



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: December 6, 2022
SUBJECT: FY2022-23 October Budget Update and Financial Status Report

Description Monthly Budget Update and Financial Status Report

Background and Analysis:

The Fiscal Year 2022-23 October Financials provide an update to the City’s financial position relative to the FY 2022-23 budget.

Summary of Cash Balances

The City has multiple bank accounts for purposes of fund segregation. The table below provides a summary of cash balances within these accounts for the month of October 2022.

Bank Name	Beginning Bank Balance October 1, 2022	Deposits	Payments	Ending Bank Balance October 31, 2022
Citibank Checking (Pooled Cash)	7,243,169.32	12,077,748.70	15,536,067.90	3,784,850.12
Wells Fargo Checking	1,309.51	10,446,971.24	1,001,705.00	9,446,575.75
Bank of Hemet - Payroll	2,097,817.02	-	1,294,281.75	803,535.27
Bank of Hemet - Gas Tax	3,581,094.03	224,682.01	-	3,805,776.04
Bank of Hemet - Evidence and Seizure Fund	344,077.60	29.22	-	344,106.82
Bank of Hemet - Workers Comp	37,450.48	-	-	37,450.48
Bank of Hemet - Construction	8,471,802.53	719.52	-	8,472,522.05
Grand Total	21,776,720.49	22,750,150.69	17,832,054.65	26,694,816.53

A summary of cash balances for the 2nd quarter including investment accounts are provided in the table below. The liquidity fund with US Bank was opened in June to have a liquid investment vehicle option while keeping the Citibank general checking account balance at a minimum through the transition of the general checking account implementation to Wells Fargo bank. All funds deposited into the liquidity fund are available for operations.

BANK BALANCES 2nd QTR FY 22-23				
CITIBANK ACCOUNTS	#	October 2022	November 2022	December 2022
GENERAL	8965	\$ 3,784,850.12		
Wells Fargo				
GENERAL	52455	\$ 9,446,575.75		
BANK OF HEMET				
PAYROLL	50301	\$ 803,535.27		
GAS TAX	21901	\$ 3,805,776.04		
EVIDENCE AND SEIZURE FUND	20042	\$ 344,106.82		
WORKERS COMP		\$ 37,450.48		
CONSTRUCTION	20048	\$ 8,472,522.05		
		\$ 13,463,390.66		
US BANK				
INVESTMENT PORTFOLIO	10770	\$ 45,086,631.15		
LIQUIDITY FUND	13574	\$ 35,156,852.50		
		\$ 80,243,483.65		
LAIF				
	3-056	\$ 47,607,751.81		
PARS				
		\$ 2,298,456.66		

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. As most revenues are received periodically throughout the

year, actual expenditures exceed revenues by \$1.38M. Bank balances are monitored to ensure that funds are available to pay operating needs until revenues are received to cover costs.

General Fund Revenues

As of October 31, 2022, the City has collected 20% of the FY 2023 budgeted revenues including estimated results. Estimates are determined for property taxes and sales taxes by the City's consultant HDL. All other revenues are estimated by trend analysis. Below is a table for General Fund Revenues as of October 31, 2022. Estimated actuals project revenues exceeding budget by \$4.27M.

	GENERAL FUND				
	ORIGINAL BUDGET FY2022/23	CURRENT BUDGET FY2022/23	ACTUAL FY2022/23	ESTIMATED ACTUALS	%
Taxes	41,542,397.00	41,542,397.00	5,885,856.99	45,482,795.00	14%
Licenses	410,687.00	410,687.00	111,401.00	367,623.00	27%
Permits	4,574,641.00	4,574,641.00	1,592,709.52	3,595,186.00	35%
Franchise Fees	3,248,286.00	3,248,286.00	1,050,000.00	3,144,868.00	32%
Charges for Services	1,273,780.00	1,273,780.00	42,956.00	1,249,178.00	3%
Fines and Forfeitures	131,545.00	131,545.00	32,138.51	102,500.00	24%
Cost Recovery	498,587.00	498,587.00	67,201.97	408,106.00	13%
Miscellaneous	296,068.00	296,068.00	1,120,981.57	1,818,787.00	379%
Other Financing Sources	5,000.00	5,000.00	83,664.14	83,664.00	1673%
Transfers	8,687,711.00	8,687,711.00	2,149,789.74	8,687,711.00	25%
TOTAL REVENUES	60,668,702.00	60,668,702.00	12,136,699.44	64,940,418.00	20%

The miscellaneous portion of revenue has already collected 379% of budgeted revenue. The reason for this is due to increasing interest rates providing a greater return on investments than what was anticipated when building the budget.

GASB 72 requires that the City report investments at year-end market value. However, unrealized gains/losses are not realized until the investment is sold, therefore, an entry is made to put the investment back at book value after year-end reporting. This entry has made the actuals appear higher than they will be at year-end when the reporting entries are completed and has been included in the estimated actuals.

The other financing sources category is at 1673% of budgeted revenue. This is due to a sale of land that was also not anticipated at time of budget building. Both the miscellaneous and other financing sources of revenue items will be considered for a mid-year budget amendment.

General Fund Departments

The table below provides for an overview of the general fund department budgets through October 31, 2022.

General Fund Expenditures				
DEPARTMENT	FY 2023 ORIGINAL BUDGET	FY 2023 BUDGET	FY 2023 ACTUAL	%
Non-Departmental	7,932,671.00	32,200,213.00	48,817.75	0.2%
City Council	51,131.00	51,131.00	13,966.71	27.3%
City Clerk	343,242.00	413,242.00	61,356.88	14.8%
Administration	1,435,070.00	1,435,070.00	291,016.41	20.3%
Finance	1,520,471.00	1,537,961.00	458,053.11	29.8%
IT	1,606,874.00	1,736,374.00	647,101.05	37.3%
Economic Development	1,322,868.00	1,335,008.00	77,564.10	5.8%
Risk and HR	2,626,205.00	2,961,153.00	2,359,442.62	79.7%
Legal	1,500,000.00	1,500,000.00	281,164.85	18.7%
Community Development	783,600.00	953,600.00	181,256.77	19.0%
Community Services	1,131,722.00	1,191,722.00	298,614.79	25.1%
Animal Control	335,394.00	335,394.00	110,631.80	33.0%
Community Enhancement	337,866.00	337,866.00	79,867.16	23.6%
OES	162,200.00	162,200.00	-	0.0%
Police	13,982,847.00	14,220,583.00	4,983,771.34	35.0%
K-9	9,600.00	9,600.00	1,279.65	13.3%
Police Support	2,538,188.00	2,538,188.00	679,821.37	26.8%
Fire	4,670,961.00	5,223,487.00	73,677.35	1.4%
Building and Safety	1,542,266.00	1,542,266.00	391,664.61	25.4%
Public Works	1,797,804.00	1,806,749.00	391,201.27	21.7%
Street Maintenance	2,330,115.00	2,358,697.00	664,949.48	28.2%
Building Maintenance	1,148,673.00	1,148,673.00	249,546.34	21.7%
Parks and Grounds	4,182,002.00	4,616,305.00	1,169,937.00	25.3%
TOTAL EXPENDITURES	53,291,770.00	79,615,482.00	13,514,702.41	17.0%

On September 20, 2022, the City Council approved a re-appropriation of prior year funds for budgeted items that had not been completed in FY22 for \$796,780. On November 1, 2022, the City Council approved a budget amendment to appropriate \$7,376,932 of unprogrammed revenue in the FY23 budget. At the same time, the City Council also appropriated \$18.15M of available fund balance. These increases to the budget are included in the current budget column of the table above.

The table below provides for expenditures by type. Personnel costs make up 58.34% of the actuals to date. Operating costs are 37.42% of actuals followed by capital at 3.79%. The Other line is currently at 95% of the budget. This line contains the City's liability and property insurance premium which is paid at the beginning of the year. The other items within this category will be watched carefully to ensure it stays within budget.

	EXPENSE TYPE	FY 2023 ORIGINAL BUDGET	FY 2023 CURRENT BUDGET	FY 2023 ACTUAL	ESTIMATED ACTUALS	%
Personnel						
	Salaries and Wages	17,938,820.00	18,018,920.00	4,526,913.90	16,296,890.00	25%
	Benefits	7,376,316.00	7,376,316.00	3,255,084.19	7,343,865.00	44%
	Other	476,692.00	476,692.00	102,657.27	476,692.00	22%
	TOTAL PERSONNEL	25,791,828.00	25,871,928.00	7,884,655.36	24,117,447.00	30%
Operating						
	Utilities	1,787,000.00	1,787,000.00	655,158.06	2,246,256.00	37%
	Administration	890,968.00	910,968.00	205,006.93	738,024.00	23%
	Fleet Costs	664,280.00	664,280.00	218,590.20	874,360.00	33%
	Program Costs	904,870.00	964,870.00	366,084.38	753,077.00	38%
	Repairs & Maintenance	1,062,630.00	1,192,130.00	546,898.20	968,451.00	46%
	Supplies	1,217,830.00	1,462,509.00	268,809.21	1,367,713.00	18%
	Special Services	517,075.00	517,075.00	85,683.39	408,460.00	17%
	Contractual Services	8,959,125.00	9,724,515.00	527,968.53	8,041,880.00	5%
	Other	1,967,700.00	2,302,648.00	2,183,358.34	2,313,437.00	95%
	TOTAL OPERATING	17,971,478.00	19,525,995.00	5,057,557.24	17,711,657.99	26%
Capital						
	Equipment	249,952.00	331,057.00	147,938.26	331,057.00	45%
	Furniture	-	-	332.92	333.00	0%
	Vehicle	884,854.00	1,225,302.00	286,041.69	1,225,302.00	23%
	Structure	310,987.00	310,987.00	77,746.75	310,987.00	25%
	TOTAL CAPITAL	1,445,793.00	1,867,346.00	512,059.62	1,867,679.00	27%
Contngency						
	CONTINGENCY	150,000.00	150,000.00	11,612.44	150,000.00	8%
Transfers						
	TRANSFERS	7,932,671.00	32,200,213.00	48,817.75	32,200,213.00	0%
Total Expenditures		53,291,770.00	79,615,482.00	13,514,702.41	76,046,997.00	17%

Estimated actuals project expenses coming in below budget by \$3.5M. The estimated actuals are projecting a \$7.77M net increase to fund balance.

Wastewater Fund Summary

Revenues

Wastewater revenues are collected in arrears. The July billing is accrued back to prior FY, so the first billing for FY23 was collected in September. Billing is completed bi-monthly. As of October 31, 2022, the wastewater fund has collected 17% of its budgeted revenues. The estimated revenues project revenues exceeding budget by \$312,385.

	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	-	3,500.00	0%
Miscellaneous	30,000.00	30,000.00	30,870.32	123,481.00	103%
Proprietary Revenues	12,821,501.00	12,821,501.00	2,173,012.20	13,038,073.00	17%
Other Financing Sources	-	-	2,332.00	2,332.00	0%
Transfers	-	157,335.00	-	157,335.00	0%
TOTAL REVENUES	12,858,001.00	13,015,336.00	2,206,214.52	13,327,721.00	17%

The miscellaneous category has already collected 103% of its budgeted revenues. This is due to increased interest rates providing higher returns in investments. This item will be considered for a mid-year budget amendment.

Expenses

Wastewater expenses as of October 31, 2022, total \$4,991,587.96 which is 34% of the FY2023 budget. Personnel costs make up 14.97% of the actual to date expenses, operating costs make up 16.12% of the actual expenses, capital costs make up 4.18% of the actual expenses, and the transfers category which includes the 9/1 debt service payment makes up 64.73% of the actual expenses. 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. The next debt service payment due is 3/1 and will be \$1,842,168.75. The estimated actuals project expenses coming in below budget by \$376,599.

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	1,831,289.00	467,266.15	1,682,158.00	26%
	Benefits	674,094.00	674,094.00	270,240.21	624,042.00	40%
	Other	40,032.00	40,032.00	9,560.64	40,032.00	24%
	TOTAL PERSONNEL	2,545,415.00	2,545,415.00	747,067.00	2,346,232.00	29%
Operating						
	Utilities	928,228.00	928,228.00	330,554.06	1,041,245.00	36%
	Administration	227,805.00	227,805.00	58,270.43	183,551.00	26%
	Fleet Costs	44,420.00	44,420.00	19,757.78	62,237.00	44%
	Repairs & Maintenance	116,200.00	116,200.00	13,923.29	113,858.00	12%
	Supplies	585,700.00	585,700.00	160,169.55	528,559.00	27%
	Contractual Services	1,397,360.00	1,397,360.00	203,371.58	1,373,625.00	15%
	Other	755,872.00	755,872.00	18,769.22	575,094.00	2%
	TOTAL OPERATING	4,055,585.00	4,055,585.00	804,815.91	3,878,169.00	20%
Capital						
	Equipment	167,112.00	167,112.00	17,750.00	167,112.00	11%
	Vehicle	33,576.00	190,911.00	190,911.30	190,911.00	100%
	Other			-	-	0%
	TOTAL CAPITAL	200,688.00	358,023.00	208,661.30	358,023.00	58%
Contingency						
	CONTINGENCY	200,000.00	200,000.00	-	200,000.00	0%
Transfers						
	TRANSFERS	7,585,213.00	7,585,213.00	3,231,043.75	7,585,213.00	43%
Total Expenses		14,586,901.00	14,744,236.00	4,991,587.96	14,367,637.00	34%

The FY23 Wastewater budget has expenses exceeding revenues by \$1,728,900. This is due to a reappropriation of \$91,688 of prior year budgeted expenses not completed in FY22. The original budget included \$1,637,212 of capital projects and funding for a repair and replace fund from available fund balance. The estimated results are projecting a net increase to fund balance of \$688,984 resulting from FY23 estimated increase in revenues and projected savings in expenses.

Fiscal Impact:

The estimated cost to prepare this report is \$267.

Recommended Action:

Receive and file report.

Attachments:

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