




# City of Sierra Madre Agenda Report

*Gene Goss, Mayor*  
*Rachelle Arizmendi, Mayor Pro Tem*  
*John Capoccia, Council Member*  
*Denise Delmar, Council Member*  
*John Harabedian, Council Member*

*Melinda Carrillo, City Clerk*  
*Michael Amerio, City Treasurer*

TO: Honorable Mayor and Members of the City Council

FROM: Elaine I. Aguilar, City Manager 

INITIATED BY: Marcie Medina, Finance Director

DATE: February 28, 2017

SUBJECT: **FY 2016-2017 Midyear Budget Review – Second Quarter Financial Report.**  
**Resolution 17- 08: Adopting the Midyear Budget for Fiscal Year 2016-2017 and Appropriating the Amounts Projected.**

## **SUMMARY**

Attached is the FY 2016-2017 Midyear Budget Review – Second Quarter Financial Report. The main focus of the report is the General Fund, but all City Funds activity is presented in a summarized format.

Staff is seeking approval of Resolution 17-08 adopting the FY 2016-2017 Midyear Budget and appropriating the amounts projected.

## **ANALYSIS**

### **General Fund**

The chart below is the General Fund Comparison of Revenues and Expenditures including Transfers In and Out, and Change to Fund Balance. There is a small projected use of fund balance which was budgeted. In total the General Fund is within budget with projected increase in revenues and departmental savings making up for any projected increases in appropriations.

CITY OF SIERRA MADRE			
Projected Ending Balances for FY 2016-2017			
General Fund			
	FY 2016-17 Adopted Budget	FY 2016-17 Adjusted Budget	FY 2016-17 Projected
REVENUES			
Property Taxes	5,484,800	5,484,800	5,524,600
AB1X 26 - RDA Residual	200,000	200,000	250,000
Utility User Taxes	2,700,000	2,700,000	2,645,000
Sales Taxes	250,000	250,000	275,000
Franchise Fees	368,600	368,600	364,000
Licenses and Permits	723,300	723,300	739,800
Charges for Services	695,500	695,500	691,000
Fines and Forfeitures	227,100	227,100	186,100
Other Revenues	11,700	11,700	46,100
TOTAL REVENUES	10,661,000	10,661,000	10,721,600
EXPENDITURES			
Administrative Services	2,198,100	2,198,100	2,201,100
Community Services	201,800	201,800	201,800
Elected and Appointed	278,500	278,500	260,100
Fire	1,864,900	1,876,700	1,876,700
Library	740,300	740,300	740,300
Planning & Community Preservation	1,127,200	1,127,200	1,127,200
Police	3,639,700	3,639,700	3,639,700
Public Works	731,200	731,200	807,200
TOTAL EXPENDITURES	10,781,700	10,793,500	10,854,100
TRANSFERS IN	100,000	100,000	100,000
TRANSFERS OUT	(33,900)	(33,900)	(33,900)
NET TRANSFERS	66,100	66,100	66,100
NET CHANGE IN FUND BALANCE	(54,600)	(66,400)	(66,400)

## All City Funds

The chart below summarizes the estimated revenues and expenditures by Fund for FY 2016-2017. Adjusted Budget reflects approved amendments made during the year and carryovers of funds from prior years.

The “deficits” at the bottom of the chart reflect the use of carryover of funds and restricted reserves that have been earmarked in prior years for specific projects or activities.

CITY OF SIERRA MADRE			
Projected Ending Balances for FY 2016-2017			
All City Funds (Includes Transfers)			
	FY 2016-17 Adopted Budget	FY 2016-17 Adjusted Budget	FY 2016-17 Projected
<b>REVENUES</b>			
General Fund	10,761,000	10,761,000	10,821,600
Special Revenue	1,576,400	1,576,400	1,576,400
Internal Services	4,561,500	4,561,500	4,561,500
Water	4,727,100	4,727,100	4,935,900
Sewer	840,400	840,400	840,400
Business Funds	233,000	233,000	233,000
Successor Agency	496,900	496,900	496,900
<b>TOTAL REVENUES</b>	<b>23,196,300</b>	<b>23,196,300</b>	<b>23,465,700</b>
<b>EXPENDITURES</b>			
General Fund	10,815,600	10,827,400	10,888,000
Special Revenue	1,794,500	1,819,500	1,746,500
Internal Services	4,547,600	4,617,600	4,672,100
Water	5,484,800	5,534,300	5,534,300
Sewer	1,191,200	1,191,200	1,191,200
Business Funds	224,400	224,400	224,400
Successor Agency	488,200	488,200	488,200
<b>TOTAL EXPENDITURES</b>	<b>24,546,300</b>	<b>24,702,600</b>	<b>24,744,700</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,350,000)</b>	<b>(1,506,300)</b>	<b>(1,279,000)</b>

**FINANCIAL REVIEW**

Recommended Budget Appropriations including Transfers In/Out

	<b><u>Adjusted 2016-2017</u></b>	<b><u>Amended 2016-2017</u></b>
City of Sierra Madre	\$ 24,214,400	\$ 24,256,500
Successor Agency	\$ 488,200	\$ 488,200
<hr/>		
<b>Total</b>	<b><u>\$ 24,702,600</u></b>	<b><u>\$ 24,744,700</u></b>

**PUBLIC NOTICE PROCESS**

This item has been noticed through the regular agenda notification process. Copies of the report are available via the City's website at [www.cityofsierramadre.com](http://www.cityofsierramadre.com), at the City Hall public counter, and the Sierra Madre Public Library.

**STAFF RECOMMENDATION**

Staff recommends the approval of: Resolution 17-08, adopting the Fiscal Year 2016-2017 Midyear Budget and appropriating the amounts projected.

Attachments:

FY 2016-2017 Midyear Budget Review- Second Quarter Financial Report.  
Resolution 17-08: Adopting the Midyear Budget for Fiscal Year 2016-2017 and appropriating the amounts projected.



**CITY OF  
SIERRA MADRE**

## FY 2016-2017 MIDYEAR BUDGET REVIEW

### Second Quarter Financial Report

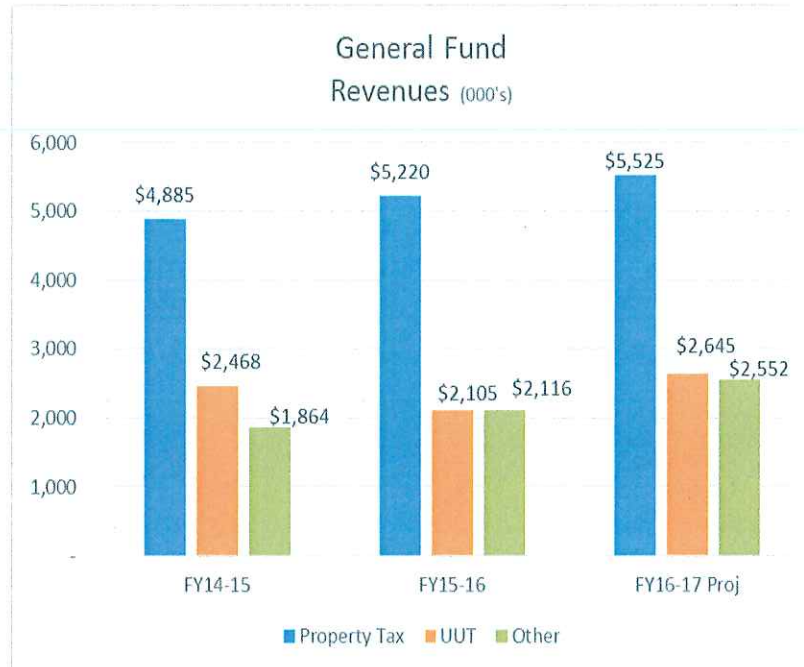
The City has completed the second quarter of fiscal year 2016-17. This report provides revised budget estimates based on financial performance of the City for the period of July 1, 2016 through December 31, 2016, historical data and well as other current available information. While the focus of the report is the General Fund, summary financial information is also provided for all City Funds. The information presented is unaudited. This report is intended only to provide the City Council and the public with an overview of the City's general fiscal condition.

The revenue projections and expenditure budgets include adjustments for carryovers and any appropriations made by the City Council as of December 31, 2016.

#### **GENERAL FUND**

The General Fund is the general operating fund for the City. It provides the resources to sustain the day-to-day activities and services to the community. All nine departments receive support, either directly or indirectly from the General Fund.

The General Fund original adopted budget for FY 2016-17 is \$10,661,000 for revenues and \$10,781,700 for expenditures. The revenues projected are \$10,721,600, very close to what was budgeted. The General Fund presentation changed from previous years. Subsidized operations have been collapsed into the General Fund. The Recreation Classes, Paramedic Program and Development Services were accounted for in separate funds. This year these operations are accounted for in the General Fund. This resulted in a decrease in transfers out, and increased revenues and expenditures for these operations. In comparison to prior year, General Fund revenues (excluding collapsed operations) are expected to increase by 4.8%. The increase is mainly due to



(Excludes Transfers)

increases in Utility User Taxes and Property Taxes revenue.

The City's two major General Fund revenue sources are Property Taxes and Utility User Taxes, which make up over 75% of the General Fund Revenues.

- **Property Taxes:** Included in this line item are Property Taxes in Lieu of VLF. AB1X26, residual payments from the dissolution of the former redevelopment agency are considered property taxes. However, the line item is reflected separately, since the amount has changed from year to year and the variance creates an anomaly in the property tax revenue trend. Property Taxes are close to original estimates and show positive growth over prior year. We anticipate an increase of 5.8% from prior year which is driven by an increase in citywide assessed values.

GENERAL FUND REVENUES	FY14-15 Actual	FY15-16 Actual	FY 16-17 Adopted Budget	FY 16-17 Adjusted Budget	FY 16-17 Projected
Property Tax	4,884,642	5,220,602	5,484,800	5,484,800	5,524,600
AB1X26 (RDA Dissolution)	198,171	259,921	200,000	200,000	250,000
Utility User's Tax	2,467,813	2,104,697	2,700,000	2,700,000	2,645,000
Sales Tax	330,053	341,052	250,000	250,000	275,000
Franchise Fees	372,694	364,020	368,600	368,600	364,000
Licenses & Permits	408,778	398,631	723,300	723,300	739,800
Charges for Services	212,175	328,155	695,500	695,500	691,000
Fines & Penalties	223,072	190,999	227,100	227,100	186,100
Other Revenues	119,159	232,867	11,700	11,700	46,100
<b>TOTAL</b>	<b>9,216,557</b>	<b>9,440,944</b>	<b>10,661,000</b>	<b>10,661,000</b>	<b>10,721,600</b>

(Excludes Transfers)

- **Utility User Taxes:** Taxes are projected to come in 2.1% lower than originally expected. However, in comparison to prior year, UUT projected revenues reflect a 25.7% increase which is a result of the voter approved UUT rate increase back to 10% on July 1, 2016.
- **Other General Fund Revenues:** This includes all other General Fund revenues except for Transfers In. Other General Fund projected revenues are expected to come in about 3.1% higher than budgeted which is due to sales taxes, RDA Residual Taxes and other Miscellaneous Revenues coming in higher than originally budgeted. However, in comparison to prior year, other

revenues are projected to decrease (excluding collapsed operations) by about 18%, mainly due to non-recurring state reimbursements received in the prior year.

#### **General Fund Expenditures:**

Expenditures estimates in total are coming in close to the adjusted budget. However, there are adjustments between departments. The main increase is to the Public Works Budget, of \$76,000. This increase is for salaries that were budgeted through grant funds that are no longer available to fund salaries. The increase is off-set by increases in projected General Fund Revenues and departmental savings.

GENERAL FUND EXPENDITURES	FY14-15 Actual	FY15-16 Actual	FY 16-17 Adopted Budget	FY 16-17 Adjusted Budget	FY 16-17 Projected
Administrative Services	1,296,696	1,589,911	2,198,100	2,198,100	2,201,100
Community Services	199,135	137,298	201,800	201,800	201,800
Elected and Appointed	308,632	380,372	278,500	278,500	260,100
Fire	1,048,870	1,036,187	1,864,900	1,876,700	1,876,700
Library	737,833	738,179	740,300	740,300	740,300
Planning & CP	-	-	1,127,200	1,127,200	1,127,200
Police	3,387,335	3,696,734	3,639,700	3,639,700	3,639,700
Public Works	509,408	492,903	731,200	731,200	807,200
<b>TOTAL</b>	<b>7,487,909</b>	<b>8,071,584</b>	<b>10,781,700</b>	<b>10,793,500</b>	<b>10,854,100</b>

(Excludes Transfers)

## **ENTERPRISE FUNDS**

The following tables summarize the revenues and expenditures for enterprise funds.

<b>ENTERPRISE FUNDS REVENUES</b>	<b>FY14-15 Actual</b>	<b>FY15-16 Actual</b>	<b>FY 16-17 Adopted Budget</b>	<b>FY 16-17 Adjusted Budget</b>	<b>FY 16-17 Projected</b>
Water	4,620,619	4,552,633	4,727,100	4,727,100	4,935,900
Sewer	808,103	841,435	840,400	840,400	840,400
Business Funds	317,959	269,379	233,000	233,000	233,000
<b>TOTAL</b>	<b>5,746,681</b>	<b>5,663,447</b>	<b>5,800,500</b>	<b>5,800,500</b>	<b>6,009,300</b>

<b>ENTERPRISE FUNDS EXPENDITURES</b>	<b>FY14-15 Actual</b>	<b>FY15-16 Actual</b>	<b>FY 16-17 Adopted Budget</b>	<b>FY 16-17 Adjusted Budget</b>	<b>FY 16-17 Projected</b>
Water	4,612,381	4,388,290	5,484,800	5,534,300	5,534,300
Sewer	953,770	1,172,547	1,191,200	1,191,200	1,191,200
Business Funds	232,862	411,425	224,400	224,400	224,400
<b>TOTAL</b>	<b>5,799,013</b>	<b>5,972,262</b>	<b>6,900,400</b>	<b>6,949,900</b>	<b>6,949,900</b>

### **Water Fund:**

Projected Water Fund revenues are projected to come in higher than budget by 4.4% and are 8.4% higher than prior year, mainly due to the increase in excess water charges estimated at \$600,000. Water sales revenues are projected to come in as budgeted and are about the same as prior year, despite the water rate increase effective July 1, 2016, as a result of water conservation. However, excess water charges are coming in higher than budget and also reflect a \$200,000 increase from prior year.

Projected water expenditures are on target with the adjusted budget. In comparison to prior year water expenditures are estimated to come in 26% higher than prior year. This increase is due to increases in capital project activity and cost of utilities.

### **Sewer Fund:**

The Sewer Fund revenues on target and about the same as prior year. Expenditures are projected to come in within budget and reflect an increase of \$18,600 or 1.6% from prior year this is mainly due to an increase in capital outlay.

### **Business Fund:**

The Business Fund includes the following operations: Aquatics, special events, and filming. The revenues and expenditures fluctuate with activity. The revised estimates for both revenues and expenditures are projected to come in within budget.

## **OTHER FUNDS**

The following tables summarize both revenue and expenditures for all other City funds: Special Revenue Funds, Internal Service Funds and Successor Agency.

<b>OTHER FUNDS REVENUES</b>	<b>FY14-15 Actual</b>	<b>FY15-16 Actual</b>	<b>FY 16-17 Adopted Budget</b>	<b>FY 16-17 Adjusted Budget</b>	<b>FY 16-17 Projected</b>
Special Revenue	2,668,442	2,354,398	1,555,500	1,555,500	1,555,500
Internal Services	3,409,593	4,424,910	4,561,500	4,561,500	4,561,500
Successor Agency	738,789	738,789	496,900	496,900	496,900
<b>TOTAL</b>	<b>6,816,824</b>	<b>7,518,097</b>	<b>6,613,900</b>	<b>6,613,900</b>	<b>6,613,900</b>

(Excludes Transfers)

<b>OTHER FUNDS EXPENDITURES</b>	<b>FY14-15 Actual</b>	<b>FY15-16 Actual</b>	<b>FY 16-17 Adopted Budget</b>	<b>FY 16-17 Adjusted Budget</b>	<b>FY 16-17 Projected</b>
Special Revenue	3,464,437	3,164,327	1,794,500	1,819,500	1,746,500
Internal Services	5,396,242	4,000,350	4,547,600	4,617,600	4,672,100
Successor Agency	278,924	278,924	488,200	488,200	488,200
<b>TOTAL</b>	<b>9,139,603</b>	<b>7,443,601</b>	<b>6,830,300</b>	<b>6,925,300</b>	<b>6,906,800</b>

(Excludes Transfers)

## **FOR MORE INFORMATION**

This summary report is derived from detailed financial information generated by the City's Administrative Services Department. Additional financial information is available online at [www.cityofsierramadre.com](http://www.cityofsierramadre.com).

## **RESOLUTION NO. 17-08**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE ADOPTING THE MIDYEAR BUDGET FOR FISCAL YEAR 2016-2017 AND APPROPRIATING THE AMOUNTS PROJECTED**

**WHEREAS**, on June 28, 2016, the City Manager did present the City's 2016-2017 budget to the City Council for its consideration; and the City Council did, in a public meeting, carefully consider the budget; and adopted the revised budget; and

**WHEREAS**, the City Council has committed additional appropriations during the fiscal year; and

**WHEREAS**, on February 28, 2017, the City Manager did proposed midyear budget amendments for the City of Sierra Madre (City) for the fiscal year commencing July 1, 2016 and concluding June 30, 2017 was submitted to the City Council and is on file at City Hall; and

**WHEREAS**, the City Council did, in a public meeting, receive input from the City staff and the public for amendments to the recommended amendments to the Fiscal Year 2016-2017 budget; and

**NOW, THEREFORE, THE CITY OF SIERRA MADRE DOES RESOLVE AS FOLLOWS:**

**SECTION 1.** The budget, as amended, is adopted as for the City of Sierra Madre for Fiscal Year commencing July 1, 2016 and concluding June 30, 2017.

**SECTION 2.** Appropriations for the City as described in the documents titled "Projected Ending Balances for FY 2016-2017" and said attachments are attached hereto as exhibits "A", are hereby adopted for the fiscal year commencing July 1, 2016 and concluding on June 30, 2017.

**SECTION 3.** The City Manager and Finance Director are hereby authorized to make transfers between budget line items in accordance with the Budget Policies adopted by the City Council, on April 11, 2001.

**PASSED, APPROVED AND ADOPTED** this 28<sup>th</sup> day of February, 2017.

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Gene Goss, Mayor  
City of Sierra Madre, California

I hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Sierra Madre held on the 28<sup>th</sup> day of February, 2017 by the following vote:

AYES:

NOES:

ABSENT:

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Melinda Carrillo, City Clerk  
City of Sierra Madre, California

**CITY OF SIERRA MADRE**  
**Projected Ending Balances for FY 2016-2017**  
**General Fund**

	<b>FY 2016-17 Adopted Budget</b>	<b>FY 2016-17 Adjusted Budget</b>	<b>FY 2016-17 Projected</b>
<b>REVENUES</b>			
Property Taxes	5,484,800	5,484,800	5,524,600
AB1X 26 - RDA Residual	200,000	200,000	250,000
Utility User Taxes	2,700,000	2,700,000	2,645,000
Sales Taxes	250,000	250,000	275,000
Franchise Fees	368,600	368,600	364,000
Licenses and Permits	723,300	723,300	739,800
Charges for Services	695,500	695,500	691,000
Fines and Forfeitures	227,100	227,100	186,100
Other Revenues	11,700	11,700	46,100
<b>TOTAL REVENUES</b>	<b>10,661,000</b>	<b>10,661,000</b>	<b>10,721,600</b>
<b>EXPENDITURES</b>			
Administrative Services	2,198,100	2,198,100	2,201,100
Community Services	201,800	201,800	201,800
Elected and Appointed	278,500	278,500	260,100
Fire	1,864,900	1,876,700	1,876,700
Library	740,300	740,300	740,300
Planning & Community Preservation	1,127,200	1,127,200	1,127,200
Police	3,639,700	3,639,700	3,639,700
Public Works	731,200	731,200	807,200
<b>TOTAL EXPENDITURES</b>	<b>10,781,700</b>	<b>10,793,500</b>	<b>10,854,100</b>
<b>TRANSFERS IN</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>TRANSFERS OUT</b>	<b>(33,900)</b>	<b>(33,900)</b>	<b>(33,900)</b>
<b>NET TRANSFERS</b>	<b>66,100</b>	<b>66,100</b>	<b>66,100</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(54,600)</b>	<b>(66,400)</b>	<b>(66,400)</b>

**CITY OF SIERRA MADRE**  
**Projected Ending Balances for FY 2016-2017**  
**All City Funds (Includes Transfers)**

	<b>FY 2016-17 Adopted Budget</b>	<b>FY 2016-17 Adjusted Budget</b>	<b>FY 2016-17 Projected</b>
<b>REVENUES</b>			
General Fund	10,761,000	10,761,000	10,821,600
Special Revenue	1,576,400	1,576,400	1,576,400
Internal Services	4,561,500	4,561,500	4,561,500
Water	4,727,100	4,727,100	4,935,900
Sewer	840,400	840,400	840,400
Business Funds	233,000	233,000	233,000
Successor Agency	496,900	496,900	496,900
<b>TOTAL REVENUES</b>	<b>23,196,300</b>	<b>23,196,300</b>	<b>23,465,700</b>
<b>EXPENDITURES</b>			
General Fund	10,815,600	10,827,400	10,888,000
Special Revenue	1,794,500	1,819,500	1,746,500
Internal Services	4,547,600	4,617,600	4,672,100
Water	5,484,800	5,534,300	5,534,300
Sewer	1,191,200	1,191,200	1,191,200
Business Funds	224,400	224,400	224,400
Successor Agency	488,200	488,200	488,200
<b>TOTAL EXPENDITURES</b>	<b>24,546,300</b>	<b>24,702,600</b>	<b>24,744,700</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,350,000)</b>	<b>(1,506,300)</b>	<b>(1,279,000)</b>