,506,439	4,010,431	42.2%
661	Water Capital Facility Fee	195,000	-	195,000	11,403	5.8%	2,300,000	974,486	3,274,486	176,350	5.4%
663	BUA Water Capital Project Fund	2,150	-	2,150	740	34.4%	135,000	500,000	635,000	-	
669	BUA Water Debt Service Fund	2,289,205	-	2,289,205	1,282,655	56.0%	2,289,805	-	2,289,805	1,282,179	56.0%
Water Subtotal		12,159,355	-	12,159,355	7,212,537	59.3%	13,738,005	1,967,725	15,705,730	5,468,961	34.8%
680	Wastewater Operations	3,112,950	-	3,112,950	1,504,187	48.3%	3,139,673	159,471	3,299,144	1,499,958	45.5%
681	Wastewater Capital Facility Fees	60,000	-	60,000	11,360	18.9%	760,000	10,000	770,000	83,441	10.8%
683	BUA WWtr Capital Project Fund	2,000	-	2,000	580	29.0%	-	543,061	543,061	2,627	0.5%
685	State Revolving Loan	303,000	-	303,000	150,346	49.6%	299,995	-	299,995	266,632	88.9%
689	BUA Wastewater Debt Service Fund	393,618	-	393,618	227,717	57.9%	393,118	-	393,118	227,680	57.9%
Wastewater Subtotal		3,871,568	-	3,871,568	1,894,190	48.9%	4,592,786	712,532	5,305,318	2,080,336	39.2%
662	Irrigation Water	1,888,459	-	1,888,459	590	0.0%	3,055,000	154,107	3,209,107	17,261	0.5%
682	Wastewater Tertiary	334,000	-	334,000	177,323	53.1%	1,882,459	-	1,882,459	-	
Reclaimed Water Subtotal		2,222,459	-	2,222,459	177,913	8.0%	4,937,459	154,107	5,091,566	17,261	0.3%
Sub-Total		18,253,382	-	18,253,382	9,284,640	50.9%	23,268,250	2,834,364	26,102,614	7,566,558	29.0%

CITY OF BANNING

Activity Report

6 Months Ending December 31, 2013

FY 2013-14 50% Complete

Fund #	FUND NAME	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%
		Revenues				Expenditures					
<i>Enterprise Funds</i>											
600	Airport	181,700	618,292	799,992	102,587	12.8%	269,173	671,567	940,740	172,598	18.3%
610	Transit Operations	1,490,520	786,800	2,277,320	80,113	3.5%	1,490,520	786,800	2,277,320	682,854	30.0%
690	Refuse	3,155,850	-	3,155,850	1,622,580	51.4%	3,113,138	-	3,113,138	1,519,251	48.8%
Enterprise Subtotal		4,828,070	1,405,092	6,233,162	1,805,280	29.0%	4,872,831	1,458,367	6,331,198	2,374,703	37.5%
670	Electric Operations	30,005,000	-	30,005,000	16,401,658	54.7%	29,601,756	66,324	29,668,080	12,889,868	43.4%
672	Rate Stability	-	-	-	2,461	-	-	-	-	-	-
673	Electric Improvement	-	-	-	23,171	-	682,000	1,171,104	1,853,104	837,023	45.2%
674	2007 Elec Rev Bond Project Fund	-	-	-	2,506	-	1,430,000	6,275,547	7,705,547	433,943	5.6%
675	Public Benefit Fund	792,300	-	792,300	415,092	52.4%	786,843	-	786,843	277,541	35.3%
678	2007 Elec Rev Bond Debt Service	2,667,546	-	2,667,546	745,518	27.9%	2,667,546	-	2,667,546	747,874	28.0%
Electric Subtotal		33,464,846	-	33,464,846	17,590,406	52.6%	35,168,145	7,512,975	42,681,120	15,186,249	35.6%
Sub-Total		38,292,916	1,405,092	39,698,008	19,395,686	48.9%	40,040,976	8,971,342	49,012,318	17,560,952	35.8%
<i>Internal Service Funds</i>											
700	Risk Management Fund	2,448,866	-	2,448,866	1,290,713	52.7%	2,392,096	-	2,392,096	1,553,383	64.9%
702	Fleet Maintenance	1,104,209	-	1,104,209	579,825	52.5%	1,107,636	-	1,107,636	583,887	52.7%
703	Information Systems Services	406,282	-	406,282	203,032	50.0%	447,185	15,706	462,891	237,904	51.4%
761	Utility Billing Administration	1,634,150	-	1,634,150	806,778	49.4%	1,643,515	13,578	1,657,093	797,613	48.1%
Sub-Total		5,593,507	-	5,593,507	2,880,349	51.5%	5,590,432	29,284	5,619,716	3,172,787	56.5%
<i>Community Redevelopment Agency Funds</i>											
805	Redevelopment Obligation Retirement Fund	3,415,240	-	3,415,240	-	-	3,415,240	-	3,415,240	1,707,620	50.0%
810	Successor Housing Agency	100	-	100	15	15.4%	-	-	-	-	-
830	Debt Service Fund	3,296,464	-	3,296,464	1,648,638	50.0%	3,121,938	-	3,121,938	1,517,656	48.6%
850	Successor Agency	269,500	-	269,500	125,677	46.6%	271,627	44,926	316,553	122,838	38.8%
855	2007 TABS Bond Proceeds	3,000	-	3,000	1,580	52.7%	358,224	24,018	382,242	148,513	38.9%
856	2003 TABS Bond Proceeds	32,874	-	32,874	62,459	190.0%	-	-	-	-	-
857	2003 TABS Bond Proceeds Low/Mod	1,000	-	1,000	184	18.4%	-	-	-	-	-
Sub-Total		7,018,178	-	7,018,178	1,838,553	26.2%	7,167,029	68,944	7,235,973	3,496,627	48.3%
GRAND TOTAL ALL FUNDS		85,483,582	5,267,770	90,751,352	39,130,338	43.1%	92,551,359	14,969,223	107,520,582	39,894,917	37.1%