



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE February 6, 2024
SUBJECT: FY2023-2024 Mid-Year Budget Report

Description Review mid-year budget status.

Background and Analysis:

Overview

As per the City of Beaumont Financial Management Policy, a mid-year budget report will be presented to the Mayor and City Council for review and discussion as an action item on a City Council agenda. This report provides financial data for the six months of the fiscal year from July 1, 2023, to December 31, 2023, and provides the City Council with a broader look of the City's financial picture at the mid-point of the fiscal year. The report focuses on the current fiscal year and provides an analysis of adopted budget revenues and expenditure appropriations.

Economic Outlook

National Economy

Beacon Economics' 2024 economic outlook forecasts slower growth than in 2023 but certainly no recession. According to Beacon, labor shortages and higher long-run interest rates will continue to vex businesses and debt-sensitive parts of the economy. He continues to suggest that inflation will run warm, not hot, implying fewer rate cuts than the market has priced in.

The U.S. labor market added 216,000 jobs in December, outpacing economists' expectation and higher than November's gain of 173,000, closing out 2023 with a more robust labor market than economists expected. The overall unemployment rate remained unchanged at 3.7%. The labor market is a key indicator in the Federal Reserve's interest rate hiking decisions as it continues to battle inflation which is still running above the Fed's 2% target. At the most recent Federal Open Market Committee (FOMC) meeting last month, the Fed held its benchmark overnight interest rate steady

at 5.25% to 5.5%, and indicated it is likely done with its tightening campaign, penciling in three rate cuts in 2024.

California Economy

According to HDL, the third quarter 2023 sales tax trends results show an overall 1.5% decline, which is shallower than the anticipated 2.5% decline forecast last quarter. The Building and Construction and Fuel and Service Stations groups performed better than expected, helping mitigate this overall contraction. Restaurants and Hotels, and Business and Industry groups showed positive YoY growth, in part due to online fulfillment. Regionally, most of California experienced declines, except for the Sierras, which saw some growth. Ongoing challenges remain interest rates and inflation, while consumer spending trends, and the impact of tourism and business travel post pandemic deserve a closer look. The Federal Reserve is expected to cut interest rates in late spring or summer to stimulate the economy, especially leading up to the national election in November 2024.

The double-digit gains of the past have slowed down in 2023 and consumer spending, while still positive, has cooled off, with a focus on the balance between discretionary and demand spending. Rising consumer credit delinquencies in auto loans and credit cards are noted, but personal savings rate remains at a decent level. California's unemployment rate remains below 5%, and the impacts of AB 1228 on overall unemployment remain to be seen.

The forecast for the fourth quarter expects another slight decline, making four consecutive quarters of decline for the calendar year. A soft landing is expected however, with interest rates coming down and eventual positive growth in 2024-2025. Despite acknowledged headwinds, there is no imminent indication of a recession or significant pullback, providing a positive outlook for future growth.

City of Beaumont

The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 5.1 percent in November 2023, held flat from October 2023, and higher than the year-ago estimate of 4.1 percent. The unemployment rate was 5.1 percent in Riverside County, and 5.0 percent in San Bernardino County.

The City had an overall slight decline in total permit activity in calendar year 2023. Calendar year 2022 had a significant increase from 2021 and in comparison, calendar year 2023 is above calendar year 2021 by 38%. Below is a table representing the permit data for the City of Beaumont over the last ten calendar years. Permit activity for 2023 had a decrease in permits issued from 2022 by .9% -(29).

Permit Information	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Dec
<i>Information for Total Permit figures includes all residential and commercial construction</i>												
Total Permits Issued	1152	1517	2052	1907	2286	2704	2229	1555	2148	2998	2969	90
Total Permits Finals	959	1339	1674	1410	2001	2404	2319	1443	1385	2213	1975	157
Average a Month	129	138	138	159	191	225	185	129	179	249	247	
S/F Homes	500	390	457	446	745	707	531	275	475	883	658	10
S/F Homes Finals	307	448	405	333	552	536	629	335	277	766	533	73
Average a Month	42	36	38	37	37	59	44	23	36	69	54	
Commercial	106	67	81	93	88	107	124	109	124	160	116	5
Commercial Finals	85	53	63	65	99	51	104	93	75	81	89	18
Average a Month	9	6	7	8	7	9	10	9	10	13	9	
Population Totals	40,472	41,659	43,370	44,821	46,179	46,545	46,545	48,407	51,603	55,280	55,280	

General Fund

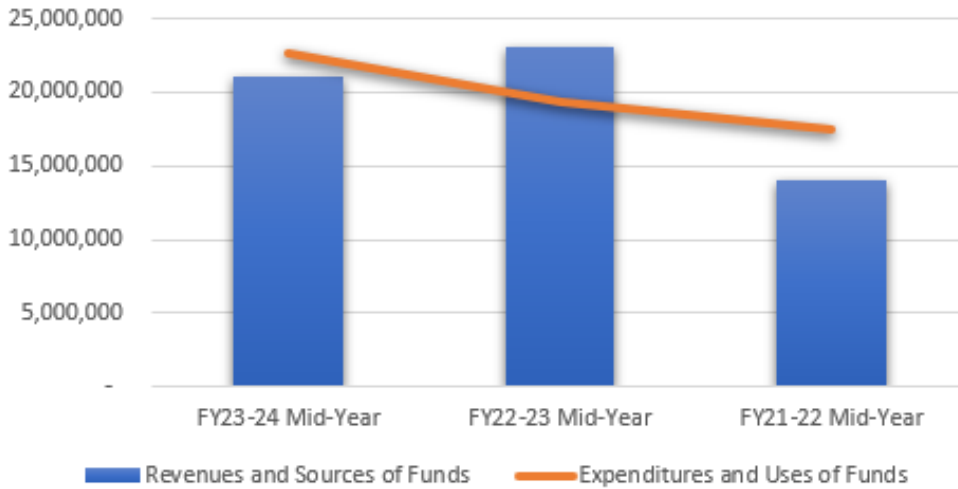
Overview

As of December 31, 2023, General Fund Revenues and Sources of Funds totaled \$21M, a decrease of 9% (\$2M) from the same point last year. Expenditure and Uses of Funds totaled \$22.7M, which is an increase of 15% (\$3.4M) from last year's midway point.

For this period, July through December 2023, Expenditure and Sources of Funds exceeded Revenues and Uses of Funds by approximately \$1.6M. Several of the General Fund's larger revenue streams, such as Property Taxes, are received in the latter half of the fiscal year. Historically, during the first six month of the fiscal year, the General Fund cash flow needs are reliant upon the City's 16% Operating Reserve which prevents the City from having to borrow funds (i.e. issue tax and revenue anticipation notes), thereby avoiding additional interest and issuance expenses.

The table below summarizes this activity for the current year, as well as the two previous years.

General Fund



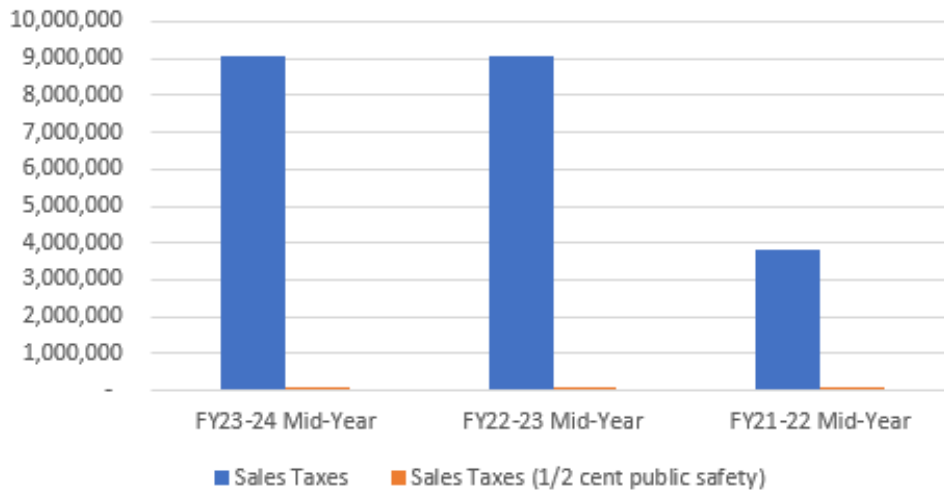
	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Revenues and Sources of Funds	67,789,803	21,038,519	31%	23,113,249	14,035,302
Expenditures and Uses of Funds	66,626,285	22,707,720	34%	19,297,333	17,433,555

Revenue and Sources of Funds

The General Fund has many sources of revenues with the Tax category accounting for 68% of the total General Fund budget. The taxes category includes Property Tax, Sales Tax, and Other Taxes such as Utility Users Tax and Transient Occupancy Tax.

Sales Tax – Sales tax revenue is a significant source of tax revenue for the City of Beaumont. It is comprised of two components: the City’s share of the State sales tax rate and a voter approved 0.5% general sales tax for public safety. At the mid-year point of the fiscal year, sales tax receipts are down from the same point last year, with only revenue received as of October 2023. November and December 2023 Sales Taxes will record during third quarter. The table below summarizes these balances, as well as those of the two previous years.

Sales Tax



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Sales Taxes	28,374,719	9,064,943	32%	9,074,544	3,788,432
Sales Taxes (1/2 cent public safety)	257,705	108,009	42%	108,898	94,146

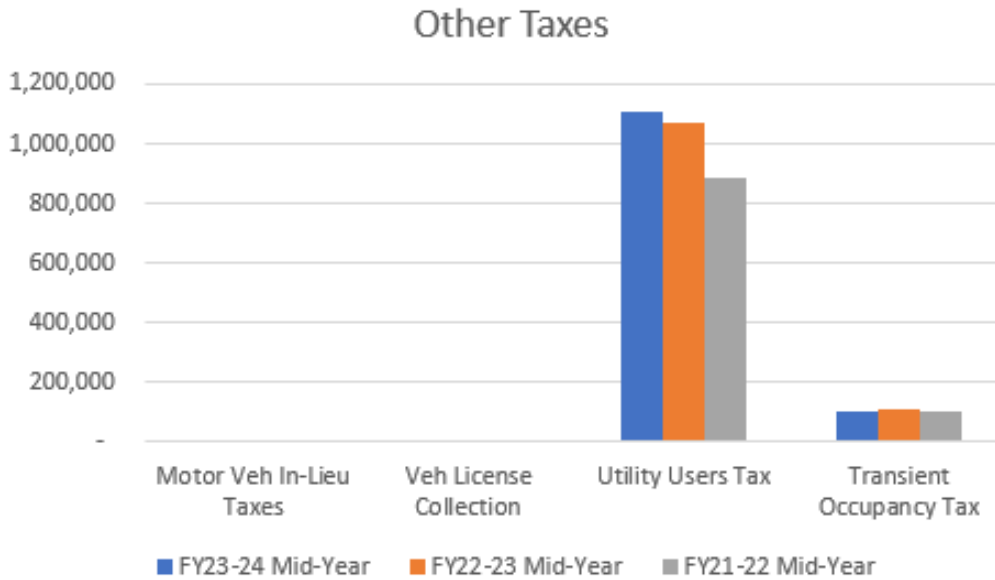
Property Taxes – Property tax revenue is comprised of two major components: real property taxes and personal property taxes. At the mid-year point of the fiscal year, property taxes are currently at 28% and expect majority of this revenue is expected to be received in the second half of the fiscal year. The table below summarizes these balances, as well as those of the previous two years.

Property Taxes



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Real Property Taxes	7,569,785	2,102,144	28%	2,214,667	1,965,896
Personal Property Taxes	236,531	319,230	135%	243,358	207,936

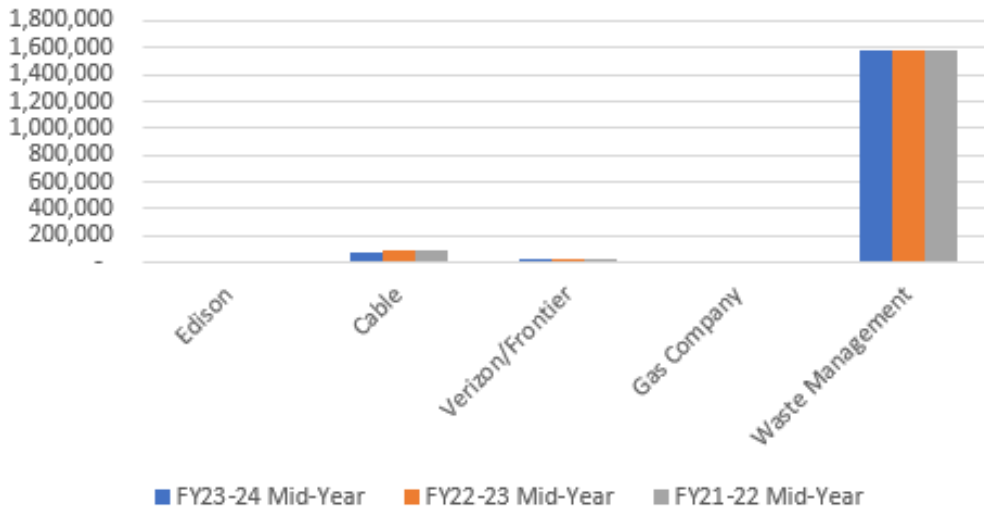
Other Taxes – Other taxes are comprised of Motor Vehicle In-Lieu Taxes, Vehicle License Collections, Utility Users Tax, and Transient Occupancy Tax. At the mid-year point of the fiscal year, other taxes are up 4% (\$37K) from the same point last year. The table below summarizes these balances, as well as those of the previous two years. Most of this revenue is received in the second half of the fiscal year.



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Motor Veh In-Lieu Taxes	7,649,446	-	0%	-	-
Veh License Collection	63,324	-	0%	-	-
Utility Users Tax	2,152,970	1,104,724	51%	1,067,237	887,559
Transient Occupancy Tax	416,381	102,520	25%	107,435	102,356

Franchise Fees – Franchise fees are collected from Edison, cable company providers, Verizon and Frontier, Gas Company, and Waste Management. At the midpoint of the fiscal year, current year franchise fees are down less than 1% (\$12K) from the same point last year. The table below summarizes these balances, as well as those of the two previous years.

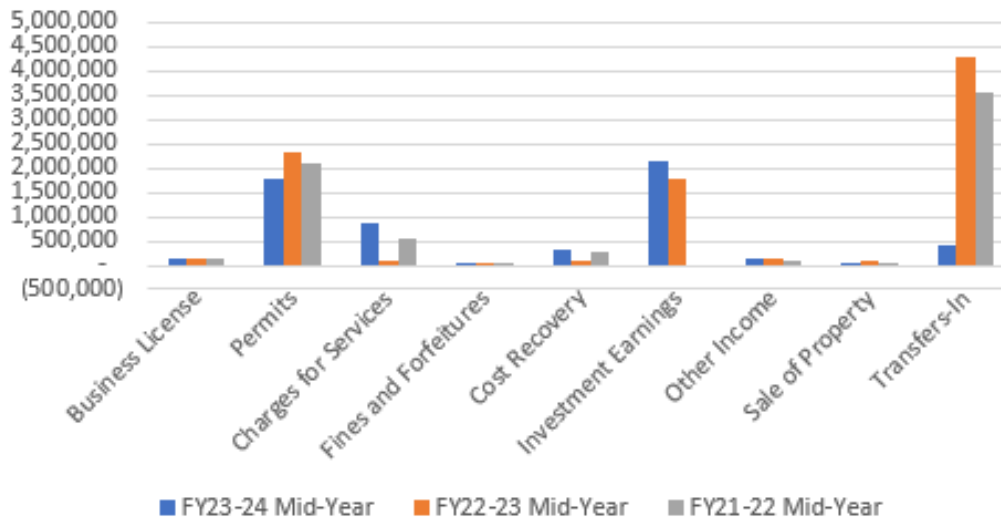
Franchise Fees



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Edison	459,879	-	0%	-	-
Cable	449,253	75,090	17%	83,020	90,374
Verizon/Frontier	100,206	18,602	19%	23,651	28,750
Gas Company	190,576	-	0%	-	-
Waste Management	2,100,000	1,575,000	75%	1,575,000	1,575,000

Other Revenue Categories – The remaining revenue categories represent 26% of total General Fund Revenues and Sources of Funds. The following table details the mid-year performance of each category for the current year, as well as the two most recent years.

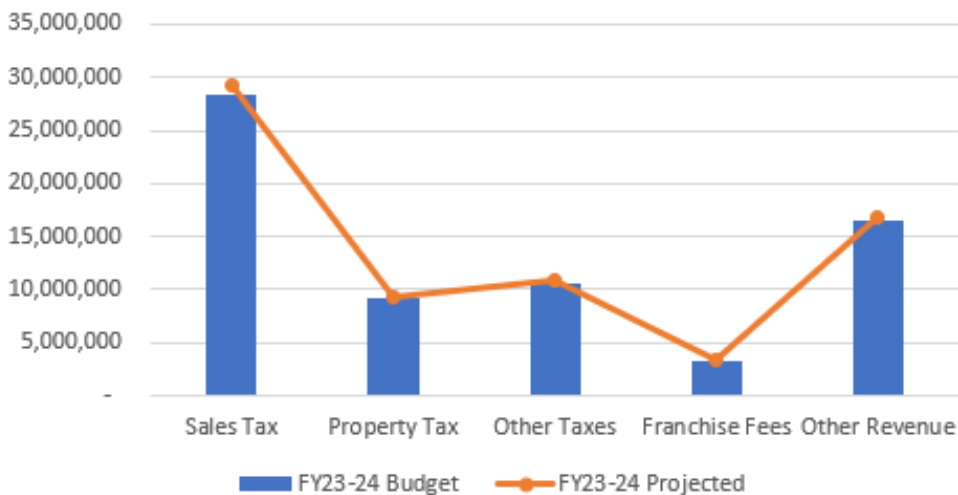
Other Revenues



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Business License	375,000	149,550	40%	133,268	127,618
Permits	2,479,689	1,791,555	72%	2,348,540	2,095,088
Charges for Services	2,543,775	880,886	35%	83,901	553,044
Fines and Forfeitures	115,000	56,800	49%	39,733	69,216
Cost Recovery	866,920	306,109	35%	80,341	297,096
Investment Earnings	997,342	2,137,480	214%	1,780,565	(27,640)
Other Income	123,518	153,980	125%	136,116	75,304
Sale of Property	750,000	818	0%	83,664	1,129
Transfers-In	8,218,067	410,711	5%	4,304,310	3,549,755

By year end, these categories in total are projected to exceed budgeted amounts. Projected results for each major revenue category are shown in the following table.

Projected Results



	FY23-24 Budget	FY23-24 Projected	% of Budget
Sales Tax	28,374,719	29,227,923	103%
Property Tax	9,106,031	9,379,842	103%
Other Taxes	10,539,828	10,856,752	103%
Franchise Fees	3,299,914	3,299,914	100%
Other Revenue	16,469,311	16,730,407	102%
Total General Fund Revenue	67,789,803	69,494,838	103%

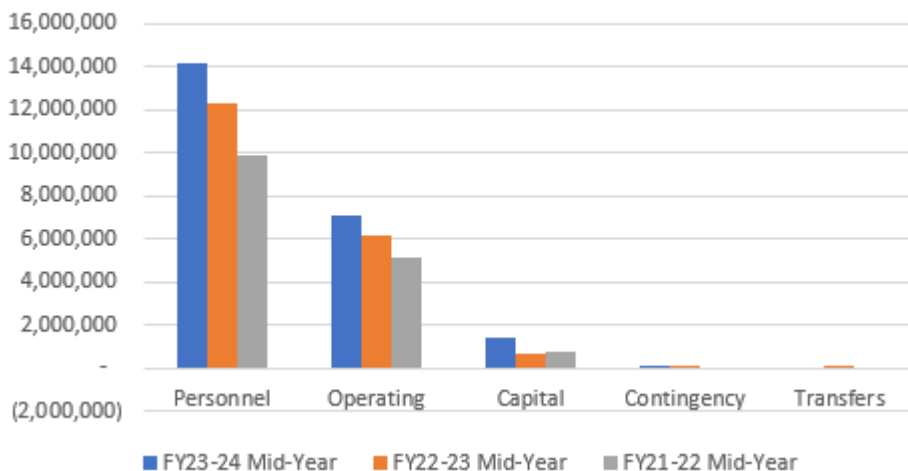
Expenditures and Uses of Funds

Expenditures and Uses of Funds are \$22.7 or 34% at midyear. This represents a 9.8% (\$3.4M) increase from the same point last year. The following table shows mid-year expenditures organized by department for the current year, as well as the two preceding years.

	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Non-Departmental	7,219,292	7,802	0%	97,636	(158,401)
City Council	202,143	29,608	15%	22,510	14,622
City Clerk	566,449	219,577	39%	108,795	109,451
Administration	2,628,272	457,331	17%	447,436	520,857
Communications	390,477	87,108	22%	-	-
Finance	1,942,334	846,585	44%	724,363	472,435
IT	1,935,736	1,058,427	55%	824,322	716,305
Economic Development	1,942,282	294,228	15%	129,880	-
Risk and HR	3,625,354	2,356,297	65%	2,518,617	2,101,730
Legal	1,500,000	645,200	43%	476,279	369,765
Community Development	812,062	374,203	46%	287,752	218,129
Community Services	1,905,744	860,288	45%	481,819	291,114
Animal Control	385,923	177,353	46%	168,639	172,669
Community Enhancement	362,525	156,732	43%	134,486	80,720
OES	15,000	-	0%	-	-
Police	16,595,718	8,325,398	50%	7,489,131	6,279,508
K-9	14,214	4,819	34%	2,770	5,607
Police Support	2,928,561	1,202,426	41%	1,078,141	836,884
Fire	6,820,202	36,881	1%	84,413	83,555
Building and Safety	1,591,222	554,600	35%	631,172	576,931
Public Works	3,646,165	1,089,747	30%	603,794	501,105
Street Maintenance	2,777,751	1,089,912	39%	953,404	817,905
Building Maintenance	1,162,987	526,610	45%	343,850	306,198
Parks and Grounds	5,655,872	2,307,589	41%	1,688,123	1,548,366
Total General Fund Expenditures	66,626,285	22,708,720	34%	19,297,333	15,865,455

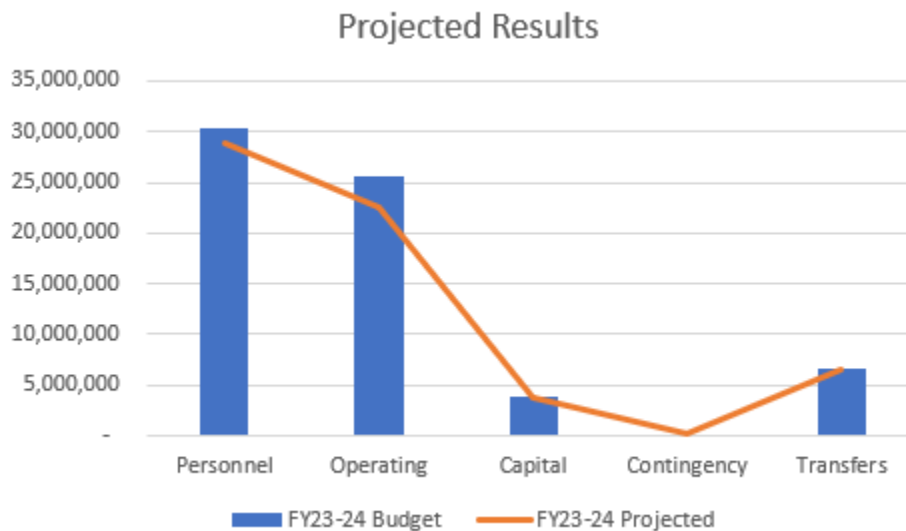
General Fund expenses are also shown by category in the following table.

General Fund Expenditures



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Personnel	30,286,654	14,192,907	47%	12,322,054	9,922,564
Operating	25,666,867	7,093,427	28%	6,139,432	5,194,793
Capital	3,960,685	1,420,781	36%	719,571	748,100
Contingency	150,000	14,352	10%	18,641	-
Transfers	6,562,079	-	0%	97,636	-
Total General Fund Expenditures	<u>66,626,285</u>	<u>22,721,467</u>		<u>19,297,334</u>	<u>15,865,457</u>

By year end, these categories in total are projected to total less than budgeted amounts. Projected results for each expenditure category are shown in the following table.



	FY23-24 Budget	FY23-24 Projected	% of Budget
Personnel	30,286,654	28,901,842	95%
Operating	25,666,867	22,574,254	88%
Capital	3,960,682	3,838,069	97%
Contingency	150,000	150,000	100%
Transfers	6,562,079	6,562,079	100%
Total General Fund Expenditures	<u>66,626,282</u>	<u>62,026,244</u>	93%

Fund Balance

Fund balance is comprised of reserves and designations for specific operating needs or purposes. The 16% Working Capital Reserve is used to provide sufficient cash flow during the first half of the fiscal year, primarily resulting from timing differences between expenditures and revenues. The Budget Stabilization Reserve is established for the purpose of stabilizing delivery of services during periods of budget deficits and to

mitigate the effects of major economic uncertainties resulting from unforeseen changes in revenues and/or expenditures. The Emergency Disaster Reserve is to cover emergency costs related to any disaster caused by nature or human. Any remaining fund balance is available for City Council appropriation or can be reserved for future appropriation.

The unassigned fund balance at the start of the fiscal year was \$30.47M. On September 19, 2023, the City Council re-appropriated unexpended expenditures from FY2022-2023 in the amount of \$2.5M. On January 16, 2023, the City Council approved a budget amendment to program \$5M of the fund balance to the Potrero Interchange project. Taking into consideration projected revenues and expenditures at the fiscal year-end, fund balance is expected to total approximately \$28M. The following table illustrates projected reserve balances at year-end.

(Amounts Below are in Millions)

	7/1/2023	6/30/2023
	Fund	Estimated
	Balance	Fund
		Balance
16% Cash Flow Reserve	10.85	10.85
Budget Stabilization Reserve	5	5
Emergency Disaster Reserve	1	1
Non-Allocated Available Reserves	13.62	22.47
Beginning Balance	30.47	
Re-Appropriation of Funds	-2.5	
MOU Placeholder	-0.5	
Potrero Project	-5.0	

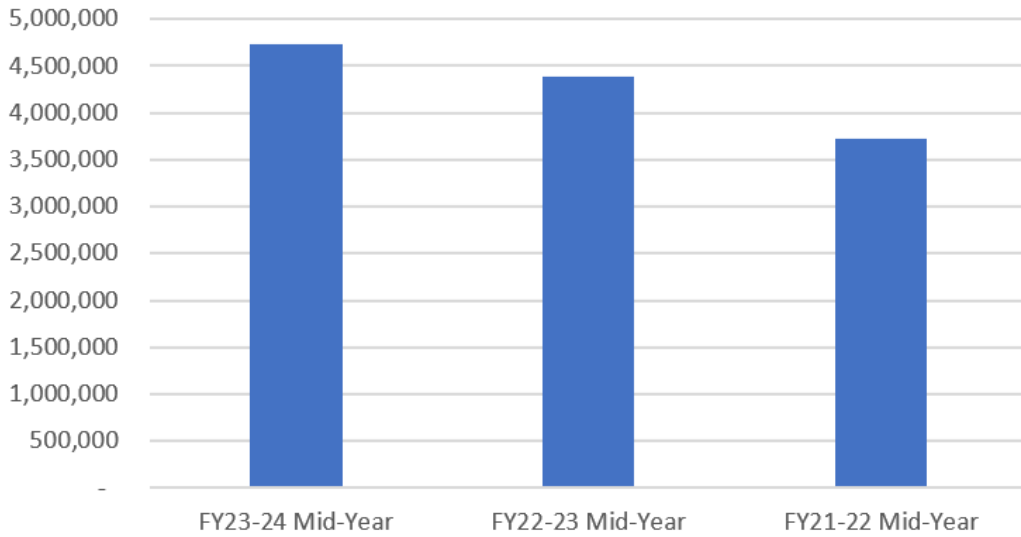
	7/1/2023	6/30/2023
	Fund Balance	Estimated Fund Balance
16% Cash Flow Reserve	10.85	10.85
Budget Stabilization Reserve	5	5
Emergency Disaster Reserve	1	1
Non-Allocated Available Reserves	13.62	22.47
Beginning Balance	30.47	
Re-Appropriation of Funds	-2.5	
MOU Placeholder	-0.5	
Potrero Project	-5.0	
Estimated FY24 activity		6.3
Unassigned Fund Balance	22.47	28.77

Wastewater Fund

As of December 31, 2023, Wastewater Revenues and Sources of Funds totaled \$4.6M, an increase of 6% (\$300,000) from the same point last year. Expenses and Uses of Funds totaled \$6.8M, which is approximately an increase of 8% (\$549,974) from last year's midway point.

Revenues – The Wastewater revenues are projected to increase slightly by \$2,420, mostly from an increase in investment revenue and sewer service charge fees. Sewer service charge fees are billed bi-monthly, and the mid-year report represents two billings. The following table details the mid-year performance of each category for the current year, as well as the two most recent years.

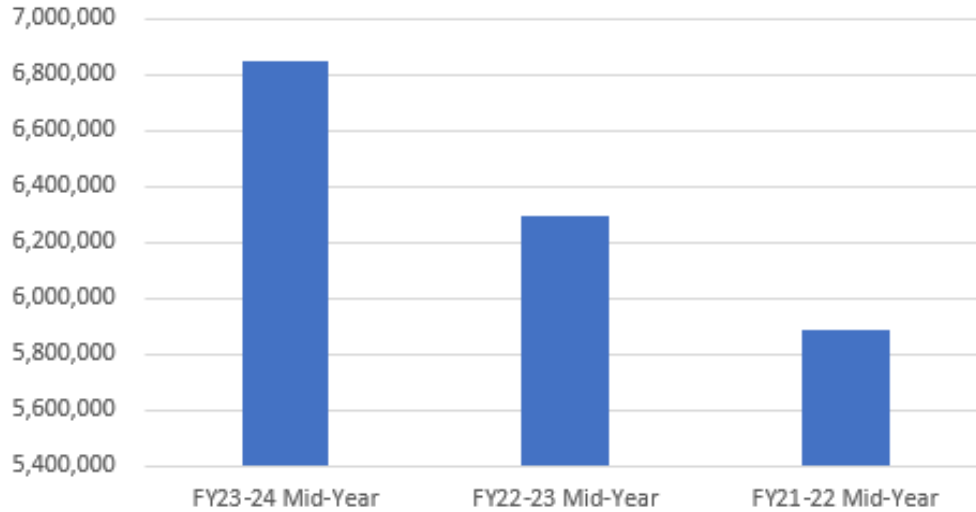
Total Wastewater Revenues



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Permits	-	-	0%	-	150
Fines and Forfeitures	-	-	0%	-	-
Cost Recovery	3,500	-	0%	-	283
Miscellaneous	120,000	119,239	99%	30,870	5,293
Proprietary Revenues	13,299,301	4,616,485	35%	4,350,686	3,715,859
Other Financing Sources	-	2,420	0%	3,052	-
Transfers	-	-	0%	-	-
Total Wastewater Revenues	13,422,801	4,738,144		4,384,608	3,721,585

Expenses - Expenses and Uses of Funds are \$6.8M or 50% at midyear. This represents an 8% (\$549,974) increase from the same point last year. The following table shows mid-year expenditures organized by department for the current year, as well as the two preceding years.

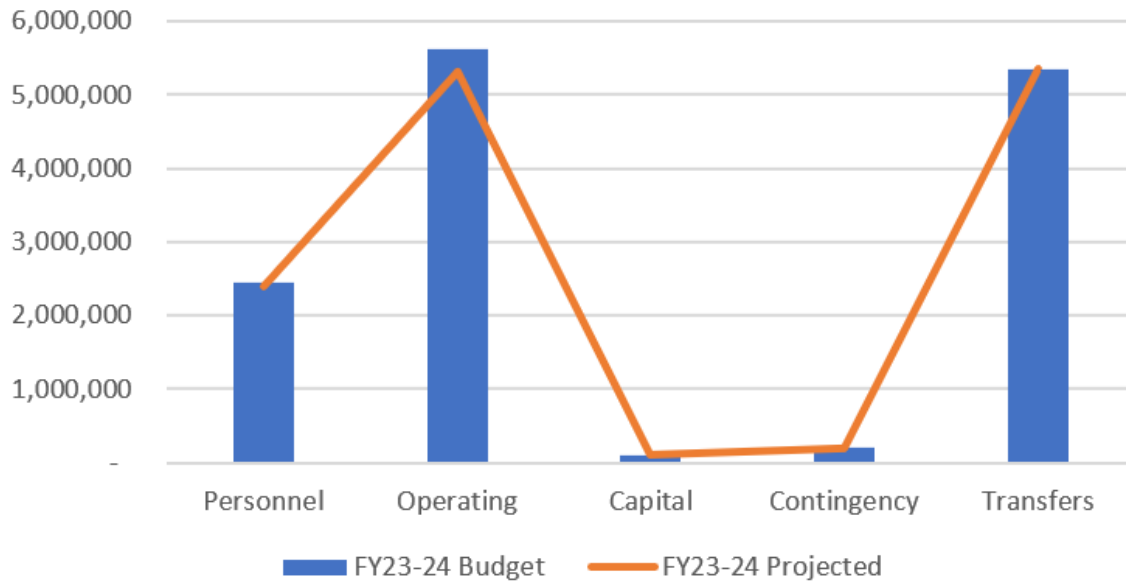
Total Wastewater Expenses



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Personnel	2,439,376	1,179,808	48%	1,211,800	993,084
Operating	5,629,530	1,879,926	33%	1,272,287	1,739,066
Capital	101,300	36,410	36%	208,947	319,626
Contingency	200,000	203,273	102%	-	-
Transfers	5,356,153	3,547,609	66%	3,604,018	2,832,652
Total Wastewater Expenses	13,726,359	6,847,026	50%	6,297,052	5,884,428

By year end, these categories in total are projected to total less than budgeted amounts. Projected results for each expenditure category are shown in the following table.

Wastewater Projected Results



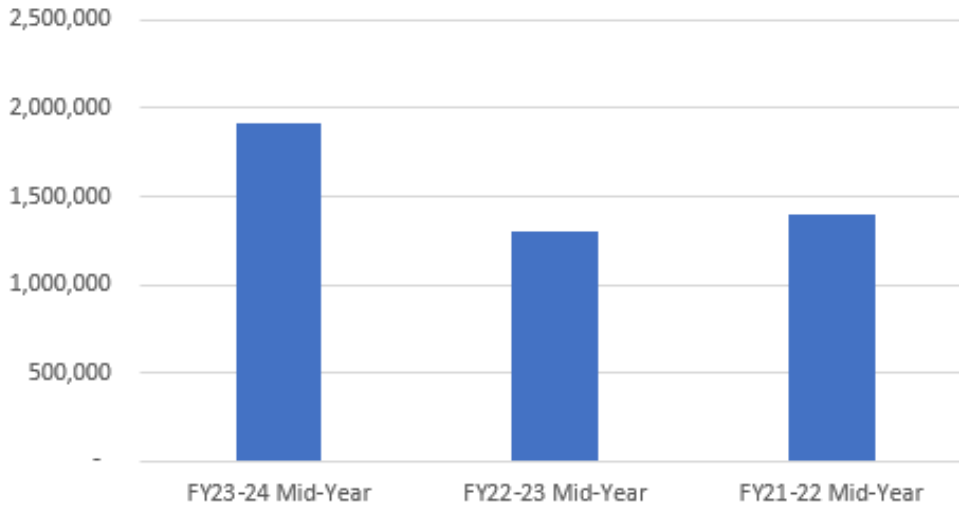
	<u>FY23-24 Budget</u>	<u>FY23-24 Projected</u>	<u>% of Budget</u>
Personnel	2,439,376	2,398,481	98%
Operating	5,629,530	5,324,987	95%
Capital	101,300	101,300	100%
Contingency	200,000	203,273	102%
Transfers	5,356,153	5,356,153	100%
Total Wastewater Expenses	<u>13,726,359</u>	<u>13,384,194</u>	98%

Transit Fund

As of December 31, 2023, Transit Revenues and Sources of Funds totaled \$1.9M, an increase of 32% (\$621,699) from the same point last year. Expenses and Uses of Funds totaled \$1.3M, which is approximately an increase of 13% (\$185,700) from last year's midway point.

Revenues – The Transit revenues are projected to increase 6% (\$187,212), mostly from an increase in investment earnings. EV Charging station revenues are journaled monthly, and the route fees are received daily. The following table provides details.

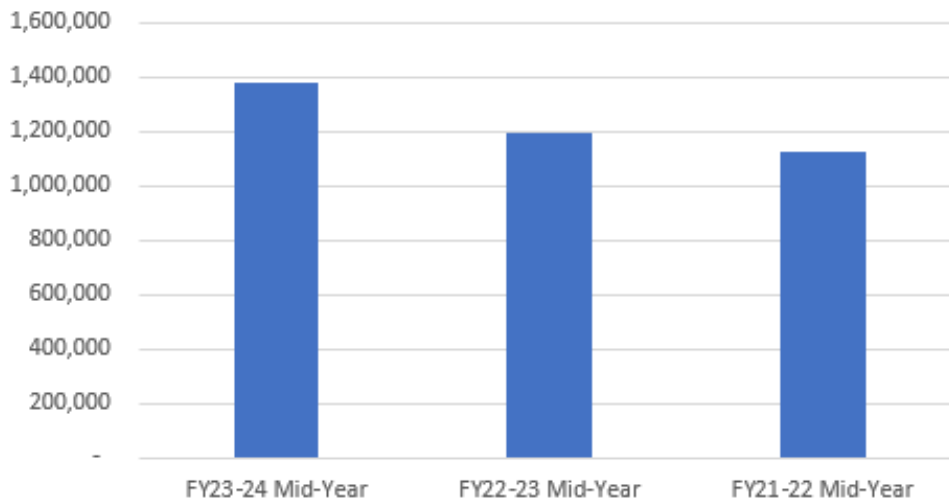
Total Transit Revenues



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Taxes	169,000	84,500	0%	90,667	51,667
Intergovernmental	2,785,644	1,770,562	64%	1,124,125	1,277,079
Miscellaneous	18,000	33,486	186%	56,378	6,694
Proprietary Revenues	21,025	30,826	147%	19,639	59,827
Other Financing Sources	-	4	0%	6,870	-
Transfers	-	-	0%	-	-
Total Transit Revenues	2,993,669	1,919,378		1,297,679	1,395,266

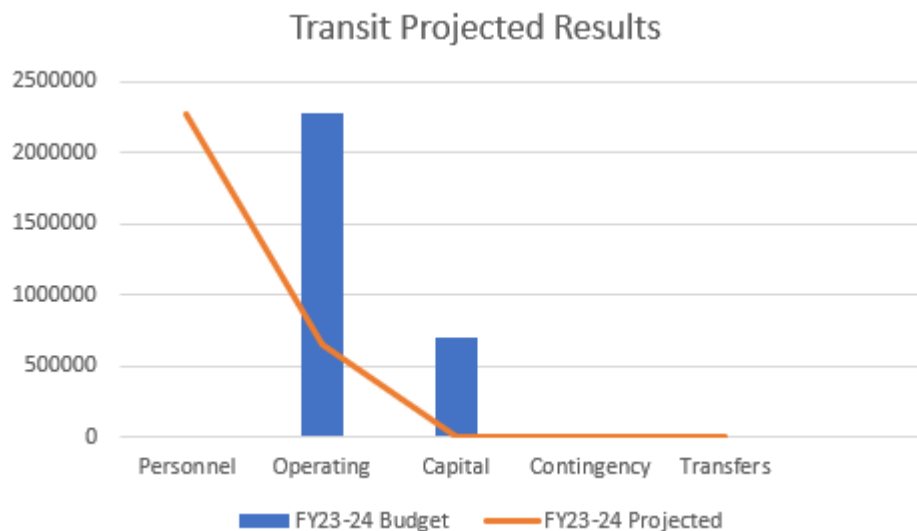
Expenses - Expenses and Uses of Funds are \$1.3M or 46% at midyear. This represents a 13% (\$185,700) increase from the same point last year. The following table shows mid-year expenditures organized by department for the current year, as well as the two preceding years.

Total Transit Expenses



	FY23-24 Budget*	FY23-24 Mid- Year	% of Budget	FY22-23 Mid- Year	FY21-22 Mid- Year
Personnel	2,283,147	1,105,990	48%	975,528	883,671
Operating	704,316	271,076	38%	214,330	239,599
Capital	6,206	1,552	25%	3,059	3,848
Contingency	-	-	0%	-	-
Transfers	-	-	0%	-	-
Total Transit Expenses	<u>2,993,669</u>	<u>1,378,617</u>	46%	<u>1,192,917</u>	<u>1,127,118</u>

By year end, these categories in total are projected to total slightly less than the budgeted amounts. Projected results for each expenditure category are shown in the following table.



	FY23-24 Budget	FY23-24 Projected	% of Budget
Personnel	2,283,147	2,268,785	99%
Operating	704,316	645,009	92%
Capital	6,206	6,206	100%
Contingency	-	-	0%
Transfers	-	-	0%
Total Transit Expenses	<u>2,993,669</u>	<u>2,920,000</u>	98%

Other Funds

Governmental Funds

Other funds of the City are used to segregate resources that are for a specific purpose. All governmental fund positions at the mid-point are listed in the table below.

	Beginning Fund Balance	FY 2024 Budgeted Revenues	FYTD 2024 Actual Receipts	%	FY 2024 Budgeted Expenditures	FYTD 2024 Actual Disbursements	%	T/D Ending Fund Balance
GOVERNMENTAL FUNDS								
100 GENERAL FUND	35,456,303.91	67,789,803.00	21,038,518.97	31%	70,006,721.00	22,721,974.14	32%	33,772,848.74
120 SELF INSURANCE	6,329,219.38	-	333,790.28	0%	-	68,400.94	0%	6,594,608.72
200 GAS TAX	-	1,566,996.00	823,659.24	53%	1,566,996.00	391,774.00	25%	431,885.24
201 SB1	2,329,870.55	1,353,950.00	586,792.33	43%	2,018,738.00	(25.00)	0%	2,916,687.88
202 MEASURE A	2,895,980.53	743,600.00	280,507.69	38%	2,264,528.00	-	0%	3,176,488.22
205 AQMD	267,785.11	72,300.00	24,220.79	34%	90,000.00	86,834.10	0%	205,171.80
210 PEG	35,711.17	19,238.00	4,314.96	22%	14,630.00	4,566.70	31%	35,459.43
215 CDBG/GRANTS	(407,984.19)	4,120,150.00	16,364.83	0%	4,918,281.00	625,842.47	13%	(1,017,461.83)
220 COPS	523,785.60	159,459.00	33,418.94	21%	171,992.00	115,906.73	67%	441,297.81
225 ASSET SEIZURES (STATE)	294,397.72	-	1,875.09	0%	-	25.00	0%	296,247.81
230 ASSET SEIZURES (FEDERAL)	59,719.24	-	38,407.72	0%	-	-	0%	98,126.96
240 OTHER FUNDS	409,241.73	52,839.00	35,988.56	68%	144,970.00	39,190.56	27%	406,039.73
250 CFD-ADMIN	1,329,821.12	1,802,415.00	23,688.26	1%	1,854,890.00	132,498.20	7%	1,221,011.18
255 CFD-MAINT SVCS	70,092.92	3,950,426.00	7,405.07	0%	4,851,993.00	35,280.60	1%	42,217.39
260 CFD-PUBLIC SAFETY	197,521.59	1,086,506.00	3,527.26	0%	1,086,506.00	-	0%	201,048.85
500 GENERAL CAPITAL PROJECTS	39,101,617.32	106,745,732.00	4,133,587.71	4%	109,578,732.00	9,953,830.47	9%	33,281,374.56
510 CFD CAPITAL PROJECTS	13,214,314.25	1,058,869.00	2,336,463.19	0%	10,487,937.00	226,645.98	0%	15,324,131.46
550 DIF	6,728.22	-	120.16	0%	-	-	0%	6,848.38
552 BASIC SERVICES DIF	1,703,433.15	238,218.00	110,015.36	46%	698,664.00	42,404.26	0%	1,771,044.25
554 GENERAL PLAN DIF	231,129.48	27,953.00	11,622.94	42%	-	-	0%	242,752.42
555 RECREATIONAL FACILITIES DIF	2,500,479.58	391,556.00	195,905.89	50%	900,000.00	-	0%	2,696,385.47
556 TRAFFIC IMPACT DIF	1,371,765.82	174,068.00	88,939.60	51%	984,378.00	92,200.00	9%	1,368,505.42
558 RAILROAD CROSSING DIF	2,809,846.12	195,490.00	116,369.32	60%	773,561.00	5,251.75	0%	2,920,963.69
559 POLICE FACILITIES DIF	1,874,579.00	282,666.00	111,205.73	39%	1,515,854.00	8,151.36	0%	1,977,633.37
560 FIRE STATION DIF	5,799,822.34	354,691.00	231,415.22	65%	4,400,000.00	-	0%	6,031,237.56
562 ROAD AND BRIDGE DIF	12,090,362.68	1,388,471.00	4,548,662.02	328%	11,341,021.00	(1,352.50)	0%	16,640,377.20
566 EMERGENCY PREPAREDNESS DIF	806,387.02	344,446.00	110,337.37	32%	-	-	0%	916,724.39
567 COMMUNITY PARK DIF	2,981,755.80	624,440.00	137,636.83	22%	914,828.00	-	0%	3,119,392.63
568 REGIONAL PARK DIF	1,977,512.20	-	35,252.77	0%	1,871,479.00	5,924.00	0%	2,006,840.97
569 NEIGHBORHOOD PARK DIF	3,770,090.08	756,574.00	169,450.19	22%	1,349,000.00	-	0%	3,939,540.27
570 PASS THROUGH DIF	6,882,593.93	-	-	0%	9,758,000.00	755,937.76	0%	6,126,656.17
850 Beaumont Financing Authority	35,953,179.63	3,080,846.00	2,500,665.18	81%	3,080,846.00	2,428,021.90	0%	36,025,822.91
855 Beaumont Public Improvement Author	47,777,680.32	3,023,346.00	2,723,295.94	90%	3,023,346.00	2,723,125.97	0%	47,777,850.29
TOTALS	140,031,289.44	195,300,856.00	35,589,464.29	18%	249,667,891.00	40,462,409.39	16%	141,065,429.97

Propriety Funds

When the City charges customers for certain services it provides, these services are generally reported in proprietary funds. There are two types of proprietary funds: enterprise fund (business-type activities) and internal service funds (internal allocation costs). The following table shows the proprietary fund positions at the mid-year point.

	Beginning Fund Balance	FY 2024 Estimated Revenues	FYTD 2024 Actual Revenues	%	FY 2024 Budgeted Expenditures	FYTD 2024 Actual Expenditures	%	T/D Ending Fund Balance
PROPRIETARY/ENTERPRISE FUNDS								
564 RECYCLED WATER DIF	4,119,073.25	442,851.00	460,505.05	104%	3,972,634.00	2,873.75	0%	4,576,704.55
600 INTERNAL SERVICE FUND	8,359,174.89	1,814,483.00	565,411.00	31%	7,014,037.00	731,115.99	10%	8,193,469.90
700 WASTEWATER	7,574,329.71	13,422,801.00	4,738,144.21	35%	13,726,359.00	6,847,026.08	50%	5,465,447.84
705 WASTEWATER DIF	9,714,063.78	2,172,351.00	1,274,934.68	59%	9,435,221.00	-	0%	10,988,998.46
710 WASTEWATER CAPITAL PR	107,266,694.48	24,277,012.00	3,555,097.86	15%	24,548,883.00	3,574,745.97	15%	107,247,046.37
750 TRANSIT	(75,904.84)	2,993,669.00	1,935,728.45	65%	2,993,669.00	1,378,581.22	46%	481,242.39
755 Transit GASB 68 Fund	512,421.35	-	-	0%	-	-	0%	512,421.35
760 TRANSIT CAPITAL PROJECT	2,515,106.61	14,151,692.00	94,866.28	1%	14,151,692.00	124,677.47	1%	2,485,295.42
TOTALS	139,984,959.23	59,274,859.00	12,624,687.53	21%	75,842,495.00	12,659,020.48	17%	139,950,626.28

Recommended Grant Budget Amendments

Public Works - The Bi-Annual Community Clean-Up uses resources from Cal Recycle Grant funding within the Public Works Department – Solid Waste, SB 1383 Local Assistance Grant. \$20,000 in additional funding is recommended to the budget from this grant.

Police - The Police Department is requesting to use \$63,300 of the \$80,000 grant funding from the Selective Traffic Enforcement Program (STEP) which is received from the California Office of Traffic Safety. The performance period extends into FY24/25 with a grant period ending on 09/30/2024, therefore the remaining grant funds will be budgeted in the following fiscal year.

Recommended General Fund Budget Amendments

As the year progresses, certain items and issues arise that are unforeseen in the budget process. These items are brought forth to Council in requested budget amendments. The following are recommended budget amendments for the General Fund.

MOU agreements require a one-time 2.5% bonus for years that General Fund revenues exceed budget by 10% verified by the City's final audit. For FY2022-2023, the revenues exceeded 10% of budget. The following budget amendment appropriates the funds for the 2.5% Bonus payments for all MOUs and includes the subsidized transfer of funds to the Wastewater and Transit Funds to cover those costs. This budget amendment will come from the fund balance.

Building Maintenance – Requesting \$10,000 additional funding to cover operations and maintenance due to the 4th Street building lease which was established after the FY23/24 Budget.

Movement of funds between departments – Decrease \$7,000 from Parks and Grounds Maintenance department and increase \$7,000 for Building Maintenance to cover Vehicles assigned to Building Maintenance.

Parks and Grounds Maintenance – Requesting \$225,000 to support ongoing operations and maintenance due to renewal of contract agreement with West Coast Arborists for tree trimming and maintenance services.

Self-Insurance Fund Budget Adjustments

The Self-Insurance Fund is used for settlements and claims arising from litigation activity within the City. There have been settlement and restitution receipts in the amount of \$219,728 and interest was not accounted for, the recommended budget increase to revenue is \$445,000. The City has also had to pay a settlement in the amount of \$68,400. The recommended budget increase to expenditures is \$70,000.

Capital Improvement Program Mid-Year Updates

The Capital Improvement Plan (CIP) outlines a schedule of public service expenditures. The CIP does not address all of the capital expenditures for the City, but provides for large, physical improvements which are permanent, including the basic facilities, services and installations needed for the functioning of the community. The CIP also includes major contractual contracts that can stem over multiple years or use funds that have been provided through development.

The adoption of the CIP commits the City Council to spend money on projects listed in the current fiscal year only. On 01/16/2024, the City Council reviewed and approved the CIP adjustments in a public hearing. Those adjustments have been included as Attachment G.

Fiscal Impact:

The estimated cost to prepare this report is \$561.

Recommended Action:

Receive and file report.

Attachments:

- A. Public Works – Solid Waste Budget Amendment Request
- B. Police Department – OTS Budget Amendment Request
- C. MOU Lump Sum Payment Budget Amendment
- D. Community Services – Facilities Budget Amendment Request
- E. Community Services – Parks and Grounds Budget Amendment Request
- F. Self-Insurance Fund Budget Amendment
- G. Capital Improvement Plan Mid-Year Budget Amendment