



## Legislation Text

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**PREPARED BY:** J. KELLY SESSIONS

**DATE OF MEETING:** 10/15/18

**SUBJECT:**

RECEIVE AND FILE THE 1<sup>ST</sup> QUARTER BUDGET REPORT FOR FISCAL YEAR ENDING JUNE 30, 2019

**RECOMMENDATION**

For Informational Purposes Only

**COUNCIL PRIORITY WORKPLAN COMPLIANCE STATEMENT:**

*General Fund Reserves Protection, Budget Spending Controls, and Increase Financial Transparency* are adopted policy items under the FY 2018-21 Council Priority Workplan, effective November 1, 2017.

**CEQA Compliance Statement**

This is not a project as defined by CEQA.

**BACKGROUND**

Best Management Practices (BMP's) established by the Government Finance Officers Association (GFOA) urge local governments to fulfill their financial reporting responsibilities by providing timely financial statements regarding the entire financial reporting entity. This 4<sup>th</sup> quarter budget report, therefore, is provided to the City Council to support meeting the City's fiduciary responsibilities to the residents of San Pablo.

This report uses unaudited figures and is for budgetary control purposes only. The final year-end audited fund balance will be contained in the Comprehensive Annual Financial Report (CAFR) and will be presented to City Council no later than January 2019 for the prior fiscal year.

**1<sup>st</sup> Quarter Revenues**

With 25% of the fiscal year passed, the City is in good shape, having collected \$9.1 million (22%) of its budgeted revenues. Revenue receipts typically lag each fiscal quarter by two or three months; indeed, at this time last fiscal year, the City had only collected 17% of budgeted revenue, and yet still ended the year at 110% of budget. Casino Revenue helps make up the shortfall with receipts of \$717,000 over budget, along with slight gains in Charges for Services (2%) and Use of Property and Money (10%). Dragging revenue totals down is property tax, which begins arriving in the second quarter, and Intergovernmental Subventions, Sales Tax and Utility Users Tax, which stand at 5%, 16% and 19% of budget respectively. Staff expects these shortfalls to be made up in their entirety later in the fiscal year.

Description	Adopted	Adjustments	Adjusted	YTD Actual	Variance	% Collected
Casino Revenue	(23,570,000)	-	(23,570,000)	(6,609,775)	(16,960,225)	28%
Charges for Services	(998,774)	-	(998,774)	(270,690)	(728,084)	27%
Intergovernmental	(4,246,051)	-	(4,246,051)	(199,815)	(4,046,236)	5%
Miscellaneous Revenue	(1,210,800)	616,056	(1,826,856)	(425,582)	(1,401,274)	23%
Other Taxes	(1,345,000)	-	(1,345,000)	(130,467)	(1,214,533)	10%
Property Taxes	(1,478,000)	-	(1,478,000)	-	(1,478,000)	0%
Sales Tax	(3,905,058)	-	(3,905,058)	(634,635)	(3,270,423)	16%
Use of Property and Money	(1,220,500)	-	(1,220,500)	(426,452)	(794,048)	35%
Utility Users Tax	(2,367,000)	-	(2,367,000)	(441,496)	(1,925,504)	19%
<b>Total Revenues</b>	<b>(40,341,183)</b>	<b>616,056</b>	<b>(40,957,239)</b>	<b>(9,138,912)</b>	<b>(31,818,327)</b>	<b>22%</b>

### 1st Quarter Expenditures

At the end of the first fiscal quarter, the operating expenditure budget is in good shape. With an adjusted budget of \$43.1 million, a total of \$9.9 million was spent (23% of budget). When accounting for the \$3.6 million in encumbered funds, \$29.7 million is left available (69% of budget). At this point in time, only Administrative Services is ahead of budget at 33% spent; this is due to an upfront payment of \$2.1 million for unfunded accrued liability (UAL) to CalPERS for pension costs. The City is projected to end the fiscal year at or under budget.

Department	Adopted	Adjustm	YTD Adjuste	YTD Actual	Variance	Encumbered	Available	% Spen
<b>Administrative Services</b>	<b>7,873,354</b>	<b>108,522</b>	<b>7,981,876</b>	<b>2,624,451</b>	<b>5,357,425</b>	<b>377,854</b>	<b>4,979,571</b>	<b>33%</b>
Capital Outlay	111,000	727	111,727	2,186	109,541	727	108,814	2%
Salary and Benefits	3,792,433	0	3,792,433	2,445,575	1,346,858	0	1,346,858	64%
Service and Supplies	3,969,921	107,795	4,077,716	176,689	3,901,027	377,127	3,523,900	4%
<b>City Attorney</b>	<b>494,357</b>	<b>46,202</b>	<b>540,559</b>	<b>123,070</b>	<b>417,489</b>	<b>30,657</b>	<b>386,832</b>	<b>23%</b>
Salary and Benefits	420,607	0	420,607	106,422	314,185	0	314,185	25%
Service and Supplies	73,750	46,202	119,952	16,648	103,304	30,657	72,648	14%
<b>City Council</b>	<b>3,150,119</b>	<b>(3,391)</b>	<b>3,146,728</b>	<b>326,729</b>	<b>2,819,999</b>	<b>557,875</b>	<b>2,262,124</b>	<b>10%</b>
Salary and Benefits	132,429	0	132,429	31,888	100,541	0	100,541	24%
Service and Supplies	3,017,690	(3,391)	3,014,299	294,842	2,719,458	557,875	2,161,583	10%
<b>City Manager</b>	<b>2,172,234</b>	<b>245,663</b>	<b>2,417,897</b>	<b>466,285</b>	<b>1,951,612</b>	<b>302,968</b>	<b>1,648,643</b>	<b>19%</b>
Salary and Benefits	1,145,345	84,785	1,230,130	319,694	910,436	0	910,436	26%
Service and Supplies	1,026,889	160,878	1,187,767	146,591	1,041,176	302,968	738,208	12%
<b>Community Services</b>	<b>3,728,694</b>	<b>371,148</b>	<b>4,099,842</b>	<b>810,192</b>	<b>3,289,650</b>	<b>868,213</b>	<b>2,421,437</b>	<b>20%</b>
Capital Outlay	5,780	0	5,780	0	5,780	0	5,780	0%
Salary and Benefits	2,211,136	35,000	2,246,136	650,629	1,595,507	0	1,595,507	29%
Service and Supplies	1,511,778	336,148	1,847,926	159,563	1,688,363	868,213	820,150	9%
<b>Development Services</b>	<b>1,450,303</b>	<b>109,186</b>	<b>1,559,489</b>	<b>270,085</b>	<b>1,289,404</b>	<b>147,786</b>	<b>1,141,618</b>	<b>17%</b>
Salary and Benefits	1,012,473	56,400	1,068,873	239,789	829,084	0	829,084	22%
Service and Supplies	437,830	52,786	490,616	30,296	460,320	147,786	312,534	6%
<b>Police Department</b>	<b>16,119,524</b>	<b>1,994,058</b>	<b>18,113,582</b>	<b>4,270,963</b>	<b>13,842,619</b>	<b>572,755</b>	<b>13,269,864</b>	<b>24%</b>
Capital Outlay	12,000	704,728	716,728	367,323	349,405	202,604	146,800	51%
Salary and Benefits	13,771,138	604,892	14,376,030	3,326,182	11,049,849	0	11,049,849	23%
Service and Supplies	2,336,386	684,438	3,020,824	577,458	2,443,366	370,150	2,073,215	19%
<b>Public Works</b>	<b>4,835,682</b>	<b>377,296</b>	<b>5,212,978</b>	<b>1,007,516</b>	<b>4,205,462</b>	<b>699,055</b>	<b>3,506,407</b>	<b>19%</b>
Capital Outlay	102,162	265,243	367,405	159,027	208,378	106,249	102,129	43%
Salary and Benefits	2,744,945	149,100	2,894,045	593,704	2,300,341	0	2,300,341	21%
Service and Supplies	1,988,575	(37,047)	1,951,528	254,785	1,696,743	592,806	1,103,936	13%
<b>Grand Total</b>	<b>39,824,267</b>	<b>7,248,685</b>	<b>43,072,952</b>	<b>9,899,291</b>	<b>33,173,660</b>	<b>3,557,163</b>	<b>29,616,497</b>	<b>23%</b>

Expenditure Detail (YTD Adjusted Budget). *Salary & Benefits*: At \$26.2 million, Salary and Benefits makes up the largest part of the budget (60%). After the first fiscal quarter, \$7.7 million was spent (29% of budget); after accounting for the upfront UAL payment to CalPERS, total spent for Salary and Benefits drops to 23% of budget. With \$15.7 million, Service and Supplies makes up 36% of the budget. \$1.7 million was spent (11% of budget), and with \$3.2 million encumbered, a balance of \$10.8 million remains available (68%). The capital budget totals \$1.2 million or 2% of budget. A total of \$528,536 was spent (44%), and \$309,580 was encumbered, leaving \$363,523 available (30%).

Expense Type	Adopted	Adjustm	YTD Adjuste	YTD Actual	Variance	Encumbered	Available	% Spen
Capital Outlay	230,942	970,698	1,201,640	528,536	673,104	309,580	363,523	44%
Salary and Benefits	25,230,506	930,177	26,160,683	7,713,884	18,446,799	0	18,446,799	29%
Service and Supplies	14,362,819	1,347,810	15,710,629	1,656,872	14,053,757	3,247,583	10,806,174	11%
<b>Grand Total</b>	<b>39,824,267</b>	<b>7,248,685</b>	<b>43,072,952</b>	<b>9,899,291</b>	<b>33,173,660</b>	<b>3,557,163</b>	<b>29,616,497</b>	<b>23%</b>

**FISCAL IMPACT**

This report describes the unaudited budget status of the City through the month of September for FY

2018/19 and has no direct fiscal impact.