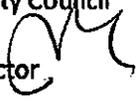


**City of Bell
Agenda Report**

AGENDA ITEM 2

DATE: 12 March 2014

TO: Honorable Mayor and City Council

FROM: Josh Betta, Finance Director 

APPROVED BY: 
Doug Willmore, City Manager

SUBJECT: Fiscal Year 2013-2014 Midyear Financial Status Review

Recommendation

Receive and file.

Background

Section 604 (d) of the City of Bell Charter stipulates that the Chief Administrative Officer shall “keep the City Council advised of the financial condition and future needs of the City and make such recommendations as may seem desirable.”

The Midyear Review focuses most attention on the condition of our General Fund, as the General Fund is the City’s largest fund, and thus provides the foundation for most service delivery in the City.

The General Fund

- The “base” Adopted General Fund revenue for FY 2014 is \$13,570,364. The consistency of the General Fund revenue performance throughout the year suggests that the City will achieve this amount of collections this year.
- Extraordinary revenue from settlements, \$5,500,000, land sale \$15,163,103, and Bandini developer agreement, \$207,532 have already been received this year.
- Combining the base revenue amount with the extraordinary collections, the General Fund is expected to receipt \$33,126,767 in FY 2014 before transfer in of \$1,088,000. See Attachment 1.
- The adopted expenditure budget, inclusive of transfers out, is \$12,536,215. Spending patterns suggest that the City will expend 96% of its budget, or \$11,984,821, inclusive of transfers out, creating savings under budget of \$551,394. See Attachment 2.
- The greatest savings this year will be realized with the City Attorney. Given the late start and protracted nature of our audit, our auditors, MGO, have decided to accrue \$922,386 of the \$1,084,606 deferred billings paid this Fiscal Year, in November 2013, to Fiscal Year 2013. This accrual would not have taken place had our audit proceeded along a traditional timetable.

The estimated outcome in the General Fund this year is depicted below.

Bell General Fund	
Statement of Revenue and Expenditure	
	Estimated FY 2014
	<hr/>
Revenues	33,126,767
Expenditures	<hr/> 11,637,968
Excess/(Deficiency)	21,488,799
Before Transfers	<hr/>
Transfers In	1,088,000
Transfers Out	<hr/> (346,853)
Net Transfers	<hr/> 741,147
Net Change in Fund Balance	22,229,946
Reserve Ratio	185%

It is therefore estimated that at the end of FY 2014, the General Fund will enjoy a reserve position of approximately \$22.2 million. This represents reserve coverage of 185%.

The initial revenue estimate for FY 2015 is \$11,870,600. The current base expenditure budget is \$12,189,362, before transfers out. In order to achieve a balanced General Fund budget next year, reduction in spending of approximately \$319,000 may be required. (Recall that upon Adoption of the FY 2014 Budget last June, our Five-Year Financial Forecast estimated the FY 2015 structural deficit to be \$220,000).

The Retirement Fund

The Retirement Fund budget was adopted with revenue estimation of \$2,906,065 this year. However, the County of Los Angeles, acting at the direction of the State Department of Finance (DOF), is withholding an estimated \$900,000 of this amount from the City because the DOF believes this portion of our proceeds is pertinent to the redevelopment dissolution process. Staff is participating in a regional roundtable with eleven other similarly impacted LA County cities. At the same time, this matter has been the subject of a City Council closed session. The City may pursue legal remedy, as this has proven to be the only way to get the attention of Sacramento lawmakers and bureaucrats in the dissolution process.

Total expenditures in the Retirement Fund this year are \$2,856,712. Given the LA County money grab, we may incur a Fund deficit at year end of approximately \$800,000 to \$900,000.

The City of Bell recently approved memorandums of understanding (MOUs) with its two labor groups. In doing so, the City will shift payment of employee retirement contributions to the employee over the coming year. These changes, when fully implemented, will lessen the annual impact on the Retirement Fund by approximately \$450,000.

Putting recent changes together, if the City is not successful in reversing the County's decision to withhold our pension levy, future Retirement Fund deficits ranging between \$350,000 to \$450,000 will persist.

Proposition A, Proposition B and Proposition C Transit Funds

In late January, the MTA released its draft audit of the City's transportation funds for Fiscal Years 2012 and 2013. The final report, at this writing, has not been published, and engineering staff are closely reviewing audit findings alleging to absence of authorized contracts.

The audit discloses questioned costs of \$595,645 owing to the failure of interim administrators to get MTA pre-approval of the \$467,000 Proposition A trade (for General Funds) with Rancho Palos Verdes and the costs of direct administration. The audit may require the City's General Fund to reimburse the Proposition A Fund in the total amount of \$530,775 and the Proposition C Fund in the total amount of \$64,870.

The audit also finds disallowed costs owing to our failure to maintain authorized contracts with Oldtimers Foundation, Nationwide Environmental Services, Interwest Consulting Group and CKG Communications. The audit may require the City's General Fund to reimburse the Proposition A Fund and the Proposition B Fund in the amounts of \$231,205 and \$88,002, respectively.

Assuming the final audit will remain unchanged, the total General Fund liability to the transportation funds is \$914,852.

Gas Tax Fund

The State Controller's Office conducted an audit of the City's Gas Tax fund several months ago. As yet, no report has been published. Information received at our exit conference with State officials suggests that the General Fund may be obligated to transfer \$204,914 to the Gas Tax Fund because of failure to maintain authorized contracts with Medina Construction. Also, the Gas Tax Fund may be obligated to return \$318,737 in Traffic Congestion Relief Funds (a component of the Gas Tax Fund) to the State of California because the City did not spend the money in timely manner after the scandal.

Risk Management Fund

For several years the Risk Management Fund has met its expenditure obligations by transfers in from the General Fund. The Risk Management Fund, in other words, has not possessed a dedicated income stream or reserves that allow it to stand alone. And the cost to the General Fund in transfers out has averaged \$1.7 million each year.

Last year settlement of \$1 million was receipted to the Fund as the result of the City's crime prevention insurance, a policy activated by the Bell Scandal. This event allowed the City to avoid a large transfer to the Risk Management Fund in FY 2014.

If adequate operating reserves are retained by the Risk Management Fund, the obligation for General Fund transfers may be reduced commensurately. Budget preparations during the coming months will determine the need for transfers in from the General Fund.

Potential One-Time Expenditures

The Management Team will conclude the Midyear report with oral presentations on potential community and organizational projects designed to improve community aesthetics and organizational functioning.

ATTACHMENTS:

Attachment 1: General Fund Revenue Detail

Attachment 2: General Fund Expenditure Estimation

ATTACHMENT 1: General Fund Revenue Detail

City of Bell
General Fund Revenue Detail
FY 2014-2015 Budget

REVENUES	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-15
	Actual	Actual	Actual	Actual	Budget	Projected	Budget
Property Taxes							
Current Year Secured	475,359	543,845	507,238	519,639	500,000	520,000	525,000
Current Year Unsecured	12,680	12,967	6,303	86,738	11,600	11,300	11,500
Prior Year Sec. & Unsec	42,037	(94)	4,155	28,476	40,000	39,000	40,000
LA Co Pass Thru	0	0	0	208,158	0	242,000	250,000
Supplemental	0	0	7,551	44,287	25,000	45,000	25,000
Redemptions	0	0	1,786	0	8,000	1,000	1,000
Interest & Penalties	8,883	4,678	2,468	4,500	15,000	3,000	3,000
Homeowner Exemption	4,537	4,258	13,659	10,000	4,500	10,000	10,000
Prop Tax/VLF Swap	2,972,944	2,942,557	2,959,731	2,900,876	3,000,000	3,100,824	3,100,000
GOB DS Assessment	977,875	1,469,520	0	(29,686)	0	0	0
Total Property Taxes	4,494,115	4,977,731	3,502,891	3,772,988	3,604,100	3,972,124	3,965,500
Other Taxes							
Sales Tax	1,922,371	1,908,998	1,394,190	1,390,652	1,416,000	1,477,000	1,508,000
Sales Tax/Triple Flip	0	0	367,004	404,938	498,864	504,840	521,000
Public Safety Aug	32,692	34,033	23,564	40,538	41,000	42,000	44,000
In Lieu of Sales Tax	6,000	0	0	0	0	0	0
Franchise Water	47,821	49,278	58,747	59,082	50,000	60,000	60,000
Franchise Edison	152,870	146,733	146,479	146,620	147,000	149,000	151,000
Franchise Gas	36,077	40,608	39,353	34,439	37,500	35,000	35,700
Franchise Pipelines	665	290	0	0	0	0	0
Franchise Cable	46,356	72,089	67,110	54,105	70,000	60,000	63,000
Franchise Rubbish	206,139	177,108	245,293	267,481	260,000	260,000	260,000
UUT - Telephone	1,281,345	1,145,573	1,207,142	969,334	1,200,000	1,000,000	1,020,000
UUT - Water	415,196	556,663	514,121	536,300	535,000	540,000	535,000
UUT - Edison	1,111,621	1,051,653	940,026	1,160,187	1,000,000	1,165,000	1,170,000
UUT - Gas	315,516	369,693	319,328	351,038	280,000	355,000	360,000
Motel Tax	175,897	93,855	4,562	1,689	0	0	0
Apartment Tax	104,225	46,768	49,571	47,231	47,000	47,000	47,000
Property Transfer Tax	29,087	38,960	22,597	16,889	25,000	60,000	50,000
Total Other Taxes	5,883,878	5,732,302	5,399,087	5,480,523	5,607,364	5,754,840	5,824,700
Licenses & Permits							
Regular Business Lic	547,184	278,655	304,485	329,234	300,000	325,000	325,000
Business License Livescan	0	0	0	0	0	0	0
Parking Accomodation Fee	0	0	0	0	0	0	0
Vending Machines	42,423	6,871	7,617	7,949	2,500	7,750	7,750
Video Game Licenses	0	336	7,323	168	3,500	150	150
Bicycle Licenses	6	2	2	0	0	0	0
Truck Licenses	32,083	19,730	17,389	11,977	15,000	12,000	12,000
Warehouse License	12,788	5,098	0	217	0	0	0
Misc Business Lic	99	216	2,151	305	0	0	0
Card Club Lic	0	0	2,708	469	0	0	0
Contractor Bus Lic	27,823	26,506	20,517	26,624	25,000	25,000	25,000
Building Permits	104,798	87,167	90,919	275,879	280,000	280,000	170,000
Plumbing Permit	10,929	8,502	10,099	9,101	7,500	7,500	7,500
Electrical Permit	8,405	8,147	7,648	10,598	7,500	9,750	9,750
Mechanical Permit	6,954	5,551	7,858	7,650	6,000	6,600	6,000
Seismic Fee	(9)	90	148	(3,104)	0	0	0
EIR Fee	1,913	0	0	0	0	0	0
State Bldg Standard Fee	0	0	(717)	3,953	0	425	0
Issuance Fee Permits	20,284	20,540	22,538	16,063	20,000	15,000	15,000
Special Use Permit	0	447	470	0	500	0	0
Yard Sale Permits	0	210	3,630	12,730	13,000	12,450	12,500
Miscellaneous Permits	1,001	688	518	624	1,000	400	600
Alarm Permits	2,460	2,040	2,037	3,006	2,000	2,400	2,500
Total Licenses & Permits	819,141	470,786	507,340	713,443	683,500	704,425	593,750

**City of Bell
General Fund Revenue Detail
FY 2014-2015 Budget**

REVENUES	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-15
	Actual	Actual	Actual	Actual	Budget	Projected	Budget
Fines, Forfeitures & Penalties							
Vehicle Code Fines	230,710	188,578	114,829	104,081	211,000	110,000	110,000
Prop 69-DNA ID	5,160	2,400	1,800	4,860	3,500	1,000	2,500
La Co/Norwalk Surcharge	0	0	0	(49,060)	0	0	0
Parking Citations	543,456	391,144	372,134	335,548	250,000	331,000	335,000
Parking Bail	212,624	140,598	121,991	154,381	130,000	120,000	130,000
Total Fines, Forfeitures & Pen	991,950	722,718	610,754	549,808	594,500	562,000	577,500
Revenue from Money & Property							
Interest Income	5,034	5,258	535	1,332	3,000	10,000	40,000
Unrealized Gain/Loss	0	0	0	(1,284)	0	0	0
Pass Thru LA County	0	0	0	14,986			
Norwalk Court Surcharge	0	0	0	0	0	(41,960)	0
Sale of Surplus Property	0	0	0	1,250	0	0	0
Rents & Concession	125,552	127,839	129,186	878,323	599,000	520,000	135,000
Total Revenue from Money & Prop	130,586	133,097	129,721	894,607	602,000	488,040	175,000
Revenue from other Agencies							
Motor Veh License Fee	102,915	99,108	113,601	19,983	0	16,538	15,000
P.O.S.T	5,079	14,368	14,959	26,949	30,000	10,000	15,000
Homeland Security	0	0	0	0	0	0	0
Office of Traffic Safety	0	0	0	0	0	0	0
WC Insurance Refund	0	0	31,599	0	0	0	0
Miscellaneous	0	0	899	0	0	0	0
SB Mandated	0	2,097	184	245	0	150	0
Total Revenue from Other Agencies	107,994	115,571	161,242	47,177	30,000	26,688	30,000
Charge for Current Service							
Zoning/CUP	9,460	3,030	35,892	3,630	12,000	3,600	4,000
Tending Parcel Maps	350	0	300	0	0	0	0
Temporary Use Permit	8,272	9,203	7,598	8,080	8,500	12,000	9,000
Administrative Costs	793	94,413	260	70	100	200	200
Witness Fees	0	600	300	0	200	200	200
Repossession Fees	450	585	510	1,640	500	585	500
So Cal Water Co-Main Line	0	0	4,405	0	0	0	0
Plans & Specs		0	1,046	433	0	500	500
Plan Check Fees	70,817	61,725	70,358	220,965	249,000	190,000	125,000
Encroachment Permits	0	0	0	3,725	0	6,500	5,000
Excavation Permits	0	0	0	17,838	0	16,500	17,000
Street Inspections	84,411	49,834	30,220	49,320	45,000	12,500	30,000
A.R.B. Fees	19,640	21,320	22,272	19,217	20,000	21,000	21,000
Unlicensed Drivers	339,100	58,385	61,388	97,250	175,000	75,000	75,000
Fingerprints	768	544	288	480	500	500	500
PD Badges/Patches	0	0	0	6	0	0	0
Report Fees	982	1,538	1,193	1,269	1,300	1,220	1,250
Clearance Letter	950	1,400	670	1,590	1,000	720	1,000
Sentenced Prisoner	15,100	7,625	650	2,800	5,000	3,325	3,000
Towing Commission	46,418	13,851	15,037	15,821	50,000	21,000	25,000
False Alarms	1,550	0	0	0	0	0	0
Jail Services Housing Fees	0	0	0	0	0	0	0
Misc Impounds	0	0	0	0	0	0	0
Stored Vehicles	28,250	31,476	40,650	58,700	50,000	35,000	35,000
DUI	195,750	29,600	11,600	11,200	75,000	1,500	15,000
Evidence	26,582	363	366	2,613	500	145	500
Impound - GS	24,500	2,200	2	2,400	1,500	0	0
5 or more parking ctes	900	0	750	250	0	500	500
Expired Registration	38,250	3,350	4,750	5,056	5,000	4,025	5,000
Suspended/Revoked Lic	0	0	0	1,200	0	3,000	2,000
Stored Vehicle Blocking	0	0	0	0	12,000	0	0

**City of Bell
General Fund Revenue Detail
FY 2014-2015 Budget**

REVENUES	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-15
	Actual	Actual	Actual	Actual	Budget	Projected	Budget
Citation Clearance	0	0	0	0	1,200	0	0
Processing Fee	0	17	0	0	0	0	0
Copying	862	5,168	833	372	400	100	400
Occupancy Inspections	9,400	9,809	9,300	9,230	8,000	9,500	9,500
Repair of damaged prop	1,727	0	5	1,200	1,000	0	1,000
Clerical Fees	7,541	7,368	4,167	5,183	3,400	5,300	5,300
Commissions	0	0	0	20	0	10	0
Court Order Restitution	7,125	200	100	0	100	100	100
Total Charge for Current Service	960,679	413,602	324,908	541,658	726,200	424,530	392,450
Parks & Recreation							
Park Rental	14,950	17,746	16,638	19,680	18,000	19,330	19,500
Field Rentals	0	0	0	5,825	45,000	6,000	6,000
Community Center Rental	25,247	33,539	47,089	52,296	45,000	53,000	53,000
Class Fees	54,330	53,786	56,754	56,136	55,000	54,900	55,000
Sports	33,504	23,005	13,541	26,525	45,000	37,825	40,000
Adult Sports	0	0	0	0	20,000	6,090	10,000
Soccer League	41,115	45,723	42,400	39,545	50,000	37,375	40,000
Donations	0	833	0	4,300	0	0	0
One Day Excursions	30,660	13,399	6,585	5,559	15,000	12,830	15,000
Miscellaneous	3,213	2,872	3,128	2,840	3,000	7,400	3,000
Snack Bar Revenue	58,099	57,451	55,922	36,154	55,000	24,640	30,000
Skate Park Revenue	1,657	3,070	70	0	0	70	0
Rent & Concessions	0	0	1	0	0	0	0
Deposit Candidate Statement	0	5,600	0	3,200	3,200	0	3,200
Total Parks & Recreation	262,775	257,024	242,128	252,060	354,200	259,460	274,700
Other Revenue							
Miscellaneous, Not Otherwise	44,945	503,526	4,420	14,344	25,000	52,050	25,000
Reimb Health Premium	0	0	0	7,997	5,000	11,960	12,000
Prior Year Cost Rec	32,959	60,667	6,603	31,392	0	0	0
Cost Recovery-Variou Svcs	19,538	1,073	0	0	0	0	0
Cost Recovery-Maintenance	23,865	0	0	0	0	0	0
Sell CDBG Allocation	0	0	0	0	0	0	0
Sell Prop A Allocation	0	0	0	350,000	0	0	0
Liability/WC Insurance Refund	105,180	19,750	0	0	0	0	0
Legal Settlements	0	0	0	242,720	5,500,000	5,500,015	0
Miscellaneous	414	332	0	1,622	500	0	0
Land Sale	0	0	0	0	15,233,686	15,163,103	0
Sale of Fixed Assets	10,750	0	0	0	0	0	0
Developer Agreement	0	88,128	0	312,158	0	207,532	0
Cash Over/Short	45	(444)	231	(2,623)	0	0	0
Total Other Revenue	237,696	673,032	11,254	957,610	20,764,186	20,934,660	37,000
Transfers In							
Transfer In - AQMD (03)	0	0	0	14,448	0	0	0
Transfer In - Gas Tax (04)	0	0	0	0	0	0	0
Transfer In - Sanitation (08)	0	0	168,850	24,022	0	0	0
Transfer In - Sewer (09)	0	0	35,100	63,120	0	0	0
Transfer In - Recycling (10)	0	0	46,400	0	1,088,000	1,088,000	0
Transfer In - SPA (19)	500,000	500,000	829,340	313,801	0	0	0
Transfer In - Light/Land (45)	0	0	54,270	33,241	0	0	0
Transfer In - Measure R (67)	0	0	0	27,778	0	0	0
Transfer In - Prop C (68)	0	0	0	56,530	0	0	0
Transfer In - Prop A (70)	0	0	0	48,325	0	0	0
Transfer In - BCHA (90)	0	0	0	218,738	0	0	0
Transfer In - BCHA Payback	0	0	0	123,660	0	0	0
Transfer In - GOB	413,077	339,385	0	0	0	0	0
Transfer In - Other Funds	1,718,250	1,718,250	0	0	0	0	0

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**City of Bell
General Fund Revenue Detail
FY 2014-2015 Budget**

REVENUES	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14		FY 2014-15
	Actual	Actual	Actual	Actual	Budget	Projected	Budget
Total Transfers In	2,631,327	2,557,635	1,133,960	923,663	1,088,000	1,088,000	0
Total General Fund Revenue	16,520,141	16,053,508	12,023,285	14,133,436	34,054,050	34,214,767	11,870,600

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ATTACHMENT 2: General Fund Expenditure Estimation

**General Fund Expenditure Estimation
Fiscal Year 2013-14**

	Fiscal Year 2013-14			Fiscal Year 2012-13 Actual
	Budget	Estimated Actual	%	
City Council	128,327	130,000	101.3%	174,095
City Manager	216,317	223,000	103.1%	325,904
Personnel	140,972	138,000	97.9%	126,818
City Attorney	1,784,606	1,350,000	75.6%	3,069,572
City Clerk	162,439	179,000	110.2%	84,952
Finance Department	775,990	775,990	100.0%	1,079,603
Non-Departmental	950,300	900,000	94.7%	1,064,199
Community Services Department				
Youth & Team Sports Activities	921,593	876,000	95.1%	708,481
Social Service Programs	438,583	438,583	100.0%	434,067
Skate Park	17,000	13,500	79.4%	13,398
Technology Center	12,000	12,000	100.0%	13,229
Facilities Maint/Public Works	482,350	350,000	72.6%	332,726
Police Department				
Patrol	2,626,516	2,837,000	108.0%	3,280,395
Detectives	579,198	568,000	98.1%	589,111
Communications	502,081	487,000	97.0%	537,004
Records	273,955	229,000	83.6%	291,954
Traffic	251,886	187,000	74.2%	149,028
Administration	195,677	240,000	122.7%	241,959
Jail	218,042	214,000	98.1%	277,137
Training	41,100	45,000	109.5%	86,715
Parking Enforcement	223,472	232,000	103.8%	291,773
Community Development Department				
Planning	505,895	505,895	100.0%	414,194
Economic Development	42,366	38,000	89.7%	80,449
Code Enforcement	157,720	161,000	102.1%	187,456
Building & Safety	432,520	410,000	94.8%	416,187
Engineering	108,457	98,000	90.4%	83,305
Public Works	-	-	#DIV/0!	9,000
Transfers Out				
Transfer Out - Retirement (06)	135,065	135,065	100.0%	854,929
Transfer Out - PFA (18)	211,788	211,788	100.0%	8,700
Transfer Out - Risk Mgmt (85)	-	-	#DIV/0!	1,761,227
Total General Fund	12,536,215	11,984,821	95.6%	16,987,567

