



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: August 1, 2023
SUBJECT: FY2022-2023 4th Quarter Budget Update and Financial Status Report

Description Receive and file an update on the FY2022-2023 budget and financial status of city funds.

Background and Analysis:

The Fiscal Year 2022-23 4th 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 June 30, 2023, the city has collected 97% of the FY 2023 budgeted revenues. Permit revenues and Fines and Forfeitures have exceeded budget. 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. Cost Recovery is below budget due to less insurance recovery receipts. Receipts received after June 30th for FY23 are accrued to prior year until August 30th. Sales tax has been collected through April; therefore, two months of sales tax is still expected to be received. Below is a table for General Fund Revenues as of June 30, 2023.

	GENERAL FUND				
	ORIGINAL BUDGET FY2022/23	CURRENT BUDGET FY2022/23	ACTUAL FY2022/23	ESTIMATED ACTUALS	%
Taxes	41,542,397.00	42,349,762.00	41,511,833.68	44,232,150.00	100%
Licenses	410,687.00	410,687.00	376,508.11	376,509.00	92%
Permits	2,986,538.00	2,986,538.00	3,815,349.10	3,815,350.00	128%
Franchise Fees	3,248,286.00	3,248,286.00	3,150,712.20	3,251,266.00	97%
Charges for Services	2,861,883.00	2,861,883.00	2,897,247.84	2,962,248.00	101%
Fines and Forfeitures	131,545.00	131,545.00	167,448.63	167,449.00	127%
Cost Recovery	720,587.00	770,587.00	328,509.41	600,509.00	46%
Miscellaneous	74,068.00	1,074,068.00	2,900,834.50	1,071,435.00	3916%
Other Financing Sources	755,000.00	755,000.00	689,800.39	83,664.00	91%
Transfers	7,937,711.00	7,976,238.00	4,701,492.48	8,687,711.00	59%
TOTAL REVENUES	60,668,702.00	62,564,594.00	60,539,736.34	65,248,291.00	97%

General Fund Departments

The table below provides for an overview of the general fund department budgets through June 30, 2023.

General Fund Expenditures				
DEPARTMENT	FY 2023 ORIGINAL BUDGET	FY 2023 BUDGET	FY 2023 ACTUAL	%
Non-Departmental	7,932,671.00	33,312,888.00	33,122,385.59	99.4%
City Council	51,131.00	51,131.00	48,436.20	94.7%
City Clerk	343,242.00	466,441.00	324,612.78	69.6%
Administration	1,435,070.00	2,446,309.00	989,860.71	40.5%
Finance	1,520,471.00	1,554,873.00	1,486,820.75	95.6%
IT	1,606,874.00	1,845,009.00	1,550,727.32	84.0%
Economic Development	1,322,868.00	1,340,426.00	403,488.92	30.1%
Risk and HR	2,626,205.00	2,987,085.00	2,885,847.71	96.6%
Legal	1,500,000.00	1,500,000.00	1,092,569.90	72.8%
Community Development	783,600.00	965,896.00	620,818.93	64.3%
Community Services	1,131,722.00	1,209,284.00	1,099,631.49	90.9%
Animal Control	335,394.00	354,204.00	338,571.00	95.6%
Community Enhancement	337,866.00	352,226.00	354,121.46	100.5%
OES	162,200.00	162,200.00	120,000.00	74.0%
Police	13,982,847.00	14,494,981.00	14,071,924.15	97.1%
K-9	9,600.00	9,600.00	10,271.23	107.0%
Police Support	2,538,188.00	2,569,829.00	2,090,038.30	81.3%
Fire	4,670,961.00	5,223,487.00	3,759,963.65	72.0%
Building and Safety	1,542,266.00	1,548,571.00	1,239,213.87	80.0%
Public Works	1,797,804.00	1,687,630.00	1,270,947.07	75.3%
Street Maintenance	2,330,115.00	2,370,777.00	2,122,456.07	89.5%
Building Maintenance	1,148,673.00	1,148,673.00	848,316.08	73.9%
Parks and Grounds	4,182,002.00	4,699,769.00	3,577,095.26	76.1%
TOTAL EXPENDITURES	53,291,770.00	82,301,289.00	73,428,118.44	89.2%

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. Departments that have been highlighted in orange are currently over budget and departments highlighted yellow are significantly below budget. Legal, OES and Fire are contractual services. Invoices for FY23 will be paid through August 30th and accrued to prior year as per accordance with accounting standards.

The table below provides for expenditures by type. Personnel costs make up 32.64% of the actuals to date. Operating costs are 20.5% of actuals followed by capital at 1.88%. Currently, there are no categories over budget, however, estimated actuals are putting the utilities, administration, fleet costs and other (insurance and equipment leasing and rentals) over budget. Overall, estimated actuals have revenues coming in \$2.68M above budget and expenditures \$4.16M below budget for an overall estimated surplus of \$6.84M.

	EXPENSE TYPE	FY 2023 ORIGINAL BUDGET	FY 2023 CURRENT BUDGET	FY 2023 ACTUAL	ESTIMATED ACTUALS	%
Personnel						
	Salaries and Wages	17,938,820.00	18,361,849.00	17,175,548.23	17,175,548.23	94%
	Benefits	7,376,316.00	7,386,940.00	6,407,174.69	6,407,174.69	87%
	Other	476,692.00	481,424.00	386,923.21	398,923.21	80%
	TOTAL PERSONNEL	25,791,828.00	26,230,213.00	23,969,646.13	23,981,646.13	91%
Operating						
	Utilities	1,787,000.00	1,787,000.00	1,844,126.18	1,975,849.48	103%
	Administration	890,968.00	917,968.00	958,788.99	991,850.68	104%
	Fleet Costs	664,280.00	670,280.00	815,372.58	835,372.58	122%
	Program Costs	904,870.00	1,464,870.00	739,148.50	819,148.50	50%
	Repairs & Maintenance	1,062,630.00	1,148,130.00	877,236.21	939,895.94	76%
	Supplies	1,217,830.00	1,462,509.00	937,506.75	1,004,471.52	64%
	Special Services	517,075.00	517,075.00	393,915.92	513,915.92	76%
	Contractual Services	8,959,125.00	10,329,836.00	6,107,661.02	9,500,184.02	59%
	Other	1,967,700.00	2,354,648.00	2,375,720.59	2,395,720.59	101%
	TOTAL OPERATING	17,971,478.00	20,652,316.00	15,049,476.74	18,976,409.23	73%
Capital						
	Equipment	249,952.00	526,328.00	435,099.20	544,747.20	83%
	Furniture	-	-	-	-	0%
	Vehicle	884,854.00	1,313,829.00	711,384.63	1,062,173.63	54%
	Structure	310,987.00	310,987.00	233,437.73	310,987.00	75%
	TOTAL CAPITAL	1,445,793.00	2,151,144.00	1,379,921.56	1,917,907.83	64%
Contngency						
	CONTINGENCY	150,000.00	150,000.00	53,141.67	150,000.00	35%
Transfers						
	TRANSFERS	7,932,671.00	33,117,617.00	32,975,932.34	33,117,617.00	100%
Total Expenditures		53,291,770.00	82,301,290.00	73,428,118.44	78,143,580.19	89%

Wastewater Fund Summary

Revenues

Wastewater revenues are collected in arrears. The July billing is accrued back to prior FY and the first billing for FY23 was collected in September. Billing is completed bi-monthly. As of June 30, 2023, the Wastewater Fund has collected 87% 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	-	-	0%
Cost Recovery	3,500.00	3,500.00	15,928.34	15,929.00	455%
Miscellaneous	30,000.00	30,000.00	111,906.19	160,423.00	373%
Proprietary Revenues	12,821,501.00	12,821,501.00	10,995,809.72	13,153,563.72	86%
Other Financing Sources	-	-	5,807.00	5,807.00	0%
Transfers	-	190,787.00	195,170.34	195,171.00	0%
TOTAL REVENUES	12,858,001.00	13,048,788.00	11,324,621.59	13,530,893.72	87%

Expenses

Wastewater expenses as of June 30, 2023, total \$12,694,142.28 which is 92% of the FY2023 budget. Personnel costs make up 19% of the actuals to date, operating costs make up 25.8%, capital costs make up 2.4%, Contingency makes up less than 1% of the budget, and Transfers Out for overhead and debt service make up the remaining 52%. 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, utilities, fleet costs and supplies are over budget. The other category is below budget due to savings in the brine-line maintenance. This expense is lower than budget due to only being fully operational for half the year. Overall, estimated actuals have revenues coming in \$482K above budget and expenses coming in \$236K below budget for an overall estimated surplus of \$718K.

Wastewater Expenses						
	EXPENSE TYPE	FY 2023 ORIGINAL BUDGET	FY 2023 CURRENT BUDGET	FY 2023 ACTUAL	ESTIMATED ACTUALS	%
Personnel						
	Salaries and Wages	1,831,289.00	1,863,975.00	1,815,656.89	1,815,657.00	97%
	Benefits	674,094.00	675,465.00	559,766.65	559,767.00	83%
	Other	40,032.00	40,442.00	34,737.78	36,237.00	86%
	TOTAL PERSONNEL	2,545,415.00	2,579,882.00	2,410,161.32	2,411,661.00	93%
Operating						
	Utilities	928,228.00	928,228.00	1,011,178.11	1,083,405.00	109%
	Administration	227,805.00	227,805.00	190,800.03	195,833.00	84%
	Fleet Costs	44,420.00	44,420.00	78,293.74	78,893.74	176%
	Repairs & Maintenance	116,200.00	116,200.00	47,989.11	64,156.11	41%
	Supplies	585,700.00	585,700.00	696,301.28	696,302.00	119%
	Contractual Services	1,397,360.00	1,397,360.00	1,106,748.79	1,323,970.79	79%
	Other	755,872.00	755,872.00	142,346.23	260,346.23	19%
	TOTAL OPERATING	4,055,585.00	4,055,585.00	3,273,657.29	3,702,906.84	81%
Capital						
	Equipment	167,112.00	167,112.00	114,840.48	167,112.00	69%
	Vehicle	33,576.00	190,911.00	190,911.30	190,911.00	100%
	Other			-	-	0%
	TOTAL CAPITAL	200,688.00	358,023.00	305,751.78	358,023.00	85%
Contingency						
	CONTINGENCY	200,000.00	200,000.00	96,153.61	100,000.00	48%
Transfers						
	TRANSFERS	6,585,213.00	6,585,213.00	6,608,418.28	6,969,971.00	100%
Total Expenses		13,586,901.00	13,778,703.00	12,694,142.28	13,542,561.84	92%

Transit Fund Summary

Revenues

Most of the transit fund revenues consist of funding from the Riverside County Transportation Commission (RCTC). Revenue from RCTC is received on a monthly basis. Other revenues received include ridership fares, Measure A taxes, interest and EV charging station revenue recorded in Miscellaneous revenue, and other financing sources which consist of sale of property. Transfer-in consists of subsidy provided from the General Fund to cover the MOU one-time bonus paid in FY23. As of June 30, 2023, the Transit Fund has collected 99.7% of its budgeted revenues. The miscellaneous line has collected over budget due to an increase in interest earnings.

	TRANSIT REVENUES				
	FY 2023 ORIGINAL BUDGET	FY 2023 CURRENT BUDGET	ACTUAL FY2022/23	ESTIMATED ACTUALS	%
Taxes	140,000.00	140,000.00	160,666.67	160,667.00	0%
Intergovernmental	2,551,618.00	2,551,618.00	2,413,274.62	2,551,618.00	95%
Miscellaneous	10,000.00	10,000.00	89,096.93	109,828.00	891%
Proprietary Revenues	69,999.00	69,999.00	91,081.06	91,082.00	130%
Other Financing Sources	-	-	8,505.00	8,505.00	0%
Transfers	-	34,840.00	34,840.00	34,840.00	0%
TOTAL REVENUES	2,771,617.00	2,806,457.00	2,797,464.28	2,956,540.00	99.7%

Expenses

Transit expenses as of June 30, 2023, total \$2,540,712.16 which is 91% of the FY2023 budget. Personnel costs make up 80.4% of the actuals to date, operating costs make up 16.47%, capital costs make up less than 1%, and Transfers Out for overhead costs make up 2.95%

Currently, repairs and maintenance are over budget. Utilities are highlighted because the estimated actual is slightly over budget. All other categories are expected to be less than budget. Overall, estimated actuals have revenues coming in \$150K above budget and expenses coming in \$216K below budget for an overall estimated surplus of \$366K. Any unspent funds are required to be returned to RCTC after the completion of the transit audit.

Transit Expenses						
	EXPENSE TYPE	FY 2023 ORIGINAL BUDGET	FY 2023 CURRENT BUDGET	FY 2023 ACTUAL	ESTIMATED ACTUALS	%
Personnel						
	Salaries and Wages	1,532,901.00	1,566,740.00	1,530,703.40	1,530,704.00	98%
	Benefits	548,818.00	549,329.00	477,312.10	477,313.00	87%
	Other	43,305.00	43,795.00	34,737.78	36,237.00	79%
	TOTAL PERSONNEL	2,125,024.00	2,159,864.00	2,042,753.28	2,044,254.00	95%
Operating						
	Utilities	55,454.00	55,454.00	52,162.23	55,888.00	94%
	Administration	53,140.00	53,140.00	35,673.29	40,388.00	67%
	Fleet Costs	305,650.00	305,650.00	250,568.22	250,569.00	82%
	Repairs & Maintenance	23,869.00	23,869.00	28,494.09	28,495.00	119%
	Supplies	9,572.00	9,572.00	6,859.42	7,159.00	72%
	Contractual Services	85,796.00	85,796.00	38,520.21	50,930.00	45%
	Other	6,995.00	6,995.00	6,093.67	6,500.00	87%
	TOTAL OPERATING	540,476.00	540,476.00	418,371.13	439,928.97	77%
Capital						
	Equipment	-	-	-	-	#DIV/0!
	Vehicle	-	-	-	-	#DIV/0!
	Other	6,117.00	6,117.00	4,587.75	6,117.00	0%
	TOTAL CAPITAL	6,117.00	6,117.00	4,587.75	6,117.00	75%
Transfers						
	TRANSFERS	100,000.00	100,000.00	75,000.00	100,000.00	75%
Total Expenses		2,771,617.00	2,806,457.00	2,540,712.16	2,590,299.97	91%

The Finance and Audit Committee reviewed this report at the July 24, 2023 meeting.

Fiscal Impact:

The estimated cost to prepare this report is \$525.

Recommended Action:

Receive and file report.

Attachments:

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