



City of Banning
INTERIM FINANCIAL REPORT Fiscal Year 2014-2015
6 months ended, December 2014(50% of the year complete)



Interim Financial Report

- 6 Months Ended December 31, 2014

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, 2014. The Actual Activity covers the 6 month activity through the end of December, 2014 and reports revenues and expenditures that are approximately at 30.38% and 43.16% respectively. This report, however, does not reflect any mid-year budget adjustments.

General Fund Overview

General Fund Categories	FY15 Adjusted Budget	YTD Actual Activity	%
Revenues	14,099,422	4,282,835	30.38%
Expenditures	14,386,006	6,209,420	43.16%
Excess Revenues (Expenditures)	(286,584)	(1,926,585)	672.3%

General Fund Revenue Details

Monthly Variance Table: General Fund Top 6 Revenues

Top Revenue Sources	Fiscal Year 2014-15						Fiscal Year 2013-14		
	Annual Budget		YTD Budget Dec 2014	YTD Actual Dec 2014	Difference	% Realized	YTD Actual Dec 2013	Change from Prior YR	% Change
	Adopted	Adjusted							
Property Taxes	4,085,755	4,131,815	2,065,908	702,142	(1,363,765)	33.99%	705,939	(3,797)	-0.54%
Electric - Admin	2,977,300	2,977,300	1,488,650	1,488,648	(2)	100.00%	1,500,252	(11,604)	-0.77%
Sales & Use Taxes	2,778,000	2,778,000	1,389,000	506,937	(882,063)	36.50%	662,862	(155,925)	-23.52%
Franchise Taxes	861,000	861,000	430,500	277,831	(152,669)	64.54%	282,039	(4,208)	-1.49%
BUA Lease Payments	651,000	651,000	325,500	325,500	-	100.00%	325,500	-	0.00%
TOT Tax	620,000	620,000	310,000	161,196	(148,804)	52.00%	157,193	4,003	2.55%
Total	11,973,055	12,019,115	6,009,558	3,462,254	(2,547,304)	57.61%	3,633,785	(171,531)	-4.72%

The six revenues identified in the table above account for approximately 85.25% of the FY15 Adjusted Budget and 80.84% of the year-to-date 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 an increase of \$46,060 or 0.38% due to continuing appropriation for Teeter Apportionment monies from the County.
- A comparison of YTD Budget vs. YTD Actual shows that 4 of these 6 revenues fell short of budget by approximately \$2.55 M mainly due to the timing of receipts, particularly for Property Taxes and Sales & Use Tax backfill. Other revenues such as Franchise fees from Kinder Morgan, The Gas Company, and Edison are usually entered in January and April while Franchise fees for CTV from Time Warner Cable and Verizon and normally received in November, February, and May but are budgeted equally throughout the year.

- Comparing the YTD Actual December 2014 revenues versus the YTD Actual December 2013 revenues provide a better indication of whether or not City revenues are improving. Revenues show a decrease of \$171,531 or 4.7% compared to the same period in the prior fiscal year mainly due to the timing of recognition of Sales Tax revenues.

Property Taxes – The City receives approximately 17 cents on the dollar through property taxes. Typically, the major receipts of property taxes are recorded in December, 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 FY13, FY14 actual year-to-date property tax revenues decreased minimally by \$3,797 or 0.54%.

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. Year-to-date operating revenues as of December 31, 2014 amount to \$16.47 million translating to potential revenue of \$1.65 million for the General Fund. This is above the recognized revenue to-date of \$1.49 million by approximately \$158,000.

Sales & Use Taxes – This source of revenue is typically responsive to economic circumstances. Compared to the prior year, overall sales tax revenue has decreased by \$155,925 or 23.5% due to the timing of recognition for the 3rd quarter sales tax apportionment amounting to \$130,262 from the State Board of Equalization. The decrease was offset by an increase in Sales Tax revenues from the Cabazon Outlets by \$28,741 or 18.02%.

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, actual franchise revenues registered a minimal decrease of \$4,208 or 1.5% versus last year due to a decrease in Waste Management Direct Franchise revenues offset by the increase in CTV Franchise fees.

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.

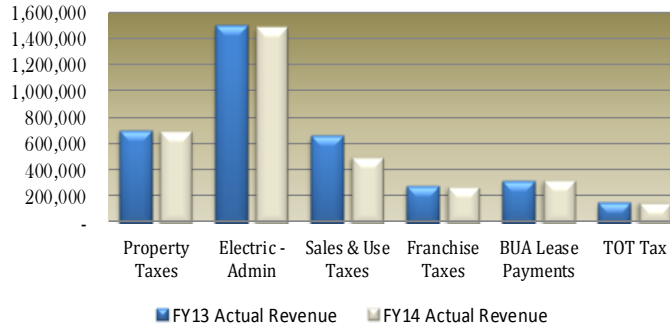
Transient Occupancy Tax (TOT) – With the vote-approved measure last June 3, 2014 to maintain the TOT rate at 12%, this revenue source has provided the City with average revenues of more than \$600,000 annually. Year to-date revenues as of December 31, 2014 amounted to \$161,196, an increase of \$4,004 or 2.55% versus last year. Typically, seventy five percent (75%) of the total annual revenues for TOTs are received from January to June.

Interim Financial Report

- 6 Months Ended December 31, 2014

The following table illustrates a comparison between the actual revenues for the current fiscal year (FY14) versus the previous fiscal year of the top six (6) major General Fund revenues as of December 31, 2014.

Top 6 Revenues (6 Month Comparison)



General Fund Expenditures

At 50% of the year, actual expenditures are at approximately 43.16%. The General Fund Expenditures table provides a snap-shot of the expenditures by category.

General Fund Expenditures

Category	Adjusted Budget	Actual YTD	Encum.	% Spent
Employee Services	8,296,425	3,507,452	-	42.28%
Services and Supplies	4,190,897	1,785,313	355,972	42.60%
Capital	244,878	63,921	111,834	26.10%
City Hall Lease	269,995	134,690	-	49.89%
Interfund Support	1,383,811	718,044	-	51.89%
Total	14,386,006	6,209,420	467,805	43.16%

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 42.28% of the budget has been expended in this category. There are salary savings in this category due to vacancies related to two major positions (City Manager and Community Development Director).

Approximately 42.60% 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. Compared to last fiscal year, expenditures in this category increased by \$54,310 due to additional contracted services required to fill up various vacant positions.

The majority of the Capital budget results from grants received by the Police Department and the planned purchase of an emergency stand-by generator for the Community Center. 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 for the Police Department are for the purchase of eleven (11) Motorola APX7500 mobile radios to make the Department Project 25 compliant. The purchase and installation cost of the radios are reimbursable with the Riverside County Fire Department Office of Emergency Services (OES) upon project completion.

Interim Financial Report

- 6 Months Ended December 31, 2014

The City Hall Lease payments are for the refinanced debt of 2011. Payments are made twice a year (April & October).

The Inter-fund 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 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	181,756	181,756	19,140	73,641	108,115	41%
City Manager	415,474	415,474	(1,950)	96,640	318,834	23%
Economic Development	-	3,050	-	413	2,637	14%
Personnel	143,021	156,721	6,078	77,210	79,511	49%
City Clerk	93,262	93,262	7,449	41,706	51,556	45%
Elections	40,150	40,150	-	6,511	33,639	
City Attorney	422,534	422,534	35,211	211,266	211,268	50%
TV Government Access	70,100	70,100	-	5,556	64,544	8%
Community Enhancement	-	50,000	-	7,358	42,642	15%
Subtotal	1,366,297	1,433,047	65,928	520,299	912,748	36%
<u>FINANCIAL SERVICES</u>						
Fiscal Services	250,001	271,146	15,359	112,759	158,387	42%
Purchasing and A/P	42,687	37,495	8,614	39,562	(2,067)	106%
Subtotal	292,688	308,641	23,973	152,321	156,320	49%
<u>CENTRAL SERVICES</u>						
Central Services	1,179,066	1,250,688	59,664	515,539	735,149	41%
Subtotal	1,179,066	1,250,688	59,664	515,539	735,149	41%
<u>PUBLIC SAFETY:</u>						
Police	5,491,595	5,587,568	339,676	2,431,235	3,156,333	44%
Dispatch	830,973	830,973	59,502	378,111	452,862	46%
Tasin (Police)	-	5,385	-	-	5,385	0%
Animal Control	147,350	167,350	256	59,640	107,710	36%
Fire	2,588,892	2,623,890	214,140	1,261,361	1,362,529	48%
Tasin (Fire)	-	-	-	-	-	
Subtotal	9,058,810	9,215,166	613,574	4,130,346	5,084,820	45%
<u>PLANNING</u>						
Building Safety	361,944	363,144	29,352	188,502	174,642	52%
Code Enforcement	156,477	155,277	8,371	58,720	96,557	38%
Planning	388,187	397,180	21,793	175,201	221,979	44%
Subtotal	906,608	915,601	59,516	422,423	493,178	46%
<u>COMMUNITY SERVICES</u>						
Recreation	228,204	228,204	16,402	102,909	125,295	45%
Aquatics	107,750	107,750	1,983	58,956	48,794	55%
Senior Center	56,194	56,194	4,028	25,193	31,001	45%
Subtotal	392,148	392,148	22,413	187,059	205,089	48%
<u>PUBLIC WORKS:</u>						
Building Maintenance	128,172	208,172	(2,465)	41,459	166,713	20%
Parks	419,667	435,817	25,384	182,019	253,798	42%
Engineering	175,417	221,534	12,029	80,695	140,839	36%
Subtotal	723,256	865,523	34,948	304,173	561,350	35%
GENERAL FUND TOTAL	13,918,873	14,380,814	880,017	6,232,160	8,148,654	43%

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. With the exception of Fund 003 (*Riverside County MOU*), Fund 104(*Art. 3 Sidewalk fund*) and Fund 100(CDBG), the rest of the Special Revenue Funds have positive year-to-date Fund balances.

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. Year-to-date figures indicate a net gain of \$1.68 million, excluding depreciation charges and bad debt allowances.

Enterprise Funds This category typically includes funds that are funded through fees. The included funds cover Airport, Transit Operations, Refuse, and Electric. Year-to-date figures indicate a net gain of \$4.03 million, excluding depreciation charges and bad debt allowances.

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

CITY OF BANNING
Activity Report
6 Months Ending December 31, 2014
FY 2014-15 50% Complete

Fund		Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%
#	FUND NAME	Revenues					Expenditures				
Governmental Funds											
001	General	13,921,923	177,499	14,099,422	4,282,835	30.4%	13,921,923	464,083	14,386,006	6,209,420	43.2%
Sub-Total		13,921,923	177,499	14,099,422	4,282,835	30.4%	13,921,923	464,083	14,386,006	6,209,420	43.2%
Special Revenue Funds											
002	Developer Deposit Fund	-	349,053	349,053	65,758	18.8%	-	349,653	349,653	65,758	18.8%
003	Riverside County MOU	494,789	-	494,789	-		607,581	-	607,581	288,883	47.5%
100	Gas Tax Street	923,641	413,502	1,337,143	398,553	29.8%	965,493	794,902	1,760,395	837,474	47.6%
101	Measure A Street	532,200	432,144	964,344	526,947	54.6%	580,000	979,006	1,559,006	981,513	63.0%
103	SB300 Street Improvement	200	-	200	80	39.8%	-	14,768	14,768	-	
104	Article 3 - Sidewalk Construction	25	229,737	229,762	169	0.1%	-	69,441	69,441	(206)	-0.3%
110	C.D.B.G.	245,000	361,633	606,633	310,845	51.2%	245,000	315,130	560,130	309,659	55.3%
111	Landscape Maintenance Assmt. Dist.#1	137,989	1,549	139,538	217	0.2%	128,582	-	128,582	50,750	39.5%
132	Air Quality Improvement	380,300	-	380,300	9,687	2.5%	418,000	-	418,000	3,000	0.7%
140	Asset Forfeiture	-	-	-	2		-	-	-	-	
148	Supplemental Law Enforcement	100	100,000	100,100	25,129	25.1%	-	237,690	237,690	11,888	5.0%
149	Public Safety - Sales Tax	-	-	-	-		-	-	-	-	
150	State Park Bond Act	-	-	-	1		-	-	-	-	
190	Housing Authority Fund	-	-	-	0		-	-	-	-	
200	Special Donations	5,000	-	5,000	8,060	161.2%	5,000	-	5,000	7,891	157.8%
201	Senior Center Activities	6,300	-	6,300	3,050	48.4%	11,450	-	11,450	6,866	60.0%
202	Animal Control Reserve	-	-	-	5		-	-	-	-	
203	Police Volunteer	-	-	-	1		220	1,097	1,317	79	6.0%
300	City Hall COP Debt Service*	437,000	-	437,000	218,003	49.9%	437,000	-	437,000	218,000	49.9%
360	Sun Lakes CFD #86-1	60	-	60	33	54.2%	-	-	-	-	
365	Wilson Street #91-1 Assessment Debt	50	-	50	47	93.2%	-	-	-	-	
370	Area Police Computer	52,150	-	52,150	65,651	125.9%	47,277	-	47,277	7,800	16.5%
375	Fair Oaks #2004-1 Debt Service	202,499	6,097	208,596	144	0.1%	202,499	-	202,499	135,090	66.7%
376	Cameo Homes	100	-	100	42	42.5%	-	-	-	-	
Sub-Total		3,417,403	1,893,715	5,311,118	1,632,424	30.7%	3,648,102	2,761,687	6,409,789	2,924,446	45.6%

CITY OF BANNING
Activity Report
6 Months Ending December 31, 2014
FY 2014-15 50% Complete

Fund		Adopted	Budget	Adjusted	Actual		Adopted	Budget	Adjusted	Actual	
#	FUND NAME	Budget	Adjustments	Budget	YTD	%	Budget	Adjustments	Budget	YTD	%
		Revenues					Expenditures				
<i>Capital Improvement Funds</i>											
400	Police Facilities Development	50	-	50	6,201	12401.2%	-	-	-	-	-
410	Fire Facility Development	1,500	-	1,500	9,901	660.1%	-	-	-	-	-
420	Traffic Control Facility	1,000	-	1,000	13,980	1398.0%	-	81,000	81,000	-	-
421	Ramsey/Highland Home Traffic Signal	150	-	150	75	49.9%	-	-	-	-	-
430	General Facilities	800	-	800	3,167	395.8%	60,000	-	60,000	-	-
441	Sunset Grade Separation Fund	-	2,296,802	2,296,802	-	-	-	90,090	90,090	-	-
444	Wilson Median	700	-	700	350	50.1%	-	-	-	-	-
451	Park Development	2,205	-	2,205	3,865	175.3%	-	132,046	132,046	-	-
470	Capital Improvement Fund	300	-	300	99	33.0%	120,000	-	120,000	-	-
Sub-Total		6,705	2,296,802	2,303,507	37,638	1.6%	180,000	303,136	483,136	-	
<i>Banning Utility Authority</i>											
660	Water Operations	10,669,000	13,200	10,682,200	5,840,787	54.7%	9,879,065	926,528	10,805,593	4,401,441	40.7%
661	Water Capital Facility Fee	26,964	-	26,964	11,175	41.4%	200,000	2,627,898	2,827,898	59,986	2.1%
663	BUA Water Capital Project Fund	2,900	-	2,900	1,442	49.7%	300,000	500,000	800,000	-	-
669	BUA Water Debt Service Fund	2,290,087	-	2,290,087	1,558,280	68.0%	2,291,187	-	2,291,187	1,306,913	57.0%
Water Subtotal		12,988,951	13,200	13,002,151	7,411,683	57.0%	12,670,252	4,054,426	16,724,678	5,768,340	34.5%
680	Wastewater Operations	3,212,104	-	3,212,104	1,447,363	45.1%	3,189,143	40,663	3,229,806	1,472,423	45.6%
681	Wastewater Capital Facility Fees	34,644	-	34,644	18,208	52.6%	115,000	686,559	801,559	41,563	5.2%
683	BUA WWtr Capital Project Fund	1,300	-	1,300	494	38.0%	-	536,997	536,997	1,578	0.3%
685	State Revolving Loan	301,275	-	301,275	150,781	50.0%	299,882	-	299,882	270,927	90.3%
689	BUA Wastewater Debt Service Fund	398,250	-	398,250	276,289	69.4%	397,750	-	397,750	235,819	59.3%
Wastewater Subtotal		3,947,573	-	3,947,573	1,893,134	48.0%	4,001,775	1,264,219	5,265,994	2,022,311	38.4%
662	Irrigation Water	2,500	1,885,459	1,887,959	1,203	0.1%	-	3,175,328	3,175,328	-	-
682	Wastewater Tertiary	362,500	-	362,500	159,776	44.1%	-	1,885,459	1,885,459	-	-
Reclaimed Water Subtotal		365,000	1,885,459	2,250,459	160,979	7.2%	-	5,060,787	5,060,787	-	
Sub-Total		17,301,524	1,898,659	19,200,183	9,465,796	49.3%	16,672,027	10,379,432	27,051,459	7,790,650	28.8%

CITY OF BANNING
Activity Report
6 Months Ending December 31, 2014
FY 2014-15 50% Complete

Fund #	FUND NAME	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%	Adopted Budget	Budget Adjustments	Adjusted Budget	Actual YTD	%
		Revenues					Expenditures				
Enterprise Funds											
600	Airport	548,175	82,881	631,056	80,781	12.8%	575,264	113,548	688,812	114,679	16.6%
610	Transit Operations	1,645,235	814,501	2,459,736	870,330	35.4%	1,645,235	814,501	2,459,736	736,345	29.9%
690	Refuse	3,303,195	-	3,303,195	1,628,136	49.3%	3,198,161	-	3,198,161	1,520,395	47.5%
Enterprise Subtotal		5,496,605	897,382	6,393,987	2,579,246	40.3%	5,418,660	928,049	6,346,709	2,371,419	37.4%
670	Electric Operations	29,773,000	-	29,773,000	16,466,576	55.3%	29,110,905	182,640	29,293,545	11,507,805	39.3%
672	Rate Stability	10,000	-	10,000	5,579	55.8%	-	-	-	-	-
673	Electric Improvement	15,141	-	15,141	6,847	45.2%	415,000	603,399	1,018,399	445,181	43.7%
674	2007 Elec Rev Bond Project Fund	5,350	-	5,350	2,023	37.8%	4,850,000	6,404,796	11,254,796	972,554	8.6%
675	Public Benefit Fund	784,250	-	784,250	412,301	52.6%	776,959	-	776,959	290,962	37.4%
678	2007 Elec Rev Bond Debt Service	2,673,276	-	2,673,276	869,342	32.5%	2,673,076	-	2,673,076	727,066	27.2%
Electric Subtotal		33,261,017	-	33,261,017	17,762,669	53.4%	37,825,940	7,190,835	45,016,775	13,943,568	31.0%
Sub-Total		38,757,622	897,382	39,655,004	20,341,915	51.3%	43,244,600	8,118,884	51,363,484	16,314,988	31.8%
Internal Service Funds											
700	Risk Management Fund	2,583,497	-	2,583,497	1,299,078	50.3%	2,533,310	14,800	2,548,110	1,749,800	68.7%
702	Fleet Maintenance	1,119,829	-	1,119,829	548,993	49.0%	1,156,574	-	1,156,574	547,643	47.4%
703	Information Systems Services	424,661	-	424,661	212,313	50.0%	424,947	43,559	468,506	238,961	51.0%
761	Utility Billing Administration	1,774,418	-	1,774,418	881,712	49.7%	1,777,312	25,694	1,803,006	817,071	45.3%
Sub-Total		5,902,405	-	5,902,405	2,942,097	49.8%	5,892,143	84,053	5,976,196	3,353,475	56.1%
Community Redevelopment Agency Funds											
805	Redevelopment Obligation Retirement Fund	3,272,098	-	3,272,098	-	-	3,220,103	-	3,220,103	1,584,054	49.2%
810	Successor Housing Agency	50	-	50	35	69.7%	-	-	-	5,000	-
830	Debt Service Fund	2,998,685	-	2,998,685	1,480,410	49.4%	2,836,118	28,172	2,864,290	2,135,514	74.6%
850	Successor Agency	288,000	-	288,000	126,498	43.9%	285,000	7,106	292,106	95,076	32.5%
855	2007 TABS Bond Proceeds	5,813	-	5,813	2,217	38.1%	20,532	222,336	242,868	3,408	1.4%
856	2003 TABS Bond Proceeds	32,974	-	32,974	13,794	41.8%	-	-	-	-	-
857	2003 TABS Bond Proceeds Low/Mod	900	-	900	20,437	2270.7%	-	-	-	(43)	-
Sub-Total		6,598,520	-	6,598,520	1,643,391	24.9%	6,361,753	257,614	6,619,367	3,823,009	57.8%
GRAND TOTAL ALL FUNDS		85,906,102	7,164,057	93,070,159	40,346,095	43.4%	89,920,548	22,368,889	112,289,437	40,415,987	36.0%