

**JOINT MEETING
BANNING CITY COUNCIL/
BANNING UTILITY AUTHORITY/
SUCCESSOR AGENCY**

DATE: April 14, 2015

TO: Mayor and Members of the City Council

FROM: Dean Martin, Administrative Services Director / Deputy City Manager

SUBJECT: FY 2014/15 Midyear Budget Review

RECOMMENDATION: That the City Council approve City Resolution No. 2015-27, the Banning Utility Authority Resolution No. 2015-05 UA and the Successor Agency Resolution No. 2015-03 SA authorizing the Administrative Services Director to make necessary budget adjustments to implement the mid-year analysis.

BACKGROUND: The budgets for the City, Banning Utility Authority and Successor Agency for FY 2014/15 were adopted on June 24th, 2014. The budget is a dynamic document that may be amended throughout the year as a result of unforeseen changes in revenue or expenditure requirements. These changes require City Council or Agency Board action for approval. The purpose for the midyear review is to determine if any budget adjustments are necessary to the budget.

The Fund Summary Status is the primary budget document that is adopted, managed and evaluated throughout the year. Below are some observations about the report:

- The “Available Resources at July 1, 2014” is updated during midyear to reflect the actual available balances from June 30, 2014.
- The Adjusted Revenue and Adjusted Expenditures include all authorized appropriations approved by Council from July 1, 2014 through December 31, 2014, plus any continuing appropriations/encumbrances that were carried forward. Finally, it includes the midyear budget adjustments.
- The “Projected (Proj) Balance at June 30, 2015” shows the projected, estimated ending balances (reserves/fund balance). These will also be used as the starting point for the next budget cycle. The Projected Balance assumes that all revenues and all expenditures will occur as budgeted.

A complete list showing the adjustment requested for each affected account is contained in the detailed attachments for each resolution. Adjustments to the salary accounts have been summarized on one line for each affected fund. The remainder of this report will highlight changes to the budget of the major funds.

General Fund

The original General Fund budget was adopted as balanced. The following table provides a summary of the net changes to the estimated General Fund budget. Adjustments made during the first six months of the year include continuing appropriations and encumbrances (open purchase orders at year end where the work was still in progress at year end and any new appropriations approved by Council).

General Fund	
Beginning budget net gain (loss) to reserves	0
<u>Adjustments during first 6 months:</u>	
Encumbrances	(125,160)
Net new appropriations	(0)
Net continuing appropriations - grants	10,848
Net continuing appropriations - other	(172,272)
Budget adjustments (before midyear)	(286,584)
<u>Midyear adjustments</u>	
ADD - net increases in revenue	903,241
ADD - net decreases in expenditures	306,128
Midyear adjustments	1,209,369
Revised net gain (loss) to General Fund	922,785

REVENUES: Regarding the midyear revenue review, the net impact is an increase in estimates by \$903,241. The primary areas of improvement are:

Midyear Adjustments to Revenues

Mining Tax	275,000
Litigation Recoveries	628,241
	<u>\$903,241</u>

The quarter ending December 31, 2014 was the first quarter that Robertson was required to remit the mining tax established by Measure J. On January 20, 2015 the City received approximately \$23,000 representing receipts from mid-December through the end of December. On an annualized basis that amounts to about \$550,000. Staff has assumed that revenues from the mining tax will continue at that rate for the six months ending June 30, 2015. Therefore the mid-year budget includes half the annualized amount for a total of \$275,000. The next actual payment (which will reflect the first complete quarter) is not due to the City until April 20, 2015.

In addition to the Measure J mining tax, the City received a one-time payment of \$628,241 as recovery from litigation. The City received a favorable court judgment for an oil spill that the City remediated at a cost of nearly \$1.8 million. The City was able to successfully pursue and recover from one of the responsible parties.

EXPENDITURES: The expenditure budget has been reduced by \$306,128. The adjustments to expenditures resulted primarily from staff savings due to vacant and unfilled positions. Vacancies within the City Manager's office, administrative services, community development, and various other city positions created significant salary savings. Those savings were partially offset by the use of contractual and temporary staffing services to cover for many of the vacancies, estimated increased in personnel cost as a result of collective bargaining, and an increase in overtime costs (\$181,000) for the police department due to unfilled positions. Other expenditures items of note include an allocation of \$25,000 for event sponsorship and \$72,276 in additional legal fees (total increase of \$130,000 with \$57,724 allocated to other funds)

ENDING BALANCE/ "RESERVES": The projected balance at June 30, 2015 is \$4,958,154. This includes the emergency contingency, the litigation contingency, encumbrances and continuing appropriations reported in the June 30, 2014 audit report. The increase in the General Fund Balance is a result of anticipated Measure J revenues, one time litigation recovery, and expenditure savings from staffing vacancies offset by contractual services and estimated increased expected as a result of current year collective bargaining.

The Emergency Contingency Commitment is currently set at 25% of the operating budget. Each year the Council adopts the Budget and Fiscal Policies as part of the Budget document. The policy established a Contingency Commitment of a minimum of \$1.5M or up to 25% if funds are available. Any increase in Reserves provides critical resources to the City for unexpected emergencies and cash flow needed, due to the irregularity of the receipt of certain revenues.

Banning Utility Authority

The Utility Authority includes the Water, Wastewater, and Reclaimed Water funds. The Water Operations Fund Balance declined due to increased expenditures. The result for Wastewater Operations has deteriorated since the original budget adoption and is now showing a deficit of \$84,842, a swing of \$107,803 from the previously projected surplus of \$22,961 due to continuing appropriations and encumbrances, new appropriations approved by Council, and adjustments recommended at midyear. Reserve balances for both utilities are still within the 10% reserve policy requirement.

The operational funds for the utilities should be structurally balanced. Costs and operations should be funded through rates and fees collected from customers. Staff is in the process of a new rate study that will provide tools to staff and council on how to address when a rate increase might be needed to address existing operational needs, infrastructure improvements and/or regulatory demands. Regulatory demands are creating a burden for new infrastructure improvements.

The other utility related funds may function with a deficit since these are funded through revenue sources collected in prior years (i.e. development fees, bond funds) and are intended for major projects.

Electric

Electric Operations revenues are expected to remain as originally budgeted. However, expenses, based on results to date, are running slightly less and so have been marginally adjusted

downward. The projected ending fund balance meets the City reserve goal of 10% of operating expenditures.

Other Funds

The other funds have been reviewed and adjusted as needed to reflect actual trends or to resolve deficit fund balances. The Fund Summary Schedule has been updated to reflect the midyear recommendations. Column 4 of the Fund Summary Schedule (Attachment A) indicates the expected annual effect of FY 2014/2015 activity. Most of the deficits (losses) are in capital funds that utilize existing fund balance to complete budgeted projects. The deficit shown in the transit fund is due to a more equitable and rational allocation of internal costs for city services. This deficit should be covered by a request to the Riverside County Transportation Commission for additional Short Range Transit Plan funding (for which a separate Council action approving the request has been submitted).

The Airport Fund continues to operate at a deficit. Staff is exploring options for the airport for elimination of this deficit and restoring the airport or the underlying property to an economically viable asset.

Successor Agency (previously the CRA)

The midyear review for the Successor Agency includes adjustments to align the budget with the items approved on the ROPS that cover this budget year.

December Interim Financial Report

The December report (Attachment B) provides a snapshot status of the budget and actual activity for the first six months of the fiscal year. The report focuses on the General Fund and provides information to assist readers in understanding the General Fund revenues and expenditures.

FISCAL DATA: The proposed resolutions will enable the Administrative Services Director to post budget adjustments to the accounts for the City of Banning, Banning Utility Authority and the Banning Successor Agency. The effects of these adjustments will be to change estimated revenues, expenditures and ending fund balances as shown on the Fund Summary Schedule (Attachment A).

RECOMMENDED BY:



Dean Martin
Interim Administrative Services Director/
Deputy City Manager

APPROVED BY



James E. Smith
Interim City Manager

CITY OF BANNING
Fund Summary Status
MidYear FY15 Projections
FY 2014-15

#	FUND NAME	(1) Available Resources @ July 1, 2014	(2) FY 2014-15 Adjusted Revenue	(3) FY 2014-15 Adjusted Expenditures	(4) Proj. YTD Gain/(Loss) (Col. 2-3)	(5) Proj. Balance @ June 30, 2015 (Col. 1+4)
Governmental Funds						
001	General	4,035,369	15,002,663	14,079,878	922,785	4,958,154
	Sub-Total	4,035,369	15,002,663	14,079,878	922,785	4,958,154
Special Revenue Funds						
002	Developer Deposit Fund	4,160	349,053	349,653	(600)	3,560
003	Riverside County MOU	141,150	494,789	609,278	(114,489)	26,661
100	Gas Tax Street	671,200	1,381,873	1,789,946	(408,073)	263,127
101	Measure A Street	1,581,361	964,344	1,559,006	(594,662)	986,699
103	SB300 Street Improvement	86,020	200	14,768	(14,568)	71,452
104	Article 3 - Sidewalk Construction	(142,135)	229,762	69,441	160,321	18,186
110	C.D.B.G.	(46,503)	606,633	560,130	46,503	-
111	Landscape Maintenance Assmt. Dist.#1	238,157	139,538	128,582	10,956	249,113
132	Air Quality Improvement	241,421	380,300	418,000	(37,700)	203,721
140	Asset Forfeiture	2,511	-	-	-	2,511
148	Supplemental Law Enforcement	137,691	100,100	237,690	(137,590)	101
149	Public Safety - Sales Tax	-	-	-	-	-
150	State Park Bond Act	937	-	-	-	937
190	Housing Authority Fund	20	-	-	-	20
200	Special Donations	22,948	5,000	5,000	-	22,948
201	Senior Center Activities	51,859	6,300	11,450	(5,150)	46,709
202	Animal Control Reserve	4,921	-	1,317	(1,317)	3,604
203	Police Volunteer	1,326	-	-	-	1,326
300	City Hall COP Debt Service*	3,276	437,000	437,000	-	3,276
360	Sun Lakes CFD #86-1	35,133	60	-	60	35,193
365	Wilson Street #91-1 Assessment Debt	45,671	50	-	50	45,721
370	Area Police Computer	17,228	52,150	47,277	4,873	22,101
375	Fair Oaks #2004-1 Debt Service	188,392	208,596	202,499	6,097	194,489
376	Cameo Homes	45,929	100	-	100	46,029
	Sub-Total	3,332,673	5,355,848	6,441,037	(1,085,189)	2,247,484

CITY OF BANNING
Fund Summary Status
MidYear FY15 Projections
FY 2014-15

#	FUND NAME	(1) Available Resources @ July 1, 2014	(2) FY 2014-15 Adjusted Revenue	(3) FY 2014-15 Adjusted Expenditures	(4) Proj. YTD Gain/(Loss) (Col. 2-3)	(5) Proj. Balance @ June 30, 2015 (Col. 1+4)
Capital Improvement Funds						
400	Police Facilities Development	34,918	50	-	50	34,968
410	Fire Facility Development	938,017	1,500	-	1,500	939,517
420	Traffic Control Facility	426,121	14,333	125,730	(111,397)	314,724
421	Ramsey/Highland Home Traffic Signal	80,951	150	-	150	81,101
430	General Facilities	432,577	800	60,000	(59,200)	373,377
441	Sunset Grade Separation Fund	(2,296,824)	2,296,802	-	2,296,802	(22)
444	Wilson Median	378,794	700	-	700	379,494
451	Park Development	158,481	3,968	132,046	(128,078)	30,403
470	Capital Improvement Fund	638,408	300	120,000	(119,700)	518,708
Sub-Total		791,443	2,318,603	437,776	1,880,827	2,672,270
Banning Utility Authority						
660	Water Operations	9,119,214	10,682,200	11,095,423	(413,223)	8,705,991
661	Water Capital Facility Fee	4,257,849	26,964	2,827,898	(2,800,934)	1,456,915
663	BUA Water Capital Project Fund	2,349,219	2,900	800,000	(797,100)	1,552,119
669	BUA Water Debt Service Fund	83,365	2,290,087	2,291,187	(1,100)	82,265
Water Subtotal		15,809,647	13,002,151	17,014,508	(4,012,357)	11,797,290
680	Wastewater Operations	1,368,226	3,212,104	3,296,946	(84,842)	1,283,384
681	Wastewater Capital Facility Fees	10,647,349	34,644	801,559	(766,915)	9,880,434
683	BUA WWtr Capital Project Fund	3,265,600	1,300	536,997	(535,697)	2,729,903
685	State Revolving Loan	772,942	301,275	299,882	1,393	774,335
689	BUA Wastewater Debt Service Fund	89,556	398,250	397,750	500	90,056
Wastewater Subtotal		16,143,673	3,947,573	5,333,134	(1,385,561)	14,758,112
662	Irrigation Water	1,294,516	1,887,959	3,175,328	(1,287,369)	7,147
682	Wastewater Tertiary	4,100,894	362,500	1,885,459	(1,522,959)	2,577,935
Reclaimed Water Subtotal		5,395,410	2,250,459	5,060,787	(2,810,328)	2,585,082
Sub-Total		37,348,730	19,200,183	27,408,429	(8,208,246)	29,140,484

CITY OF BANNING
Fund Summary Status
MidYear FY15 Projections
FY 2014-15

#	FUND NAME	(1) Available Resources @ July 1, 2014	(2) FY 2014-15 Adjusted Revenue	(3) FY 2014-15 Adjusted Expenditures	(4) Proj. YTD Gain/(Loss) (Col. 2-3)	(5) Proj. Balance @ June 30, 2015 (Col. 1+4)
Enterprise Funds						
600	Airport	49,806	310,450	359,375	(48,925)	881
610	Transit Operations	(132,883)	2,459,736	2,459,736	-	(132,883)
690	Refuse	726,592	3,303,195	3,220,698	82,497	809,089
	Subtotal	643,515	6,073,381	6,039,809	33,572	677,087
670	Electric Operations	10,615,909	29,773,000	29,031,957	741,043	11,356,952
672	Rate Stability	6,032,185	220,500	-	220,500	6,252,685
673	Electric Improvement	7,325,237	15,141	1,228,899	(1,213,758)	6,111,479
674	2007 Elec Rev Bond Project Fund	12,709,856	5,350	11,254,796	(11,249,446)	1,460,410
675	Public Benefit Fund	474,097	784,250	782,455	1,795	475,892
678	2007 Elec Rev Bond Debt Service	297,957	2,673,276	2,673,076	200	298,157
	Electric Subtotal	37,455,241	33,471,517	44,971,183	(11,499,666)	25,955,575
	Sub-Total	38,098,756	39,544,898	51,010,992	(11,466,094)	26,632,662
Internal Service Funds						
700	Risk Management Fund	1,062,774	3,341,738	3,288,612	53,126	1,115,900
702	Fleet Maintenance	659,478	1,119,829	1,178,264	(58,435)	601,043
703	Information Systems Services	105,169	424,661	466,440	(41,779)	63,390
761	Utility Billing Administration	153,520	1,774,418	1,780,699	(6,281)	147,239
	Sub-Total	1,980,941	6,660,646	6,714,015	(53,369)	1,927,572
Successor Agency Funds						
805	Redevelopment Obligation Retirement Fund	1,584,311	3,096,095	3,127,177	(31,082)	1,553,229
810	Successor Housing Agency	37,703	50	-	50	37,753
830	Debt Service Fund	44,280	2,998,685	2,864,290	134,395	178,675
850	Successor Agency	1,558,705	253,000	276,480	(23,480)	1,535,225
855	2007 TABS Bond Proceeds	7,432,656	5,813	1,742,868	(1,737,055)	5,695,601
856	2003 TABS Bond Proceeds	243,223	32,974	-	32,974	276,197
857	2003 TABS Bond Proceeds Low/Mod	472,012	900	-	900	472,912
	Sub-Total	11,372,890	6,387,517	8,010,815	(1,623,298)	9,749,592
	GRAND TOTAL ALL FUNDS	96,960,802	94,470,358	114,102,942	(19,632,584)	77,328,218



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	YTD Actual	Difference	% Realized	YTD Actual	Change from	% Change
	Adopted	Adjusted	Dec 2014	Dec 2014			Dec 2013	Prior YR	
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.



Interim Financial Report

- 6 Months Ended December 31, 2014

- 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.

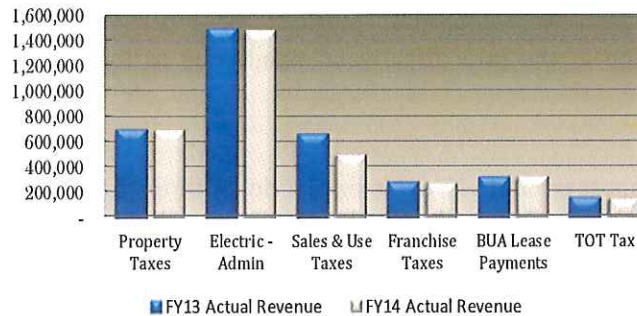
Transient Occupancy Tax (TOT) – With the vote-approved measure last June 3, 2014 to maintain the TOT rate at 12%, this revenue source has provided the City with average revenues of more than \$600,000 annually. Year to-date revenues as of December 31, 2014 amounted to \$161,196, an increase of \$4,004 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,