

Legislation Text

File #: #20-017, Version: 1

PREPARED BY: J. KELLY SESSIONS

DATE OF MEETING: 02/18/20

SUBJECT:

RECEIVE AND FILE THE SECOND QUARTER BUDGET REPORT FOR FISCAL YEAR ENDING JUNE 30, 2020

CITY MANAGER RECOMMENDATION

Receive and file

COMPLIANCE STATEMENTS

Providing the City Council with a quarterly budget report is not related to a specific policy in the adopted FY 2019-21 City Council Priority Workplan, effective March 1, 2019, but is a best management practice for city operations and transparency.

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 second quarter budget report, therefore, is provided to the City Council to support meeting the City's fiduciary responsibilities to the residents of San Pablo.

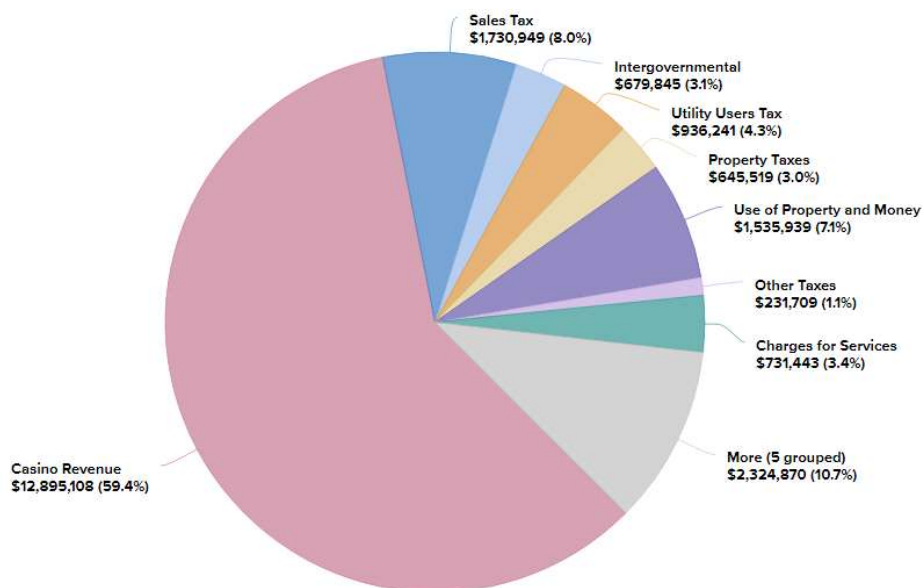
This report uses unaudited figures and is for budgetary control purposes only for the fiscal year ending June 30, 2020. The final year-end audited fund balance will be contained in the Comprehensive Annual Financial Report (CAFR) and is generally presented to City Council in January, seven months after the end of the fiscal year.

2nd Quarter Revenues

At the second quarter mark, the City is on target, having collected \$21.7 million (48%) of its \$45.6 million adopted revenue budget. Revenue receipts typically lag each fiscal quarter by two or three months, and this quarter is no different. At \$12.9 million, Casino Revenue, the City's largest revenue source, only shows five months of revenue, which when projected out for the entire fiscal year, totals approximately \$30.0 million. Similarly, at this time last fiscal year, the City had collected only \$18.7 million, or 46% of its \$41.1 million revenue budget. Intergovernmental Revenues, the City's second largest budgeted revenue source, are lagging significantly. With a budget of \$4.4 million, only \$680,000 has been received (15%). This is due to the fact that as of the end of the quarter, no In-lieu Vehicle License Fee revenue had been received, and minimal amounts of Gas Tax and Road Maintenance and Rehabilitation Act (RMRA) revenues have been received. These revenues are expected to be received later in the fiscal year. Sales Tax continues to be one of the City's strongest

revenue sources; thus far, \$1.7 million (41%) has been collected of its \$4.2 million adopted budget. These figures include both Measure Q and Measure K revenues.

Second Quarter Revenues FY 2019/20



SECOND QUARTER REVENUES		FY 2019/20		
	Adopted Budget	Q2-20 Actuals	Variance	% Collected
Casino Revenue	27,158,300	12,895,108	14,263,192	47%
Intergovernmental	4,400,844	679,845	3,720,999	15%
Sales Tax	4,187,000	1,730,949	2,456,051	41%
Utility Users Tax	2,535,170	936,241	1,598,929	37%
Property Taxes	2,427,420	645,519	1,781,901	27%
Other Taxes	1,503,700	231,709	1,271,991	15%
Use of Property and Money	1,199,555	1,535,939	-336,384	128%
Charges for Services	863,905	731,443	132,462	85%
Licenses and Permits	661,400	568,444	92,956	86%
Fines and Fees	278,670	227,123	51,547	82%
Miscellaneous Revenue	270,350	324,356	-54,006	120%
Grants	147,000	1,204,948	-1,057,948	820%
Total	45,633,314	21,711,624	23,921,690	48%

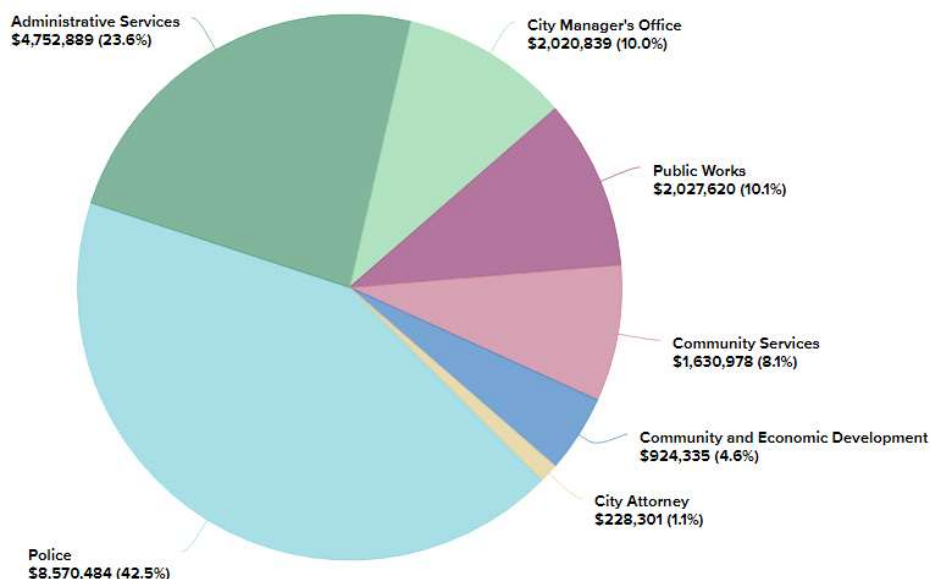
2nd Quarter Expenditures

At the end of the second fiscal quarter, the City's operating expenditure budget is tracking well with projections. With an adjusted budget of \$50.2 million, a total of \$20.2 million was spent, or 40% of

budget (the adjusted budget figure excludes the \$1 million in capital expense for Public Works paving projects).

At this point, only Administrative Services is ahead of budget at 56% spent; this is due to an upfront payment of \$2.6 million for unfunded accrued liability (UAL) to CalPERS for pension costs. Conversely, the City Manager's Office is significantly underspent at 21%. This is due primarily to the \$4.5 million payment to the County for Fire Station 70 that had not been made by the end of December. The City is projected to end the fiscal year at or under budget.

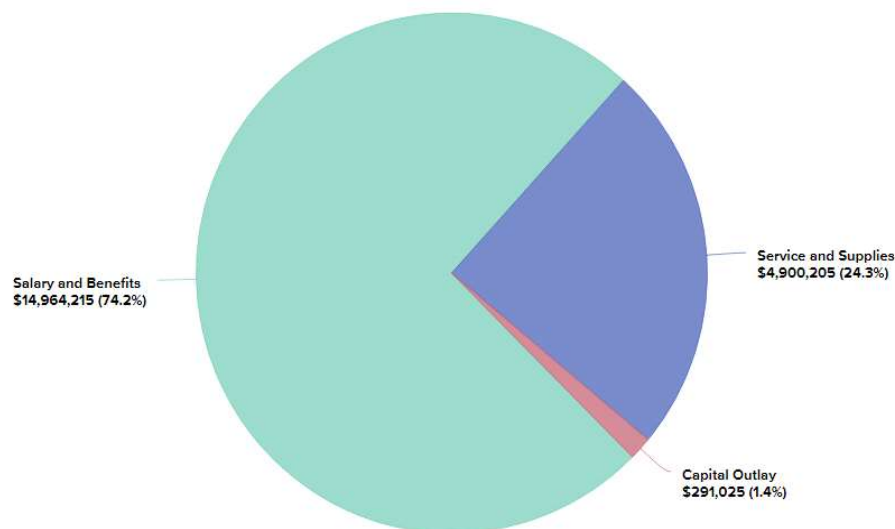
Second Quarter Expenditures FY 2019/20



SECOND QUARTER EXPENDITURES		FY 2019/20		
	Adjusted Budget	Q2-20 Actuals	Variance	% Spent
Police	19,472,487	8,570,484	10,902,003	44%
Police Ops	19,472,487	8,570,484	10,902,003	44%
Administrative Services	8,424,070	4,752,889	3,671,181	56%
Multi Department	6,206,925	3,804,245	2,402,680	61%
Finance	1,109,105	503,164	605,941	45%
IT	1,034,541	394,000	640,541	38%
Multi-Dept / EBRCS	73,500	51,480	22,020	70%
City Manager's Office	9,706,392	2,020,839	7,685,553	21%
City Council	7,755,707	1,146,660	6,609,047	15%
City Manager	1,950,686	874,180	1,076,506	45%
Public Works	5,463,616	2,027,620	3,435,996	37%
Street Lighting & Landscaping	1,692,593	597,212	1,095,381	35%
Maintenance & Graffiti	1,514,312	486,765	1,027,547	32%
Engineering	1,216,579	529,021	687,558	43%
Bldg & Fleet Maintenance	533,620	178,865	354,755	34%
NPDES	506,512	235,758	270,754	47%
Community Services	4,443,662	1,630,978	2,812,684	37%
Recreation	2,104,392	866,550	1,237,842	41%
Admin/Youth Svcs	1,612,718	474,778	1,137,940	29%
Paratransit	411,385	117,004	294,381	28%
Senior Services	315,167	172,646	142,521	55%
Community and Economic Development	2,178,598	924,335	1,254,263	42%
Community and Economic Developi	1,722,806	588,273	1,134,533	34%
Economic Development	455,792	336,062	119,730	74%
City Attorney	544,956	228,301	316,655	42%
City Attorney	544,956	228,301	316,655	42%
TOTAL	50,233,782	20,155,447	30,078,335	40%

Expenditures by Type: At \$29.2 million, Salary and Benefits makes up the largest part of the adjusted budget (58%). After the second fiscal quarter, \$15.0 million was spent (51% of budget); after accounting for the upfront UAL payment to CalPERS, total spent for Salary and Benefits drops to less than 50%. With \$20.5 million, Service and Supplies makes up 41% of the adopted budget. \$4.9 million was spent (24%), leaving a healthy \$15.6 million balance. Departmental capital budgets total \$0.5 million making up 1% of budget. A total of \$291,000 was spent in capital outlay (54%), leaving a balance of \$250,000. Again, the capital budget figures exclude the \$1 million in annual General Fund contribution to CIP.

Second Quarter Expenditures by Type FY 2019/20



SECOND QUARTER EXPENDITURES FY 2019/20

	Adjusted Budget	Q2-20 Actuals	Variance	% Spent
Salary and Benefits	29,228,739	14,964,215	14,264,524	51%
Service and Supplies	20,463,977	4,900,205	15,563,772	24%
Capital Outlay	541,564	291,025	250,539	54%
Total	50,234,281	20,162,671	30,078,836	40%

FISCAL IMPACT

The Fiscal Year 2019/20 budget is in good shape at the end of the second quarter. Year-to-date revenue collections total \$21.7 million or 48% of budget due to only five months of Casino Revenue showing and because of lag time in receiving revenues, particularly for Sales Tax, Intergovernmental Revenues, and Property Tax. On the expenditure side, the City has spent \$20.2 million of its adjusted budget of \$50.2 million, or 40% (excludes \$1 million in annual General Fund transfer to CIP). Only one department, Administrative Services, is over the 50% budget mark, due to the annual upfront payment of unfunded accrued liability to CalPERS.

This report describes the unaudited budget status of the City through the end of the second quarter of FY 2019/20 and has no direct fiscal impact. Actual audited figures will be released in January 2021 with the publication of the 2019/20 Comprehensive Annual Financial Report.