

# General Fund Financial Update

November 17, 2015



# Today's discussion

- Background
- Economic News
- Revenues
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- Questions

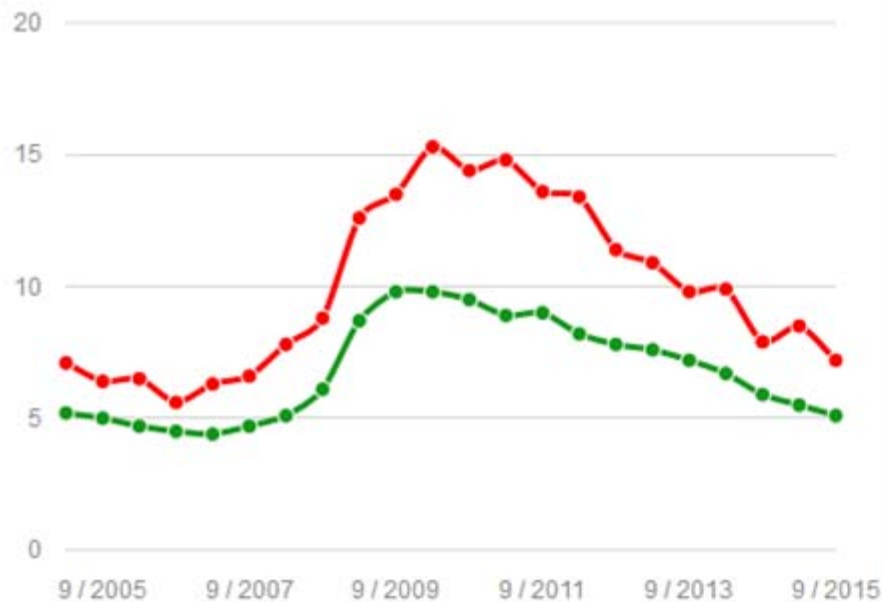
# Background

- Council passed FY 2015-16 Adopted Budget on June 9, 2015.
- Council requested a 1st Quarter (Q1) General Fund Update.
- A Mid-Year Budget update (Q2) will follow in March 8, 2016.

# Economic News

- Vallejo Unemployment Rate

Vallejo, CA Historical Unemployment Trends



Since 2005 the unemployment rate in Vallejo, California has ranged from 5.4% in October 2006 to 15.3% in January 2010. The current unemployment rate for Vallejo is 7.2% in September 2015.

Vallejo, CA Unemployment Rate by Month

## High Unemployment Area

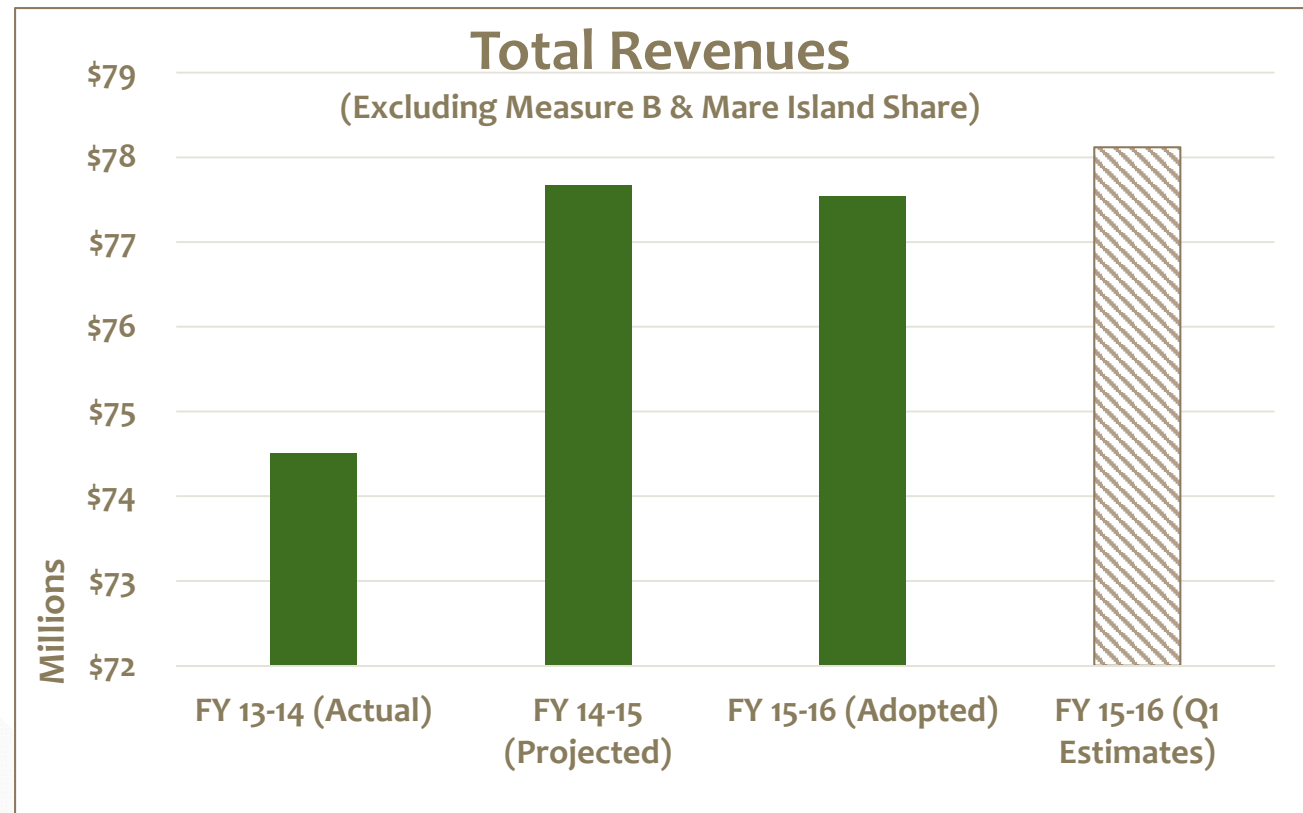
Vallejo, CA Current Unemployment - 7.2%

### 2015 Vallejo, CA Unemployment Rate

Month/Year	Vallejo, CA%	California%	National %
1 / 2015	9.4%	7.3%	5.7%
2 / 2015	8.9%	6.8%	5.5%
3 / 2015	8.5%	6.5%	5.5%
4 / 2015	7.9%	6.1%	5.4%
5 / 2015	8.0%	6.2%	5.5%
6 / 2015	8.0%	6.2%	5.3%
7 / 2015	8.5%	6.5%	5.3%
8 / 2015	8.0%	6.1%	5.1%
9 / 2015	7.2%	5.5%	5.1%

# Updated Revenue Estimates

- General Fund revenues are estimated to be \$580,000 higher than FY 2015-16 Adopted Budget projections.



# Revenue Estimates v. Adopted Budget

as of Oct. 10, 2015 – numbers rounded.

• Property Taxes	\$180,000
• Property Transfer Tax-in lieu (MVLFF)	(521,000)
• Sales Taxes	(87,000)
• Utility Users Tax	300,000
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<b>Sub-total Tax Revenues:</b>	<b>(\$128,000)</b>
• Program Revenues – Police Department #1	\$708,000
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<b>Total change in Revenue estimates: #2</b>	<b>\$580,000</b>
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#1 – COPS Grant & SRO Revenue – offset by expenditure

#2 – Positive trends beginning to appear with some program revenues

# Revenue Estimates – Water

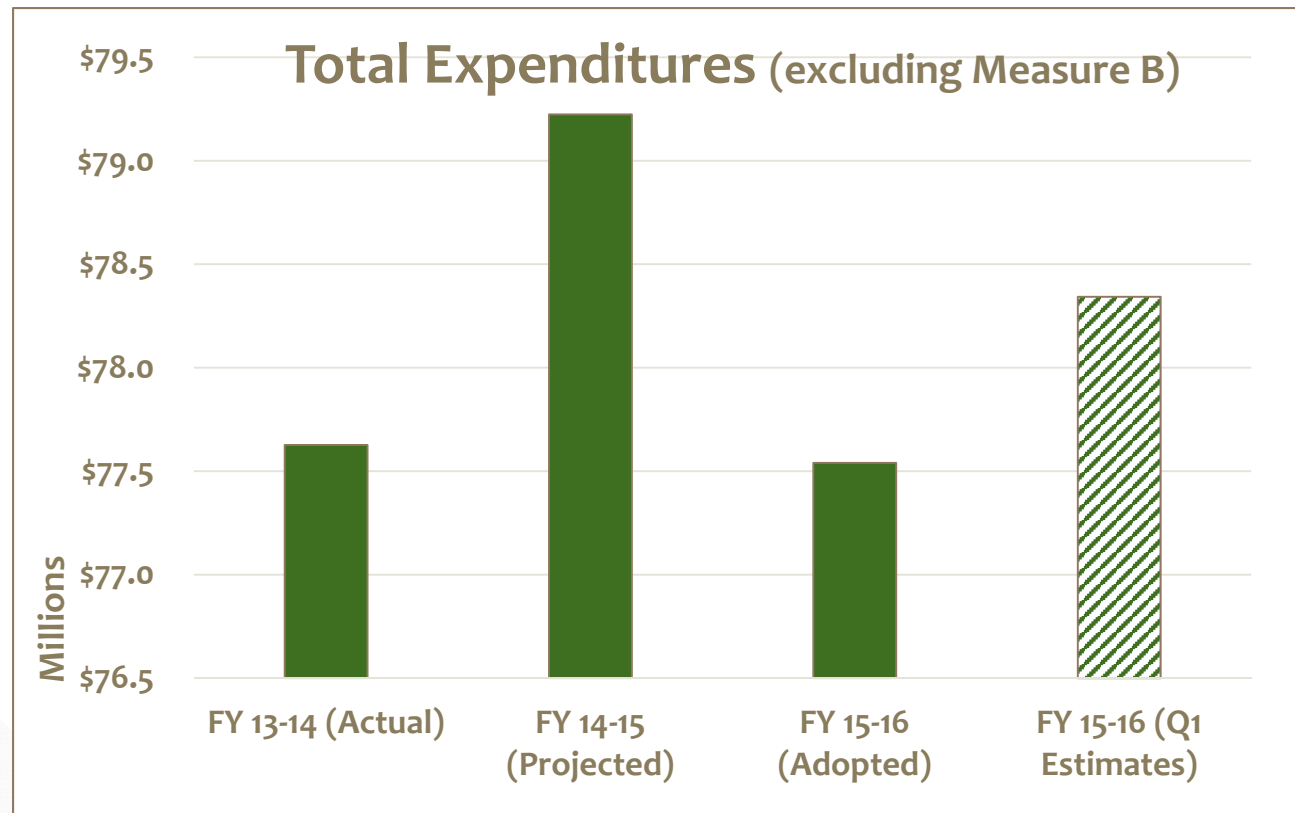
Staff currently estimate a projected revenue reduction in the Water Enterprise Fund of \$5.3 million.

Continued conservation (lower usage) and a dated water rate structure are the main causation factors leading to a reduced revenue projection.

Staff will refine this estimate, reduce expenses, and bring a Water Rate Study to Council in early 2016.

# Updated Expenditure Estimates

- Overall expenditures are currently estimated to increase by \$803,000 compared to FY 2015-16 Adopted Budget.





# Expenditure Estimates – as of Oct. 10, 2015

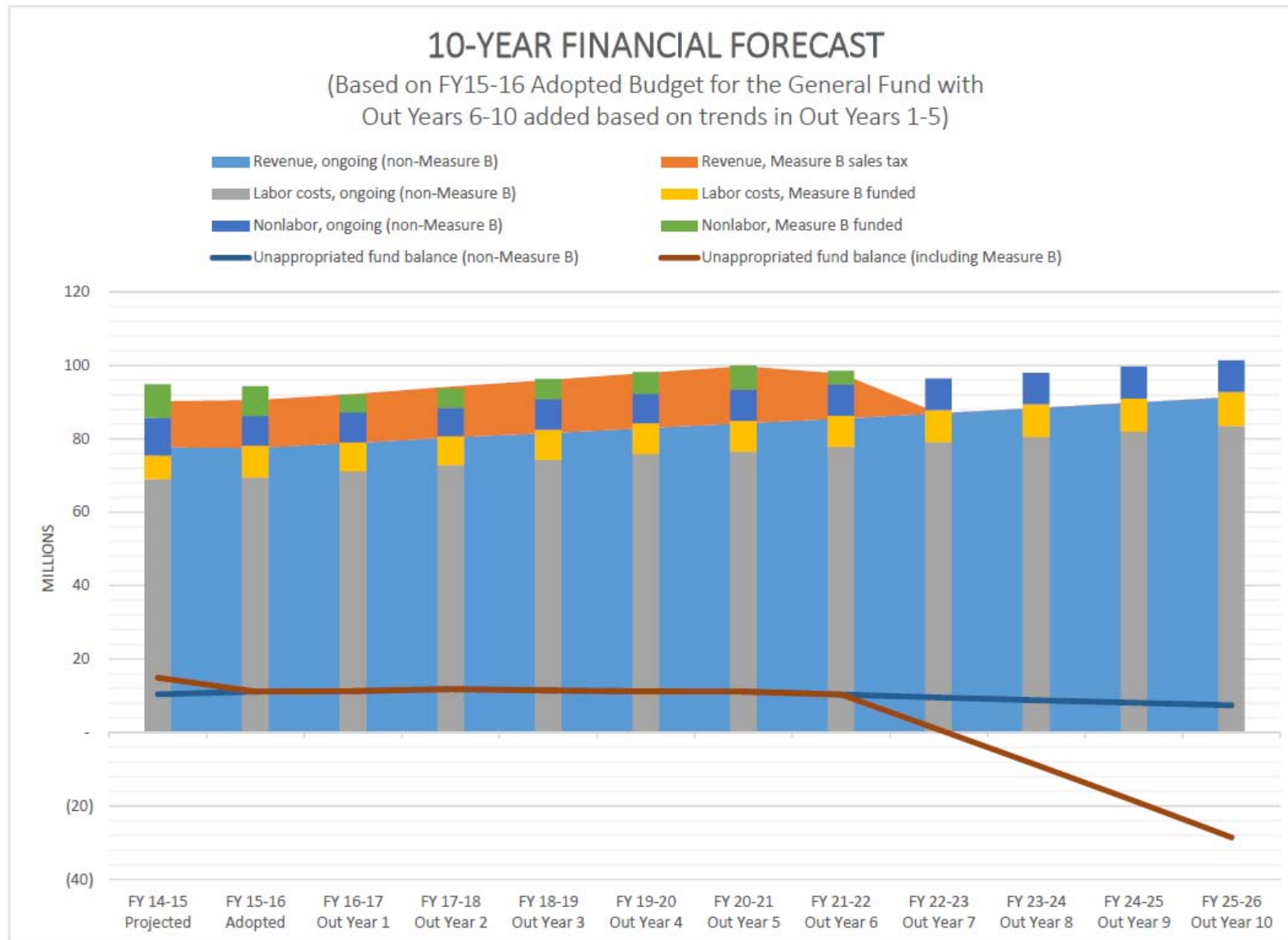
Main increases in expenditures currently are:

- COPs Grant & 2nd School Resource Officer Grant \$706,000  
(increases sworn officer count by seven).
- \$97,000 expended from Neighborhood Law Program's Nuisance Abatement Fund for needed building Demolition.

# Fiscal Impact

- Net fiscal impact on the General Fund of estimated changes in Revenues and Expenditures is a decrease of \$223,000.
- This change is mainly due to the reduction in estimated Property Tax-in lieu (MVLF) payments (\$521,000).
- No action is needed this early in the year, and if a budget adjustment is needed to maintain a balanced budget it will be made in the Mid-year Budget (Q2) Update in March.

# Ten Year Forecast



# Next Steps

- December 15, 2015 City Council Action item to accept audited Comprehensive Annual Financial Report (CAFR) for FY 2014-15 and Auditors report and Memorandum on Internal Controls.
- March 8, 2016 City Council Action item to amend the FY 2015-16 Budget based on mid-year revenue and expenditure projections and review updated ten year financial forecast.

# Questions

