



Staff Report

TO: Finance and Audit Committee Members
FROM: Jennifer Ustation, Finance Director
DATE: August 8, 2022
SUBJECT: Fiscal Year 2021-22 Fourth Quarter Budget Update and Financial Status Report

Background and Analysis:

The Fiscal Year 2021-22 Fourth Quarter Financials provide an update to the City's financial position relative to the FY 2021-22 adjusted 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 June 2022.

Summary of Cash Balances				
Bank Name	Beginning Bank Balance June 1, 2022	Deposits	Payments	Ending Bank Balance June 30, 2022
Citibank Checking (Pooled Cash)	35,727,773.42	48,428,585.24	78,924,003.34	5,232,350.32
Bank of Hemet - Payroll	1,725,258.06	2,000,000.00	1,707,068.81	2,018,189.25
Bank of Hemet - Gas Tax	3,667,223.09	202,787.43	-	3,870,010.52
Bank of Hemet - Evidence and Seizure Fund	345,748.86	28.33	3,525.00	342,252.19
Bank of Hemet - Construction	4,703,882.82	386.62	-	4,704,269.44
Grand Total	46,169,886.25	50,631,787.62	80,634,597.15	16,167,071.72

A summary of cash balances for the fourth 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 general checking account balance at a minimum through the transition of the general checking account implementation to a different bank. All funds deposited into the liquidity fund are available for operations.

BANK BALANCES 4TH QTR FY 21-22				
CITIBANK ACCOUNTS	#	April-22	May-22	June-22
GENERAL	8965	\$ 16,220,993.03	\$ 35,727,768.42	\$ 5,232,350.32
BANK OF HEMET				
PAYROLL	50301	\$ 1,115,773.74	\$ 1,725,258.06	\$ 2,018,189.25
GAS TAX	21901	\$ 3,477,994.36	\$ 3,667,223.09	\$ 3,870,010.52
EVIDENCE AND SEIZURE FUND	20042	\$ 308,602.60	\$ 345,748.86	\$ 342,252.19
CONSTRUCTION	20048	\$ 4,703,470.46	\$ 4,703,882.82	\$ 4,704,269.44
		\$ 9,605,841.16	\$ 10,442,112.83	\$ 10,934,721.40
US BANK				
INVESTMENT PORTFOLIO	10770	\$ 44,487,957.40	\$ 44,711,071.45	\$ 44,524,222.22
LIQUIDITY FUND	13574	\$ -	\$ -	\$ 35,000,000.00
		\$ 44,487,957.40	\$ 44,711,071.45	\$ 79,524,222.22
LAIF	3-056	\$ 74,763,001.48	\$ 74,763,001.48	\$ 74,763,001.48
PARS		\$ 2,450,831.96	\$ 2,454,728.99	\$ 2,344,101.29

Financial Management Policy

Per the City of Beaumont Financial Management Policy, the City Manager, through the Finance Department, will periodically report to the City Council financial status reports on revenues and expenditures to date, and the estimated year-end fund balances. Attachment A provides for the Governmental Funds with balances calculated as of July 31, 2022. Attachment B provides the Propriety and Enterprise Funds with balances calculated as of July 31, 2022.

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

As of July 31, 2022, the City has a surplus of approximately \$17.2M resulting from actual receipts exceeding budgeted revenues, as well as actual expenditures below budgeted amounts. City staff is continuing to pay invoices and accruing revenue receipts for FY2022 through August 31, 2022.

General Fund Revenues

As of July 31, 2022, the City has collected 128% of the FY2022 budgeted revenues. Taxes, permits, fines and forfeitures, and cost recovery were the main drivers of the increases with miscellaneous revenue falling short. Below is a table for General Fund Revenues as of July 31, 2022.

	GENERAL FUND		
	BUDGET	ACTUAL	%
	FY2021/22	FY2021/22	
Taxes	23,495,106.00	35,709,840.77	152%
Licenses	405,000.00	348,302.45	86%
Permits	3,980,025.00	5,118,224.97	129%
Franchise Fees	3,111,474.00	3,048,104.67	98%
Charges for Services	1,242,114.00	1,261,050.52	102%
Fines and Forfeitures	128,803.00	168,884.41	131%
Cost Recovery	487,500.00	567,495.90	116%
Miscellaneous	309,000.00	69,885.70	23%
Other Financing Sources	-	2,545.07	0%
Transfers	7,909,135.00	6,106,695.15	77%
TOTAL REVENUES	41,068,157.00	52,401,029.61	128%

The Finance Department will continue to accrue revenue receipts received. The fourth quarter sales tax payment is expected to be received within August and will be accrued to the final FY2022 numbers.

General Fund Departments

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

DEPARTMENT	FY 2022 BUDGET	FY 2022 ACTUAL	%
Non-Departmental	449,166.00	436,171.56	97.1%
City Council	43,053.00	32,465.93	75.4%
City Clerk	224,399.00	202,060.40	90.0%
Administration	2,677,762.00	1,891,989.88	70.7%
Finance	1,274,580.00	1,028,164.76	80.7%
IT	1,594,156.00	1,251,193.04	78.5%
Risk and HR	2,513,762.00	2,474,775.54	98.4%
Legal	1,500,000.00	1,244,653.07	83.0%
Community Development	547,392.00	488,277.43	89.2%
Community Services	716,484.00	709,835.53	99.1%
Animal Control	344,182.00	334,443.49	97.2%
Community Enhancement	321,521.00	207,995.34	64.7%
OES	171,900.00	62,389.17	36.3%
Police	12,111,169.00	12,070,364.31	99.7%
K-9	11,100.00	11,087.44	99.9%
Police Support	1,884,791.00	1,618,639.97	85.9%
Fire	4,140,519.00	3,021,880.10	73.0%
Building and Safety	1,470,207.00	1,136,518.97	77.3%
Public Works	1,781,662.00	1,156,647.45	64.9%
Street Maintenance	2,193,682.00	1,842,319.42	84.0%
Building Maintenance	703,845.00	563,776.15	80.1%
Parks and Grounds	4,607,624.00	3,407,417.39	74.0%
TOTAL EXPENDITURES	41,282,956.00	35,193,066.34	85.2%

FY2022 encumbrances have a current balance of approximately \$2M which would include the fourth quarter fire services invoice. Departments are working on budget carryover forms and are requesting purchase orders from FY2022 to rollover into FY2023. Staff will bring a re-appropriation item to Council in September for these items.

The table below provides for expenditures by type. Personnel costs make up 57.6% of the actuals to date. Operating costs are 37.8% of actuals followed by capital at 3.7%. Contingency and transfers make up the remaining .9% of actuals. Utilities and fleet costs exceeded budget due to inflation cost increases with fuel and utilities incurred throughout the year. Structure costs are contributions from departments to the ISF, however the budget was applied in transfers which explains the variance in the structure cost line.

	EXPENSE TYPE	FY 2022 BUDGET	FY 2022 ACTUAL	%
Personnel				
	Salaries and Wages	15,186,317.00	14,748,052.51	97%
	Benefits	6,577,935.00	5,157,521.42	78%
	Other	400,420.00	352,316.44	88%
	TOTAL PERSONNEL	22,164,672.00	20,257,890.37	91%
Operating				
	Utilities	1,654,392.00	1,741,680.48	105%
	Administration	652,092.00	580,202.61	89%
	Fleet Costs	415,389.00	658,871.21	159%
	Program Costs	750,250.00	531,789.23	71%
	Repairs & Maintenance	1,051,032.00	627,745.26	60%
	Supplies	1,238,756.00	701,437.67	57%
	Special Services	906,200.00	448,735.18	50%
	Contractual Services	7,833,297.00	6,130,527.40	78%
	Other	2,041,874.00	2,003,564.21	98%
	TOTAL OPERATING	16,543,282.00	13,424,553.25	81%
Capital				
	Equipment	558,710.00	424,720.96	76%
	Vehicle	1,287,126.00	719,779.87	56%
	Structure	130,000.00	190,249.45	146%
	TOTAL CAPITAL	1,975,836.00	1,334,750.28	68%
Contngency				
	CONTINGENCY	150,000.00	64,600.13	43%
Transfers				
	TRANSFERS	449,166.00	111,272.31	25%
Total Expenditures		41,282,956.00	35,193,066.34	85%

Wastewater Fund Summary

Revenues

The City has collected 98% of the budgeted revenues. All billings have been recorded. The sewer service fees revenues collected are approximately \$220k below budget. This is due to an overestimation on increases to discharge to the plant.

	WASTEWATER REVENUES		
	BUDGET FY2021/22	ACTUAL FY2021/22	%
Permits	-	3,525.00	0
Fines and Forfeitures	5,000.00	1,600.00	32%
Cost Recovery	5,000.00	283.28	6%
Miscellaneous	25,000.00	16,806.07	67%
Proprietary Revenues	12,300,500.00	12,079,770.31	98%
Other Financing Sources	-	8,199.40	0%
TOTAL REVENUES	12,335,500.00	12,110,184.06	98%

Expenses

Wastewater expenses currently are approximately \$765k less than budget resulting in a current surplus of \$540k. Just as seen in the General Fund, utilities and fleet cost categories were overbudget due to inflation cost increases incurred throughout the year on utilities and fuel. Equipment costs exceeded budget due to emergency repairs and replacement of pumps covered by contingency budget. Actual costs were put in the equipment line to catch for capitalization purposes.

Encumbrances remaining for FY2022 are approximately \$932k. Most of the encumbrance is for brine line maintenance and is not expected to be carried forward into FY2023. The remaining encumbrances are currently being evaluated by staff and any necessary carryovers will be brought to Council in September.

Wastewater Expenses				
	EXPENSE TYPE	FY 2022 BUDGET	FY 2022 ACTUAL	%
Personnel				
	Salaries and Wages	1,743,067.00	1,582,815.17	91%
	Benefits	648,237.00	488,837.52	75%
	Other	36,403.00	26,009.85	71%
	TOTAL PERSONNEL	2,427,707.00	2,097,662.54	86%
Operating				
	Utilities	767,796.00	858,552.08	112%
	Administration	187,475.00	137,074.95	73%
	Fleet Costs	34,820.00	57,096.04	164%
	Repairs & Maintenance	96,200.00	59,167.46	62%
	Supplies	553,900.00	459,873.81	83%
	Contractual Services	1,318,816.00	1,272,950.85	97%
	Other	562,106.00	252,421.56	45%
	TOTAL OPERATING	3,521,113.00	3,097,136.75	88%
Capital				
	Equipment	95,000.00	323,362.88	340%
	Vehicle	405,582.00	336,052.41	83%
	Structure	-	30,683.00	0%
	TOTAL CAPITAL	500,582.00	690,098.29	138%
Contingency				
	CONTINGENCY	263,693.00	34,279.47	13%
Transfers				
	TRANSFERS	5,622,405.00	5,650,498.80	100%
Total Expenses		12,335,500.00	11,569,675.85	94%

Update on Year-End Closing and Audit Process

Finance will continue to pay invoices for FY2022 through August 31. Finance will continue to work on completing year-end journal entries and plans to have the books close by September 30. Auditor fieldwork is schedule for the week of October 11. The Finance Department has a goal to present a draft of the ACFR to the Finance and Audit Committee at the December meeting.

The Finance and Audit Committee reviewed this report in its entirety on August 8, 2022 and recommended to receive and file.

Recommended Action:

Receive and file report.

Attachments:

- A. Summary of Governmental Funds
- B. Summary of Proprietary/Enterprise Funds