



AGENDA BILL

Agenda Item No. 8.B.

Date: September 20, 2022
To: El Cerrito City Council
From: Sandra Dalida, Finance Director/City Treasurer, Finance Department
Subject: FY 2021-22 General Fund Budget Quarterly Update through June 2022

ACTION PROPOSED

Receive and file the FY 2021-22 General Fund Budget Quarterly Update through June 2022.

BACKGROUND

The El Cerrito City Council adopted an annual Budget for FY 2021-22 on June 22, 2021. The Council has closely monitored the City's budget and financial position and directed City staff to submit quarterly General Fund financial update reports.

The attached FY 2021-22 Fourth Quarter General Fund Financial Update and Income Statement reflects the "unaudited" year-end projections and includes estimated final expense accruals. The second tranche of American Rescue Plan Act (ARPA) revenue funds received on July 21, 2022, totaling \$3,051,028, are also allocated to FY 2021-22 per City Council direction.

ANALYSIS

The reports reflect the unaudited General Fund revenues at \$47,489,801.82 or \$4,608,454.82 above budget (111% of budget), and expenditures including estimated year-end accruals at a total of \$39,400,302.41 or \$2,900,075.59 below budget (93% of budget with estimated accrued expenses).

The projected unaudited year-end fund balance, including ARPA revenue, is estimated to be \$8,089,399.41.

Staff has calculated these numbers based on the most current information as of the date of this report, but it is important to note that these numbers are unaudited. During the annual independent audit, which is underway, there will be adjustments to both revenues and expenses with the verified year-end totals to be included in the Annual Comprehensive Financial Report (ACFR) once it is completed.

		Annual	MTD	YTD	Budget Less	% of
	Organization Description	Budget Amount	Actual Amount	Actual Amount	YTD Actual	Budget
Fund 101 - General Fund						
REVENUE						
00	Non-Departmental Revenue	31,253,247.00	1,850,732.64	34,816,731.38	(3,563,484.38)	100
10	Administration	10,000.00	1,468.93	41,762.74	(31,762.74)	418
20	Police	219,000.00	14,003.91	201,958.26	17,041.74	92
25	Fire	4,859,500.00	356,338.31	4,693,931.63	165,568.37	97
30	Public Works	463,800.00	64,680.23	606,437.01	(142,637.01)	131
40	Community Development	2,366,600.00	331,455.97	3,113,538.28	(746,938.28)	132
50	Recreation	3,709,100.00	551,811.73	4,015,342.52	(306,242.52)	108
REVENUE TOTALS		\$42,881,247.00	\$3,170,491.72	\$47,489,701.82	(\$4,608,454.82)	111%

		Annual	MTD	YTD	Budget Less	% of
	Organization Description	Budget Amount	Actual Amount	Actual Amount	YTD Actual	Budget
EXPENSE						
00	Non- Departmental Revenue	.00	.00	.19	(.19)	+++
10	Administration	6,193,569.00	546,900.95	5,645,981.92	547,587.08	91
20	Police	12,250,818.00	815,365.20	10,832,508.00	1,418,310.00	88
25	Fire	12,948,202.00	941,229.93	11,918,743.01	1,029,458.99	92
30	Public Works	2,017,485.00	224,792.12	1,793,130.70	224,354.30	89
40	Community Development	3,273,257.00	396,483.24	2,912,433.36	360,823.64	89
50	Recreation	4,507,719.00	473,723.95	4,008,355.90	499,363.10	89
90	Non- Departmental	1,109,328.00	26,219.87	799,438.73	309,889.27	72
EXPENSE TOTALS		\$42,300,378.00	\$3,424,715.26	\$37,910,591.81	\$4,389,786.19	90%

STRATEGIC PLAN CONSIDERATIONS

The report is consistent with the City’s Strategic Plan Goal B to achieve long-term financial stability and provides essential information to develop plans to ensure the Citywide revenue meets the cost of providing Citywide services, including adequate reserves in the face of significant unanticipated revenue shortfalls. In addition, providing financial information represents best practices in fiscal management.

ENVIRONMENTAL CONSIDERATIONS

This section is not applicable to this agenda item.

FINANCIAL CONSIDERATIONS

The unaudited FY 2021-22 General Fund Fourth Quarter Financial Update reflects revenues totaling \$47,489,701.82 or \$4,608,454.82 greater than the Amended Budget (111% of budget). Also, expenditures are projected at \$39,400,302.41 or \$2,900,075.59 less than budget (93% of budget including estimated accrued expenses). The projected unaudited FY 2021-22 General Fund balance is estimated to be \$8,089,399.41.

LEGAL CONSIDERATIONS

This section is not applicable to this agenda item.

Reviewed by:



Karen Pinkos, City Manager

Attachments:

1. FY 2021-22 4th Quarter General Fund Update
2. FY 2021-22 4th Quarter General Fund Update - Income Statement (unaudited)



General Fund Budget Update

Quarter 4 FY 2021-22

04/01/22 – 06/30/22

INTRODUCTION

The City of El Cerrito is pleased to submit the Quarter 4 FY 2021-22 General Fund Budget Update, for the period 04/01/22 through 06/30/22. The report provides a high-level overview of the City's status on the budget, with expenditures by department, showing unaudited actuals.

The City's annual independent audit is underway, which will result in the FY 2021-22 Annual Comprehensive Financial Report (ACFR). This process will audit the year-ending totals, which will verify all balances and may be subject to adjustments, so the audited actuals may be slightly different than what is presented in this update. However, these unaudited actuals are based on the current information at year-end.

SUMMARY

The City of El Cerrito's unaudited actuals show that the City has met its budget targets for FY 2021-22, and indeed has generated a significant surplus of approximately \$4.6 million without including the second tranche of American Rescue Plan Act (ARPA) funding. With ARPA funding, the year-end fund balance is approximately \$8 million.

- Revenues continued to trend slightly higher year-to-date, primarily due to property tax receipts, property transfer tax, sales tax, and business licenses and permits. In addition, relaxing of COVID-19 restrictions has contributed to revenues from program services trending slightly higher than budget.
- Expenditures associated with salaries and benefits trended below budget due to largely due to vacancies. Year-to-date expenditures for services and supplies are within budget. Overall, the departments have maintained fiscal prudence and have operated within budget.

GENERAL FUND REVENUES

On March 1, 2022, City Council approved the FY 2021-22 General Fund Amended Budget, increasing revenues by \$2,489,000 for an amended total of \$42,881,247. Table 1 shows the unaudited year-end revenue totals by category, without ARPA funding included.

Table 1
General Fund Revenue Quarter 4
 (does not include ARPA)

Classification	YTD Budget Amount	MTD Actual Amount	YTD Actual Amount	% of Budget	Prior Year Total Actual
Property Taxes	\$10,446,000	758,527	10,367,570	99	\$10,520,532
Sales Taxes	7,184,117	74,478	5,968,426	83	7,827,143
Transient Occupancy Taxes	150,000		86,328	58	126,164
Franchise Taxes	1,250,000	116,840	1,181,508	95	1,364,257
Business License Taxes	900,000	19,212	1,040,618	116	924,358
Property Transfer Taxes	3,800,000	402,233	4,863,035	128	4,419,107
Utility Users' Taxes	3,100,000	227,510	3,159,406	102	3,444,484
Other Taxes	1,500	.00	849	57	480
Taxes Totals	\$26,831,617	\$1,598,800	\$26,667,740	99%	\$28,623,366
Licenses & Permits	1,136,112	144,102	1,440,103	127%	656,881
Fines & Forfeitures	140,000	9,398	152,343	109%	177,525
Use of Money and Property	353,968	35,039	408,087	115%	333,801
Intergovernmental Revenues	7,808,900	338,400	7,688,652	98%	8,164,612
Charges for Services Totals	5,483,000	792,336	6,166,798	112%	4,181,218
Other Revenue Totals	175,000	15,173	166,902	95%	238,712
Other Financing Sources Totals	952,650	237,245	1,152,573	121%	3,989,600
Totals	\$42,881,247	3,170,492	\$43,843,198	102%	\$46,365,713

GENERAL FUND - EXPENDITURES

The FY 2021-22 General Fund Amended Budget, increased expenditure budgets by \$2,489,000 at midyear for a total amended expenditure budget of \$42,300,378. Table 2 shows the unaudited expenditures by classification. Personnel costs are the largest component of General Fund expenditures at approximately 75%. Departments with multiple vacancies have maintained services through increased professional services and/or overtime budgets, with these costs offset by salary savings. Expenditures remained within approved budgets.

Table 2
General Fund Expenditures – Classification
 Quarter 4

Classification	YTD Budget Amount	MTD Actual Amount	YTD -Q4 Actual Amount	% of Budget	Prior Year Total Actual
Personnel	\$30,405,915	\$1,881,559	\$27,772,713	91%	\$29,727,625
Purchased Professional & Technical Services	4,531,019	913,868	4,174,107	92%	2,906,149
Purchased Property Services	2,227,979	236,970	1,751,637	79%	1,600,111
Other Purchased Services	2,935,029	\$228,018	2,481,042	85%	1,640,747
Supplies	628,277	40,633	368,390	59%	408,862
Property & Capital	378,266	113,962	355,109	94%	251,962
Financing Costs	528,281.00	9,706.10	341,981	65%	585,967
Other Financing Uses	665,612	0	\$665,612	100%	1,991,007
Totals	\$42,300,378		\$37,910,591		\$39,112,469

GENERAL FUND - DEPARTMENTS

The Departments’ expenditures have remained within budget throughout the fiscal year, with expenditures as percent of budget ranging from 89% to 92% for the period ending June 30, 2022. As previously noted, vacancies throughout the departments contributed to these to these expenditure results.

Table 3 reflects actual expenditures by departments through Quarter 4, June 30, 2022, and provides baseline expenditure information for the period ending FY 2020-21 Quarter 4.

Table 3
General Fund Expenditures – Department
Quarter 4

Expenditures	FY 2021- 2022 Amended Budget	Year To Date Actual (thru Qtr 4)	Year To Date % of Amended Budget	Comparison Qtr 4 FY 2021 YTD Actual
Administration	\$6,193,569	\$5,645,982	91%	\$5,096,821
Police	12,250,818	10,832,508	88%	11,638,566
Fire	12,948,202	11,918,743	92%	12,177,746
Public Works	2,017,485	1,793,131	89%	1,467,656
Community Development	3,273,257	2,912,433	89%	2,532,671
Recreation	4,507,719	4,008,356	89%	3,833,693
Non-departmental	1,109,328	799,439	72%	996,842
Total	\$42,300,378	\$37,910,592	90%	\$37,743,995

CONCLUSION

The City of El Cerrito has ended FY 2021-22 well within budget, with an estimated surplus including ARPA funding of approximately \$8 million. It will be important for the City Council to note going forward as the City fills its vacancies that expenditures in future years will increase accordingly, and City staff will continue to monitor these expenditures in relation to revenues in the current fiscal year. City staff will also closely monitor the economy and will continue to update the General Fund projections. Further, City staff will work with the City Council to determine any future use of surplus funds and General Fund reserve in order to meet the City Council’s financial sustainability goals.



FY 2021-22 Fourth Quarter Income Statement *(unaudited)*

Organization	Organization Description	Annual Budget Amount	MTD Actual Amount	YTD Actual Amount	Budget Less YTD Actual	% of Budget	Prior Year Total Actual
Fund Category:	Governmental Funds						
Fund Type:	General Fund						
<u>Fund 101 - General Fund</u>							
<u>REVENUE</u>							
00	Non-Departmental Revenue	31,253,247.00	1,850,732.64	34,816,731.38	(3,563,484.38)	100	36,466,654.31
10	Administration	10,000.00	1,468.93	41,762.74	(31,762.74)	418	23,278.17
20	Police	219,000.00	14,003.91	201,958.26	17,041.74	92	209,854.73
25	Fire	4,859,500.00	356,338.31	4,693,931.63	165,568.37	97	4,944,434.26
30	Public Works	463,800.00	64,680.23	606,437.01	(142,637.01)	131	434,107.23
40	Community Development	2,366,600.00	331,455.97	3,113,538.28	(746,938.28)	132	1,756,269.76
50	Recreation	3,709,100.00	551,811.73	4,015,342.52	(306,242.52)	108	2,531,115.04
	REVENUE TOTALS	\$42,881,247.00	\$3,170,491.72	\$47,489,701.82	(\$4,608,454.82)	111%	\$46,365,713.50
<u>EXPENSE</u>							
00	Non-Departmental Revenue	.00	.00	.19	(.19)	+++	1,368,434.18
10	Administration	6,193,569.00	546,900.95	5,645,981.92	547,587.08	91	5,096,821.01
20	Police	12,250,818.00	815,365.20	10,832,508.00	1,418,310.00	88	11,638,565.64
25	Fire	12,948,202.00	941,229.93	11,918,743.01	1,029,458.99	92	12,177,745.94
30	Public Works	2,017,485.00	224,792.12	1,793,130.70	224,354.30	89	1,467,656.25
40	Community Development	3,273,257.00	396,483.24	2,912,433.36	360,823.64	89	2,532,670.90
50	Recreation	4,507,719.00	473,723.95	4,008,355.90	499,363.10	89	3,833,692.92
90	Non-Departmental	1,109,328.00	26,219.87	799,438.73	309,889.27	72	996,842.00
	EXPENSE TOTALS	\$42,300,378.00	\$3,424,715.26	\$37,910,591.81	\$4,389,786.19	90%	\$39,112,428.84
<u>Fund 101 - General Fund Totals</u>							
	REVENUE TOTALS	42,881,247.00	3,170,491.72	47,489,701.82	(4,608,454.82)	111%	46,365,713.50
	EXPENSE TOTALS	42,300,378.00	3,424,715.26	37,910,591.81	4,389,786.19	90%	39,112,428.84
	Fund 101 - General Fund Net Gain (Loss)	\$580,869.00	(\$254,223.54)	\$9,579,110.01	(\$8,998,241.01)	1,549%	\$7,253,284.66
<u>Fund Type General Fund Totals</u>							
	REVENUE TOTALS	42,881,247.00	3,170,491.72	47,489,701.82	(4,608,454.82)	111%	46,365,713.50
	EXPENSE TOTALS	42,300,378.00	3,424,715.26	37,910,591.81	4,389,786.19	90%	39,112,428.84
	Fund Type General Fund Net Gain (Loss)	\$580,869.00	(\$254,223.54)	\$9,579,110.01	(\$8,998,241.01)	1,549%	\$7,253,284.66
<u>Fund Category Governmental Funds Totals</u>							
	REVENUE TOTALS	42,881,247.00	3,170,491.72	47,489,701.82	(4,608,454.82)	102%	46,365,713.50
	EXPENSE TOTALS	42,300,378.00	3,424,715.26	37,910,591.81	4,389,786.19	90%	39,112,428.84
	Fund Category Governmental Funds Net Gain (Loss)	\$580,869.00	(\$254,223.54)	\$9,579,110.01	(\$8,998,241.01)	1,549%	\$7,253,284.66



FY 2021-22 Fourth Quarter Income Statement *(unaudited)*

Organization	Organization Description	Annual Budget Amount	MTD Actual Amount	YTD Actual Amount	Budget Less YTD Actual	% of Budget	Prior Year Total Actual	
		Grand Totals						
		REVENUE TOTALS	42,881,247.00	3,170,491.72	47,489,701.82	(4,608,454.82)	102%	46,365,713.50
		EXPENSE TOTALS	42,300,378.00	3,424,715.26	37,910,591.81	4,389,786.19	90%	39,112,428.84
		Grand Total Net Gain (Loss)	\$580,869.00	(\$254,223.54)	\$9,579,110.01	(\$8,998,241.01)	1,549%	\$7,253,284.66

		REVENUE TOTALS	47,489,701.82
		EXPENSE TOTALS	37,910,591.81
		Projected Yearend Expense Accruals	\$ 1,489,710.60
<i>Projected Yearend Payroll-Related Accrual Adjustments</i>			
PPD 2022-13 06/2/2-06/25/22	\$	1,195,706.18	
PPD 2022-14 06/26/22-07/15/22 (35.71%)	\$	294,004.42	
Unaudited "adjusted" Total Net Gain (Loss)			\$8,089,399.41