



## Staff Report

**TO:** City Council  
**FROM:** Jennifer Ustation, Finance Director  
**DATE** April 18, 2023  
**SUBJECT:** FY2022-2023 3rd Quarter Budget Update and Financial Status Report

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**Description** Receive a report on the status of the City's budget and financial status as of March 31, 2023.

### **Background and Analysis:**

The Fiscal Year 2022-23 3<sup>rd</sup> quarter financials provide an update to the City's financial position relative to the FY 2022-23 budget.

### Budget Control and Monitoring

The City of Beaumont Budget Policy provides that the Finance Department will maintain a system of tools for departments to manage their budgets and for financial monitoring and control of the City's budget during the fiscal year. This system will provide the departments and City Council with information on revenue, expenditures, and budget performance at both the department and fund level.

### *General Fund Summary*

Most of the General Fund revenue budget is from taxes. Property tax is usually recorded in December and May. Sales tax is received in monthly advanced estimated payments and then a quarterly actual clean-up payment. Other taxes include Motor Vehicle In-Lieu, which is received in February and June, as well as Utility Users tax which is received monthly.

### *General Fund Revenues*

As of September 30, 2022, the city has collected 68% of the FY 2023 budgeted revenues. Miscellaneous revenue actuals are higher than budget due to the reversal of prior fiscal year GASB 31 entry. GASB 31 requires an agency to mark its investment portfolio to market which in FY2022 resulted in a unrealized loss of \$1,456,063. The entry was reversed in the current fiscal year to put the portfolio to book balance. Other

financing sources actuals are higher than budget due to a sale of land. Below is a table for General Fund Revenues as of March 31, 2023.

	GENERAL FUND				
	ORIGINAL BUDGET FY2022/23	CURRENT BUDGET FY2022/23	ACTUAL FY2022/23	ESTIMATED ACTUALS	%
Taxes	41,542,397.00	41,588,762.00	27,178,149.33	45,244,421.00	65%
Licenses	410,687.00	410,687.00	154,837.01	346,385.00	38%
Permits	4,574,641.00	4,574,641.00	3,099,009.93	3,948,252.00	68%
Franchise Fees	3,248,286.00	3,248,286.00	2,313,310.98	3,144,804.00	71%
Charges for Services	1,273,780.00	1,273,780.00	711,814.36	1,249,178.00	56%
Fines and Forfeitures	131,545.00	131,545.00	97,170.48	129,560.00	74%
Cost Recovery	498,587.00	498,587.00	165,017.01	365,987.00	33%
Miscellaneous	296,068.00	296,068.00	2,905,554.08	1,364,453.00	981%
Other Financing Sources	5,000.00	5,000.00	83,671.10	83,664.00	1673%
Transfers	8,687,711.00	8,687,711.00	4,304,291.42	8,687,711.00	50%
<b>TOTAL REVENUES</b>	<b>60,668,702.00</b>	<b>60,715,067.00</b>	<b>41,012,825.70</b>	<b>64,564,415.00</b>	<b>68%</b>

### *General Fund Departments*

The table below provides an overview of the general fund department budgets through March 31, 2023.

<b>General Fund Expenditures</b>				
<b>DEPARTMENT</b>	<b>FY 2023 ORIGINAL BUDGET</b>	<b>FY 2023 BUDGET</b>	<b>FY 2023 ACTUAL</b>	<b>%</b>
<b>Non-Departmental</b>	7,932,671.00	32,622,888.00	97,635.50	<b>0.3%</b>
City Council	51,131.00	51,131.00	30,311.69	59.3%
City Clerk	343,242.00	416,441.00	156,372.53	37.5%
Administration	1,435,070.00	1,446,309.00	704,289.82	48.7%
Finance	1,520,471.00	1,554,873.00	983,291.69	63.2%
IT	1,606,874.00	1,889,009.00	1,152,454.91	61.0%
<b>Economic Development</b>	1,322,868.00	1,340,426.00	212,569.84	<b>15.9%</b>
<b>Risk and HR</b>	2,626,205.00	2,972,085.00	2,667,575.69	<b>89.8%</b>
Legal	1,500,000.00	1,500,000.00	751,597.00	50.1%
Community Development	783,600.00	965,896.00	456,487.91	47.3%
Community Services	1,131,722.00	1,209,284.00	670,601.21	55.5%
Animal Control	335,394.00	339,704.00	244,952.89	72.1%
Community Enhancement	337,866.00	341,726.00	196,774.46	57.6%
OES	162,200.00	162,200.00	80,000.00	49.3%
Police	13,982,847.00	14,381,454.00	10,360,610.57	72.0%
K-9	9,600.00	9,600.00	4,008.76	41.8%
Police Support	2,538,188.00	2,569,829.00	1,513,998.82	58.9%
<b>Fire</b>	4,670,961.00	5,223,487.00	1,178,954.85	<b>22.6%</b>
Building and Safety	1,542,266.00	1,548,571.00	860,843.62	55.6%
Public Works	1,797,804.00	1,687,630.00	839,870.88	49.8%
Street Maintenance	2,330,115.00	2,370,777.00	1,471,303.40	62.1%
Building Maintenance	1,148,673.00	1,148,673.00	568,315.86	49.5%
Parks and Grounds	4,182,002.00	4,699,769.00	2,569,022.98	54.7%
<b>TOTAL EXPENDITURES</b>	<b>53,291,770.00</b>	<b>80,451,762.00</b>	<b>27,771,844.88</b>	<b>34.5%</b>

The City Council approved a budget amendment to appropriate surplus fund balance to many needed capital projects. This adjustment shows in the non-departmental category. These funds will be moved throughout the year as needed or by year-end. Other departments that have been highlighted include Economic Development, Risk and HR, and Fire. Economic Development has a program budget line of \$500,000 to create a Downtown Incentive Program. This program is in progress and funds are expected to be expended soon for this program. Risk and HR is higher than average because the City's insurance payment is paid in July and is 73% of the total budget. The Fire Department budget is below average due to there has only been one quarter of the fire services contract paid to date.

The table below provides for expenditures by type. Personnel costs make up 62.65% of the actuals to date. Operating costs are 33.24% of actuals followed by capital at 3.61%. Currently, there are no categories over budget, however, estimated actuals are putting

the utilities, fleet costs and other (insurance and equipment leasing and rentals) at risk of exceeding budget. Overall, estimated actuals have revenues coming in \$3.8M above budget and expenditures \$1.9M below budget for an overall estimated surplus of \$5.7M.

	EXPENSE TYPE	FY 2023 ORIGINAL BUDGET	FY 2023 CURRENT BUDGET	FY 2023 ACTUAL	ESTIMATED ACTUALS	%
<b>Personnel</b>						
	Salaries and Wages	17,938,820.00	18,370,805.00	12,139,805.94	17,914,416.00	66%
	Benefits	7,376,316.00	7,386,940.00	4,984,841.42	6,722,011.00	67%
	Other	476,692.00	481,423.00	275,489.84	460,896.32	57%
	<b>TOTAL PERSONNEL</b>	<b>25,791,828.00</b>	<b>26,239,168.00</b>	<b>17,400,137.20</b>	<b>25,097,323.33</b>	<b>66%</b>
<b>Operating</b>						
	Utilities	1,787,000.00	1,787,000.00	1,352,878.68	2,029,318.00	76%
	Administration	890,968.00	910,968.00	585,538.05	904,656.00	64%
	Fleet Costs	664,280.00	664,280.00	502,821.15	829,655.00	76%
	Program Costs	904,870.00	1,464,870.00	500,351.15	1,414,870.00	34%
	Repairs & Maintenance	1,062,630.00	1,192,130.00	704,451.72	1,086,232.00	59%
	Supplies	1,217,830.00	1,462,509.00	533,352.89	1,211,137.00	36%
	Special Services	517,075.00	517,075.00	198,740.71	464,987.00	38%
	Contractual Services	8,959,125.00	9,270,880.00	2,585,552.12	8,590,700.00	28%
	Other	1,967,700.00	2,302,648.00	2,267,431.02	2,323,018.00	98%
	<b>TOTAL OPERATING</b>	<b>17,971,478.00</b>	<b>19,572,360.00</b>	<b>9,231,117.49</b>	<b>18,854,572.99</b>	<b>47%</b>
<b>Capital</b>						
	Equipment	249,952.00	331,057.00	257,575.46	331,057.00	78%
	Furniture	-	-	4,080.12	4,081.00	0%
	Vehicle	884,854.00	1,225,302.00	585,967.96	1,225,302.00	48%
	Structure	310,987.00	310,987.00	155,493.50	310,987.00	50%
	<b>TOTAL CAPITAL</b>	<b>1,445,793.00</b>	<b>1,867,346.00</b>	<b>1,003,117.04</b>	<b>1,871,427.00</b>	<b>54%</b>
<b>Contngency</b>						
	<b>CONTINGENCY</b>	<b>150,000.00</b>	<b>150,000.00</b>	<b>39,837.65</b>	<b>150,000.00</b>	<b>27%</b>
<b>Transfers</b>						
	<b>TRANSFERS</b>	<b>7,932,671.00</b>	<b>32,622,888.00</b>	<b>97,635.50</b>	<b>32,622,888.00</b>	<b>0%</b>
<b>Total Expenditures</b>		<b>53,291,770.00</b>	<b>80,451,762.00</b>	<b>27,771,844.88</b>	<b>78,596,211.32</b>	<b>35%</b>

### Wastewater Fund Summary

#### Revenues

Wastewater revenues are collected in arrears. The July billing is accrued back to prior FY and the first billing for FY2023 was collected in September. Billing is completed bi-monthly. As of March 31, 2023, the Wastewater Fund has collected 67% of its budgeted revenues. The Cost Recovery Line has collected more than budgeted currently due to a Manhole Repair Agreement with Perricone Juice invoiced and collected. The Miscellaneous revenues category has collected more than budgeted from interest earned on the Wastewater Fund.

	WASTEWATER REVENUES				
	FY 2023 ORIGINAL BUDGET	FY 2023 CURRENT BUDGET	ACTUAL FY2022/23	ESTIMATED ACTUALS	%
Permits	-	-	-		0%
Fines and Forfeitures	3,000.00	3,000.00	-	3,000.00	0%
Cost Recovery	3,500.00	3,500.00	12,055.00	3,500.00	344%
Miscellaneous	30,000.00	30,000.00	63,387.61	126,775.00	211%
Proprietary Revenues	12,821,501.00	12,821,501.00	8,641,658.01	12,962,487.00	67%
Other Financing Sources	-		3,272.00	3,272.00	0%
Transfers	-	190,787.00	-	190,787.00	0%
<b>TOTAL REVENUES</b>	<b>12,858,001.00</b>	<b>13,048,788.00</b>	<b>8,720,372.62</b>	<b>13,289,821.00</b>	<b>67%</b>

### Expenses

Wastewater expenses as of March 31, 2023, total \$7,886,839.12 which is 57% of the FY2023 budget. Personnel costs make up 22.17% of the actuals to date, operating costs make up 28.72%, capital costs make up 3.22%, Contingency makes up less than 1% of the budget, and Transfers Out for overhead and debt service make up the remaining 45.7%. The debt service payment on the 2018 Wastewater Revenue Bonds is due 9/1 and 3/1 of each fiscal year. The 9/1 payment consists of principal and interest and the 3/1 payment is just interest. Both debt service payments have been paid.

Currently, no categories are over budget, however, estimated actuals have both utilities and fleet costs potentially going over budget by year-end. Overall, estimated actuals have revenues coming in \$241K above budget and expenses coming in \$361K below budget for an overall estimated surplus of \$602K.

Wastewater Expenses						
	EXPENSE TYPE	FY 2023 ORIGINAL BUDGET	FY 2023 CURRENT BUDGET	FY 2023 ACTUAL	ESTIMATED ACTUALS	%
<b>Personnel</b>						
	Salaries and Wages	1,831,289.00	1,863,975.00	1,290,105.39	1,857,418.00	69%
	Benefits	674,094.00	675,465.00	433,644.70	590,364.00	64%
	Other	40,032.00	40,442.00	24,991.30	40,997.00	62%
	<b>TOTAL PERSONNEL</b>	<b>2,545,415.00</b>	<b>2,579,882.00</b>	<b>1,748,741.39</b>	<b>2,488,779.01</b>	<b>68%</b>
<b>Operating</b>						
	Utilities	928,228.00	928,228.00	742,900.61	1,147,781.00	80%
	Administration	227,805.00	227,805.00	174,909.23	227,805.00	77%
	Fleet Costs	44,420.00	44,420.00	48,658.61	78,267.00	110%
	Repairs & Maintenance	116,200.00	116,200.00	40,131.20	123,508.00	35%
	Supplies	585,700.00	585,700.00	413,156.80	578,419.00	71%
	Contractual Services	1,397,360.00	1,397,360.00	733,325.93	1,226,656.00	52%
	Other	755,872.00	755,872.00	111,988.02	403,308.02	15%
	<b>TOTAL OPERATING</b>	<b>4,055,585.00</b>	<b>4,055,585.00</b>	<b>2,265,070.40</b>	<b>3,785,744.00</b>	<b>56%</b>
<b>Capital</b>						
	Equipment	167,112.00	167,112.00	63,291.33	167,112.00	38%
	Vehicle	33,576.00	190,911.00	190,911.30	190,911.00	100%
	Other			-	-	0%
	<b>TOTAL CAPITAL</b>	<b>200,688.00</b>	<b>358,023.00</b>	<b>254,202.63</b>	<b>358,023.00</b>	<b>71%</b>
<b>Contingency</b>						
	<b>CONTINGENCY</b>	<b>200,000.00</b>	<b>200,000.00</b>	<b>14,806.67</b>	<b>200,000.00</b>	<b>7%</b>
<b>Transfers</b>						
	<b>TRANSFERS</b>	<b>6,585,213.00</b>	<b>6,585,213.00</b>	<b>3,604,018.03</b>	<b>6,585,213.00</b>	<b>55%</b>
<b>Total Expenses</b>		<b>13,586,901.00</b>	<b>13,778,703.00</b>	<b>7,886,839.12</b>	<b>13,417,759.00</b>	<b>57%</b>

**Fiscal Impact:**

There is no fiscal impact with this report as it is information only. The estimated cost to prepare this report is \$540.

**Recommended Action:**

Receive and file report.

**Attachments:**

- A. Governmental Funds Activity
- B. Proprietary Funds Activity