LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY

Item No. 3
Mtg. Date October 21, 2014
Dept. Finance

Item Title: **First Quarter Report for the Fiscal Year 2014-15 General Fund Budget**

Staff Contact: **Cathy Till, Finance Director**

Recommendation:

Receive the first quarter report for the Fiscal Year 2014-15 General Fund Budget.

Item Summary:

The purpose of this agenda item is to provide the first quarter report for Fiscal Year 2014-15 (FY 2014-15). The report focuses on FY 2013-14 year-end revenue and expenditures.

The staff report (**Attachment A**) provides an overview of the FY 2014-15 General Fund budget, a description of revenue (FY 2013-14 actual and FY 2014-15 budgeted figures), a description of expenditures (FY 2013-14 actual and FY 2014-15 budgeted figures), and an overview of the combined General Reserve funds.

Fiscal Impact:
None.

Environmental Review:

☒ Not subject to review
☐ Negative Declaration
☐ Categorical Exemption, Section
☐ Mitigated Negative Declaration

Public Information:

☒ None
☐ Newsletter article
☐ Notice to property owners within 300 ft.
☐ Notice published in local newspaper
☐ Neighborhood meeting

Attachments:

A. Staff Report

Attachment A

LEMON GROVE
CITY COUNCIL STAFF REPORT

Item No. 3

Mtg. Date October 21, 2014

Item Title: **First Quarter Report for the Fiscal Year 2014-15 General Fund Budget**

Staff Contact: Cathy Till, Finance

Discussion:

The purpose of this agenda item is to present the first quarter report for Fiscal Year 2014-15 (FY 2014-15). The staff report provides a budget overview, a description of revenue (FY 2013-14 anticipated versus actual and FY 2014-15 budgeted revenue), a description of expenditures (FY 2013-14 anticipated versus actual and FY 2014-15 budgeted expenditures), and an overview of the combined General Reserve funds.

Budget Overview

The budget, adopted on June 3, 2014, reflected an estimated General Fund surplus of approximately $208,100, as of June 30, 2014. The actual results reflect a surplus of $668,800 because of a combination of variances in both revenues and expenditures. The result is an increase of $460,700 in revenue.

Based on data currently available for analysis, staff conservatively believes that FY 2014-15 revenue will be roughly the same as the budget presented in June 2014. Staff believes that the FY 2014-15 budget reflected realistic revenue figures and believes that it is too early in the fiscal year to adjust individual revenue accounts either upward or downward. On the expenditure side, staff again feels that it is too soon to alter the original budget. The projected result is an overall General Fund surplus of $146,600 for FY 2014-15. The table below summarizes the actual data for FY 2013-14 and projections for FY 2014-15:

Description	FY 2013-14 Anticipated	FY 2013-14 Actual	Difference	FY 2014-15 Projected
Revenue	$10,328,800	$10,572,100	$243,300	$10,709,500
Transfers	2,968,600	3,068,900	100,300	588,600
Expenditures	13,089,300	12,972,200	(117,100)	11,151,500
Net	**$208,100**	**$668,800**	**$460,700**	**$146,600**

The following sections provide a more detailed analysis of revenue and expenditures in FY 2013-14 and FY 2014-15.

Revenues

Based on actual figures, the FY 2013-14 revenue was approximately $243,300 more than the original estimate. The major factors resulting in the FY 2013-14 revenue increase include:

- Sales tax +$74,800
- Development fes +$67,700
- Franchise fees +$41,100
- Traffic fines +$19,900
- Parks and recreation +$12,035
- Property tax +$15,100

Attachment A

The following table summarizes several significant change in revenue for FY 2013-14:

Description	FY 2013-14 Anticipated	FY 2013-14 Actual	Difference
Sales Tax	4,220,000	4,294,800	74,800
Property Tax	2,057,000	2,064,600	7,600
Planning Permits	245,000	312,700	67,700
Other	3,806,800	3,900,100	93,300

Interfund transfers in FY 2013-14 were $100,300 more than the adopted budget. The reason for this increase is primarily an increase in gas tax transfers versus the budget.

Expenditures

Based on FY 2013-14 final figures, the expenditures are approximately $117,100 less than budgeted. The table below shows anticipated, actual, and budgeted expenditures by department. As a reminder, the FY 2014-15 expenditures are significantly less than the FY 2013-14 expenditures due to a change in the method in which staff costs have been allocated to different funds operated by the City.

Department	FY 2013-14 Anticipated	FY 2013-14 Actual	Difference	FY 2014-15 Budget
City Council	$129,800	$130,100	$300	$72,300
City Manager	519,500	525,600	6,100	197,800
City Attorney	121,500	112,600	(8,900)	151,500
Finance	412,800	400,900	(11,900)	151,400
Sheriff	4,809,000	4,801,000	(8,000)	4,943,700
Animal Control	206,900	202,100	(4,800)	209,900
Fire	3,678,100	3,624,100	(54,000)	3,819,400
Development Services	1,278,200	1,305,000	26,800	552,500
Public Works	1,933,500	1,870,700	(62,800)	1,053,000
Total	**$13,089,300**	**$12,972,100**	**($117,200)**	**$11,151,500**

Any recommended changes to FY 2014-15 expenditures will be presented during the mid-year budget discussion in February 2015.

General Reserve and General Fund Balance

The anticipated FY 2013-14 budget, adopted on June 3, 2014, reflected a combined General Reserve balance of $2,997,100 as of June 30, 2014. Based on actual FY 2013-14 figures, this balance increased to $3,462,000 at June 30, 2014, an increase of $464,900. The FY 2014-15 mid-year budget will reflect the deferred maintenance projects (a cost of approximately $260,000) approved by the City Council on September 2, 2014.

Conclusion:

Staff recommends that the City Council receive the first quarter report for the Fiscal Year 2014-15.