



Staff Report

REPORT ON MID YEAR FINANCIAL RESULTS – DECEMBER 31, 2006.

Honorable Mayor and Council Members:

Summary

The City of Belmont performs a Mid-Year Review of its financial results. The attached reports and analysis summarize the financial results for the six months ended December 31, 2006 and identifies mid term corrective action required to the Budget.

Background and Discussion

Executive Summary-

The Executive Summary includes a recap of the FY 07 fiscal status, recommends budget corrections, and addresses other Mid-Year Budget clean-up items. This summary is shown as Attachment A and will be presented as a PowerPoint presentation at the meeting.

Mid Year Financial Results-

To further assist in the analysis of the Mid-Year Review, six month financial results are provided at three levels, with progressively more detail.

The highest level report is titled Performance at a Glance. This report measures performance in two important areas: General Fund balance trends and year-to-date revenues and expenditures on a budget to actual basis. These measurements are indicative of the City's general financial health and the ability to meet expected results.

The mid-level report is titled Fund Recap at a Glance. On a single page, this report lists all year-to-date revenue and expenditure activity by fund. Furthermore, a comparison to budget is provided. This report is intended to highlight economic activity at the fund level and focus attention on budgetary compliance.

The detail report is titled Statement of Revenues and Expenditures – Budget Variance Report and is intended as a companion to the Fund Recap at a Glance report. This report can be used to "drill down" to the detail information for purposes of comparing the year-to-date budget (i.e., what we thought we were going to receive or spend for the period) against actual (i.e., what we really received or spent during the period) for each major revenue source and expenditure division/service center. To facilitate the Council's review and reconciliation to other reports, the expenditure detail has been sorted in both functional and fund orders.

These reports are shown as Attachment B.

Matters Affecting Current Budget-

- Budget Augmentation Requests and Implementing Resolution
Staff has prepared a draft budget resolution for Council's consideration. The budget resolution incorporates requests that fall into the following categories: 1) new appropriations required to complete the fiscal year or 2) items reflecting actions previously approved by City Council. In the former case, departments have prepared explanations for divisions/service centers with unfavorable expenditure budget variances at mid-year (\$10,000) or projected year-end (\$25,000) and any corrective action planned to mitigate the variance. It is important to note most department budgets are well within the approved budget authority. The implementing resolution and explanations are presented as Attachment C.
- Parks & Recreation Staffing
Staff is requesting an upgrade of the Recreation Program Coordinator from Permanent Part-time (.75 FTE) to Full-time (1.0 FTE). The position will increase its responsibilities to include development of budget, train and evaluate staff, review activities and workflow and other responsibilities as required. The change in position is shown as Exhibit A Attachment C.
- Funds
 - Recreation Services
The current deficit is \$13K, but projected to either meet or exceed the budget. Year to date revenue has increased 22% or \$76K (not including transfers) due to Ralston Sports Fee, Recreation Classes and Day Care. Historically, over the past 3 years costs are lower and revenue is higher in the second half of the fiscal year. The implementation of Activenet has improved revenues.
 - Development Services
As of December 31st, fund balance was \$205K as compared to a deficit of \$68K in the prior year. The increase can be attributable to more home improvement activity.

Matters Affecting Future Budgets-

➤ Other Post Employee Benefits (OPEB) – GASB 45

On June 21, 2004, the Governmental Accounting Standards Board approved Statement No. 45 (GASB 45), Accounting Standards for Other (than pensions) Post Employment Benefits (OPEB). The City is required to implement GASB 45 for its' 2009 fiscal year. Historically the City has accounted for retiree healthcare benefits as they were paid, GASB 45 will require the City account for this promise on an accrual basis (as benefits are earned). In preparation of GASB45 the City has hired Bartel & Associates (Bartel) to prepare an actuarial study to determine the City's potential liability. Bartel's study based on the City's promise of retiree healthcare benefits estimates the annual increased reporting costs at June 30, 2007 from \$784,000 to \$1,088,000, depending on how the City decides to implement the pronouncement.

The City's costs for retiree healthcare are budgeted for \$359,265 for fiscal 2007. The implementation of GASB 45 (required to implement in fiscal 2009) will result in the reporting costs doubling or tripling its current amount. Staff wanted to complete the actuarial study earlier to determine the City's exposure and allow time to determine a course of action for the coming budget and the ones to follow.

➤ Economic Development

During Phase 4 of the Economic Development Targeted Site Strategy, which is anticipated to occur in FY 2008 budget cycle, staff will have a better sense of the budgetary requirements, i.e. Agency fiscal commitment, needed to implement the various revitalization projects. As a consequence the Capital Improvement Program will need to be revised and updated to reflect these commitments. It is anticipated that this will occur after adoption of the FY 2008 Budget. Therefore staff plans to consolidate the FY 2008 Budget RDA CIP into a single placeholder project as a temporary measure.

➤ Community Facilities District

The City has an established record of implementing and following best business practices. Those practices include the adoption of a comprehensive set of financial policies. Those financial policies help guide the City in decision making and provide a framework for which we operate.

As previously reported to City Council last year, the City embarked on a project to diversify revenue consistent with after mentioned fiscal policies. In particular, the City analyzed the impacts of development on various infrastructures to determine if development was paying its fair share. During the course of the consultants work, the consultant concluded that the costs of administrating the fee in compliance with applicable government code sections could negate any value received from imposing the new fees. As a result of this finding staff canceled the contract with the consultant.

An alternative to the development impact fee is the imposition of a Community Facilities District (CFD) on new development. In Belmont’s case, since we are a “built out community”, this CFD would capture a revenue source from infill projects. Typically, these CFD’s spell out a specific sum to be paid annually by the property owner to the City as a pre-condition of development approval. This sum will be determined by City Council but is intended to recover the differential between the cost of providing services and the revenue received from development (City’s effective tax rate is 7% of the 1% property tax).

This matter is mentioned now because staff intends to bring back a report in the next few months requesting the engagement of a consultant to develop a CFD for Council’s consideration.

Fiscal Impact

Reference the budget resolution.

Public Contact

Posting of City Council agenda.

Recommendation

Direct staff to return with a final resolution amending the FY 07 Budget.

Alternatives

1. Direct staff to take other corrective measures.
2. Take no action.

Attachments

- A. Executive Summary (City Council Meeting Presentation)
- B. Financial Results Reports
- C. Budget Resolutions, Variance Explanations and Staffing Plan

Respectfully submitted,

Erick Cheung
Controller

Thomas Fil
Finance Director

Jack R. Crist
City Manager

Staff Contact:

Thomas Fil, Finance Director
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RESOLUTION NO. _____

RESOLUTION AMENDING THE FISCAL YEAR 2007 BUDGET AND APPROVING A REVISION TO REVENUE AND SUPPLEMENTAL APPROPRIATION AND AMENDING THE PERMENANT STAFFING PLAN.

WHEREAS, City of Belmont requires additional funding for expenditures identified hereto, and

WHEREAS, the City of Belmont City Council finds that it is necessary to augment the budget for those expenditures, and

WHEREAS, there is additional revenue and undesignated fund balances available to cover the augmentation, and

WHEREAS, the following accounts require adjustment to address the variances as a result of not being included in the regular budget process, and

WHEREAS, amending the Permanent Staffing Plan pursuant to Exhibit A, and

Debit:

Fund	Account #	Description	Reference	Amount
234	4312-3091-9030	Ralston Avenue Pedestrian/Bicycle Bridge	1	\$218,202
234	5299	Undesignated fund balance	1	500,000
234	5299	Undesignated fund balance	2	220,382
308	4999	City Hall/Police Facility Air Conditioner	3	105,600
625	5299	Undesignated fund balance	3	105,600
625	1701-9539-9030	City Hall/Police Facility Air Conditioner	3	105,600
351	4610-9539-9030	City Hall/Police Facility Air Conditioner	3	114,400
101	5299	Undesignated fund balance	4	290,000
801	4999-9640	Transfer to RDA Capital - Urban Revitalization Target Site Project	5	138,000
351	4610-9540-8351	Urban Revitalization Target Site Project	5	213,000
351	5299	Undesignated fund balance	6	30,161
708	4963-8351	GASB 45 Consulting Costs	7	10,000

101	1501-8101	Temporary Assistance	8	22,000
205	5303-8103 & 8221	Parks & Recreation Temporary Part Time	9	52,320
620	4142-9040	EOC Equipment	10	16,000
212	5299	Undesignated fund balance	11	60,000
101	2101-8102	Police Overtime	12	74,242
306	4190-2053-9020	Close out budget for City Library	13	100,404
223	4228-8501	Reflect approved BSCFD Budget	14	201,467
234	6319	Federal Grant was not approved	15	214,746
305	4510-9020	City Hall Motorcycle Storage Shed	16	10,000
305	4999	Close out City Hall/Police Facility Project	16	815,370
351	5299	Undesignated fund balance	16	815,370
308	4194-8030-9020	Manor Building Celebration Committee	17	5,000
503	4999-9673	Restore transfer from Sewer Fund	18	2,021,665
525	5299	Undesignated fund balance	18	2,021,665
206	4518-8430 & 8632	Library Maintenance & Operations	19	81,209
101	1301-8353	City Manager and Human Resources Director Recruitment	20	17,500
620	6201-9041	VMS Message Board	21	25,672
525	3103-8613	Safety Barricades	22	6,862
			TOTAL	\$8,626,295

Credit:

Fund	Account #	Description	Reference	Amount
234	5299	Undesignated fund balance	1	\$218,202
234	6359	State - Bicycle Transportation Act Grant	1	500,000
234	6380	Traffic Congestion Relief Program & Proposition 42 Revenue	2	220,382
308	5299	Undesignated fund balance	3	105,600
625	7631	City Hall/Police Facility Air Conditioner	3	105,600
625	5299	Undesignated fund balance	3	105,600
351	5299	Undesignated fund balance	3	114,400
101	6110	ERAF Refund	4	290,000
801	5299	Undesignated fund balance	5	138,000
351	7691	Transfer from RDA	5	138,000
351	5299	Undesignated fund balance	5	75,000
351	6359	RDA State Grant	6	30,161
708	5299	Undesignated fund balance	7	10,000
101	5299	Undesignated fund balance	8	22,000
205	5299	Undesignated fund balance	9	52,320
620	5299	Undesignated fund balance	10	16,000
212	6530	General Plan Maintenance Fee	11	60,000
101	5299	Undesignated fund balance	12	74,242
306	5299	Undesignated fund balance	13	100,404
223	5299	Undesignated fund balance	14	201,467
234	5299	Undesignated fund balance	15	214,746
305	5299	Undesignated fund balance	16	17,033
305	5299	Undesignated fund balance	16	815,370
351	7631	Transfer from City Hall/Police Capital Project	16	815,370
308	5299	Undesignated fund balance	17	5,000
503	5299	Undesignated fund balance	18	2,021,665
525	7672	Restore transfer from Stormdrain Fund	18	2,021,665
206	5299	Undesignated fund balance	19	81,209
101	1601-8101	Transfer from City Manager's appropriation	20	17,500
620	7251	VMS Message Board	21	25,672
525	5299	Undesignated fund balance	22	6,862
			TOTAL	\$8,626,295

WHEREAS, the following explanations are provided in support of the budget adjustments, and

Reference	Explanation
1	Record budget for Bicycle Transportation Act Grant for the Ralston Avenue Pedestrian/Bicycle Bridge and the costs associated with the project.
2	Record budget for Traffic congestion Relief Program Revenue.
3	Record budget for the City Hall/Police Facility Air Conditioner.
4	Increase budget for ERAF Refund from San Mateo County.
5	Record budget for Target Site Revitalization Project.
6	Record budget for RDA State Grant.
7	Increase budget for GASB45 – Other Post Employee Benefits Actuarial Study.
8	Record budget for temporary assistance in the Finance Department.
9	Record budget for Parks and Recreation Temporary Part Time.
10	Record budget for Emergency Operations Center Equipment.
11	Record budget for General Plan Maintenance Fee.
12	Increase budget for Police Overtime.
13	Close out budget for City Library.
14	Increase budget to reflect Belmont-San Carlos Fire Department approved budget.
15	Reduce budget for Federal Grant that was not approved.
16	Record budget for City Hall Roof Guardrail and Motorcycle Storage Shed. Close out remaining City Hall/Police Facility Project Funds.
17	Increase budget for Manor Building Celebration Committee.
18	Restore transfer to Stormdrain Fund.
19	Increase budget for Library Maintenance & Operations.
20	Transfer budget to cover City Manager and Human Resources Director recruitments.
21	Record budget for Vehicle Message Board to be covered by insurance.
22	Record budget for Safety Barricades.
23	Increase budget for Parks and Recreation Promotion of Recreation Program Coordinator to Full Time Position.

NOW, THEREFORE, BE IT RESOLVED the City Council of the City of Belmont hereby amends the Fiscal Year 2007 Budget in the amount of \$8,626,295.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on March 13, 2007 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont

RESOLUTION NO. _____

RESOLUTION AMENDING THE FISCAL YEAR 2007 BUDGET AND APPROVING A REVISION TO REVENUE AND SUPPLEMENTAL APPROPRIATION.

WHEREAS, Belmont Fire Protection District requires additional funding for expenditures identified hereto, and

WHEREAS, the Belmont District Directors finds that it is necessary to augment the budget for those expenditures, and

WHEREAS, there is additional revenue and undesignated fund balances available to cover the augmentation, and

WHEREAS, the following accounts require adjustment to address the variances as a result of not being included in the regular budget process, and

Debit:

Fund	Account #	Description	Reference	Amount
223	4228-8501	Reflect approved BSCFD Budget	1	\$201,467
			TOTAL	\$201,467

Credit:

Fund	Account #	Description	Reference	Amount
223	5299	Undesignated fund balance	1	\$201,467
			TOTAL	\$201,467

WHEREAS, the following explanations are provided in support of the budget adjustments, and

Reference	Explanation
1	Increase budget to reflect Belmont-San Carlos Fire Department approved budget.

NOW, THEREFORE, BE IT RESOLVED the District Directors of the Belmont Fire Protection District hereby amends the Fiscal Year 2007 Budget in the amount of \$201,467.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the District Directors of the Belmont Fire Protection District at a regular meeting thereof held on March 13, 2007 by the following vote:

AYES, DISTRICT DIRECTORS: _____

NOES, DISTRICT DIRECTORS: _____

ABSTAIN, DISTRICT DIRECTORS: _____

ABSENT, DISTRICT DIRECTORS: _____

CLERK of District

APPROVED:

CHAIR of the Belmont Fire Protection District

RESOLUTION NO. _____

RESOLUTION AMENDING THE FISCAL YEAR 2007 BUDGET AND APPROVING A REVISION TO REVENUE AND SUPPLEMENTAL APPROPRIATION

WHEREAS, Belmont Redevelopment Agency requires additional funding for expenditures identified hereto, and

WHEREAS, the Board of Directors finds that it is necessary to augment the budget for those expenditures, and

WHEREAS, there is additional revenue and undesignated fund balances available to cover the augmentation, and

WHEREAS, the following accounts require adjustment to address the variances as a result of not being included in the regular budget process, and

Debit:

Fund	Account #	Description	Reference	Amount
351	4610-9539-9030	City Hall/Police Facility Air Conditioner	1	\$ 114,400
801	5299	Transfer to RDA Capital – Urban Revitalization Target Site Project	2	138,000
351	8351	Urban Revitalization Target Site Project	2	213,000
351	5299	Undesignated fund balance	3	30,161
351	5299	Undesignated fund balance	4	837,970
		TOTAL		\$ 1,333,531

Credit:

Fund	Account #	Description	Reference	Amount
351	5299	Undesignated fund balance	1	\$ 114,400
801	8351	Undesignated fund balance	2	138,000
351	5299	Transfer from RDA	2	138,000
351	5299	Undesignated fund balance	2	75,000
351	6359	RDA State Grant	3	30,161
351	7631	Transfer from City Hall/Police Capital Project	4	837,970
		TOTAL		\$ 1,333,531

WHEREAS, the following explanations are provided in support of the budget adjustments, and

Reference	Explanation
1	Record budget for the City Hall/Police Facility Air Conditioner.
2	Record budget for Urban Revitalization Target Site Project.
3	Record budget for RDA State Grant.
4	Record budget to close out remaining City Hall/Police Facility Project Funds.

NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Agency of the City of Belmont Board of Directors, hereby amends the Fiscal Year 2007 Budget in the amount of \$1,333,531.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Redevelopment Agency of the City of Belmont Board of Directors at a regular meeting thereof held on March 13, 2007 by the following vote:

AYES, DIRECTORS: _____

NOES, DIRECTORS: _____

ABSTAIN, DIRECTORS: _____

ABSENT, DIRECTORS: _____

SECRETARY, Redevelopment Agency

APPROVED:

CHAIR, Redevelopment Agency