



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: October 4, 2022
SUBJECT: FY2022-23 August Budget Update and Financial Status Report

Background and Analysis:

The Fiscal Year (FY) 2022-23 August 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 July 2022 and August 2022.

Bank Name	Beginning Bank Balance July 1, 2022	Deposits	Payments	Ending Bank Balance July 31, 2022
Citibank Checking (Pooled Cash)	5,232,350.32	7,778,789.51	7,478,784.86	5,532,354.97
Bank of Hemet - Payroll	2,018,189.25	401.54	1,188,013.34	830,577.45
Bank of Hemet - Gas Tax	3,870,010.52	200,556.72	-	4,070,567.24
Bank of Hemet - Evidence and Seizure Fund	342,252.19	27.19	3,525.00	342,279.38
Bank of Hemet - Construction	4,704,269.44	373.76	-	4,704,643.20
Grand Total	16,167,071.72	7,980,148.72	8,670,323.20	15,480,422.24

Bank Name	Beginning Bank Balance August 1, 2022	Deposits	Payments	Ending Bank Balance August 31, 2022
Citibank Checking (Pooled Cash)	5,532,354.97	32,225,480.23	31,868,815.99	5,889,019.21
Wells Fargo Checking	-	-	-	-
Bank of Hemet - Payroll	830,577.45	2,000,000.00	1,325,220.06	1,505,357.39
Bank of Hemet - Gas Tax	4,070,567.24	320,631.81	1,043,045.60	3,348,153.45
Bank of Hemet - Evidence and Seizure Fund	342,279.38	30.95	-	342,310.33
Bank of Hemet - Construction	4,704,643.20	3,766,463.07	-	8,471,106.27
Grand Total	15,480,422.24	38,312,606.06	34,237,081.65	19,555,946.65

Significant transactions include the following:

- \$22M funds transferred from LAIF to Citibank
- \$17.3M transferred to Wilmington Trust for September 1 debt service payments
- \$3.7M transferred to Bank of Hemet Construction account for segregation of unspent State and Local Fiscal Recovery Funds

A summary of cash balances for the first 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 1st QTR FY 22-23				
CITIBANK ACCOUNTS	#	July -22	August - 22	September - 22
GENERAL	8965	\$ 5,532,354.97	\$ 5,889,019.21	\$ -
Wells Fargo				
GENERAL		\$ -	\$ -	
BANK OF HEMET				
PAYROLL	50301	\$ 830,577.45	\$ 1,505,357.39	
GAS TAX	21901	\$ 4,070,567.24	\$ 3,348,153.45	
EVIDENCE AND SEIZURE FUND	20042	\$ 342,279.38	\$ 342,310.33	
CONSTRUCTION	20048	\$ 4,704,643.20	\$ 8,471,106.27	
		\$ 9,948,067.27	\$ 13,666,927.44	\$ -
US BANK				
INVESTMENT PORTFOLIO	10770	\$ 44,636,988.87	\$ 45,028,174.78	
LIQUIDITY FUND	13574	\$ 35,008,582.86	\$ 35,043,546.52	
		\$ 79,645,571.73	\$ 80,071,721.30	\$ -
LAIF				
	3-056	\$ 72,391,245.86	\$ 50,391,245.86	
PARS				
		\$ 2,453,499.20	\$ 2,386,990.93	

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 will start to be received in September in monthly advanced payments and then a quarterly 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 throughout the year, actual expenditures exceed revenues by \$5.6M. 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 August 31, 2022, the City has collected 3% of the FY 2022-23 budgeted revenues. Below is a table for General Fund Revenues as of August 31, 2022.

	GENERAL FUND		
	BUDGET FY2022/23	ACTUAL FY2022/23	%
Taxes	41,542,397.00	14,311.64	0%
Licenses	410,687.00	91,738.13	22%
Permits	4,574,641.00	608,573.94	13%
Franchise Fees	3,248,286.00	525,000.00	16%
Charges for Services	1,273,780.00	42,244.97	3%
Fines and Forfeitures	131,545.00	8,767.68	7%
Cost Recovery	498,587.00	79,573.04	16%
Miscellaneous	296,068.00	568,338.40	192%
Other Financing Sources	5,000.00	3,892.00	78%
Transfers	8,687,711.00	-	0%
TOTAL REVENUES	60,668,702.00	1,942,439.80	3%

General Fund Departments

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

DEPARTMENT	FY 2023 BUDGET	FY 2023 ACTUAL	%
Non-Departmental	7,932,671.00	-	0.0%
City Council	51,131.00	4,075.17	8.0%
City Clerk	343,242.00	32,769.74	9.5%
Administration	1,435,070.00	156,412.22	10.9%
Finance	1,520,471.00	242,148.40	15.9%
IT	1,606,874.00	407,075.23	25.3%
Economic Development	1,320,718.00	28,019.97	2.1%
Risk and HR	2,626,205.00	2,239,436.83	85.3%
Legal	1,500,000.00	66,427.60	4.4%
Community Development	783,600.00	79,870.90	10.2%
Community Services	1,131,722.00	166,799.05	14.7%
Animal Control	335,394.00	50,633.07	15.1%
Community Enhancement	337,866.00	41,481.28	12.3%
OES	162,200.00	-	0.0%
Police	13,982,847.00	2,552,361.12	18.3%
K-9	9,600.00	331.78	3.5%
Police Support	2,538,188.00	308,929.07	12.2%
Fire	4,670,961.00	14,278.55	0.3%
Building and Safety	1,542,266.00	156,117.15	10.1%
Public Works	1,797,804.00	196,698.59	10.9%
Street Maintenance	2,330,115.00	270,612.12	11.6%
Building Maintenance	1,148,673.00	121,372.69	10.6%
Parks and Grounds	4,182,002.00	445,259.64	10.6%
TOTAL EXPENDITURES	53,289,620.00	7,581,110.17	14.2%

The table below provides for expenditures by type. Personnel costs make up 54.5% of the actuals to date. Operating costs are 43.67% of actuals followed by capital at 1.8%. The “Other” line shown in “Operating” is currently over budget by 9%. This is caused by the liability and property insurance premium having an unanticipated 20% increase. A future budget amendment will be brought to City Council for this item.

	EXPENSE TYPE	FY 2023 BUDGET	FY 2023 ACTUAL	%
Personnel				
	Salaries and Wages	17,712,879.00	1,976,262.24	11%
	Benefits	7,376,316.00	2,113,725.01	29%
	Other	702,633.00	41,615.45	6%
	TOTAL PERSONNEL	25,791,828.00	4,131,602.70	16%
Operating				
	Utilities	1,787,000.00	242,939.60	14%
	Administration	888,818.00	115,586.00	13%
	Fleet Costs	664,280.00	68,402.88	10%
	Program Costs	904,870.00	116,107.10	13%
	Repairs & Maintenance	1,062,630.00	382,775.46	36%
	Supplies	1,217,830.00	91,589.05	8%
	Special Services	517,075.00	21,552.46	4%
	Contractual Services	8,959,125.00	128,431.40	1%
	Other	1,967,700.00	2,143,216.82	109%
	TOTAL OPERATING	17,969,328.00	3,310,600.77	18%
Capital				
	Equipment	249,952.00	7,453.88	3%
	Furniture	-	332.92	0%
	Vehicle	884,854.00	131,307.03	15%
	Structure	310,987.00	-	0%
	TOTAL CAPITAL	1,445,793.00	139,093.83	10%
Contngency				
	CONTINGENCY	150,000.00	(187.13)	0%
Transfers				
	TRANSFERS	7,932,671.00	-	0%
Total Expenditures		53,289,620.00	7,581,110.17	14%

Wastewater Fund Summary

Revenues

Wastewater revenues are collected in arrears. The July billing is accrued back to prior FY, so the first billing for FY 2022-23 will be collected in September. Billing is completed bi-monthly. Revenues to date include sewer permit fees and billing adjustments.

	WASTEWATER REVENUES		
	BUDGET FY2022/23	ACTUAL FY2022/23	%
Permits	-	-	0
Fines and Forfeitures	3,000.00	-	0%
Cost Recovery	3,500.00	-	0%
Miscellaneous	30,000.00	-	0%
Proprietary Revenues	12,821,501.00	9,609.30	0%
Other Financing Sources	-	1,392.00	0%
TOTAL REVENUES	12,858,001.00	11,001.30	0%

Expenses

Wastewater expenses as of August 31, 2022, total \$866,495.07 which is 6% of the FY 2022-23 budget. Personnel costs make up 44.95% of the budget, operating costs make up 31.99% of the budget and capital costs make up the remaining 23.06% of the budget.

The Wastewater vehicle line item is currently over budget. There are two reasons for this. First, a vehicle that was budgeted in FY 2021-22, but due to supply issues was not received until the current FY. An item will be going to City Council to re-appropriate the FY 2021-22 funds to the current budget to cover this item. Second, City Council approved the payoff of the vactor truck on August 16, 2022. A future budget amendment will be brought to the City Council to address the payoff of \$157,335.34.

Wastewater Expenses				
	EXPENSE TYPE	FY 2023 BUDGET	FY 2023 ACTUAL	%
Personnel				
	Salaries and Wages	1,831,289.00	214,301.57	12%
	Benefits	674,094.00	171,172.29	25%
	Other	40,032.00	4,000.11	10%
	TOTAL PERSONNEL	2,545,415.00	389,473.97	15%
Operating				
	Utilities	928,228.00	170,853.28	18%
	Administration	227,805.00	6,756.28	3%
	Fleet Costs	44,420.00	5,613.18	13%
	Repairs & Maintenance	116,200.00	6,430.93	6%
	Supplies	585,700.00	22,004.10	4%
	Contractual Services	1,397,360.00	60,755.23	4%
	Other	755,872.00	4,821.80	1%
	TOTAL OPERATING	4,055,585.00	277,234.80	7%
Capital				
	Equipment	109,000.00	8,875.00	8%
	Vehicle	-	190,911.30	0%
	Other	-	-	0%
	TOTAL CAPITAL	109,000.00	199,786.30	183%
Contingency				
	CONTINGENCY	200,000.00	-	0%
Transfers				
	TRANSFERS	7,585,213.00	-	0%
Total Expenses		14,495,213.00	866,495.07	6%

Recommended Action:

Receive and file report.

Attachments:

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