



## AGENDA BILL

Agenda Item No. 3.A.

**Date:** December 15, 2020  
**To:** El Cerrito City Council  
**From:** Mark R. Rasiah, Finance Director/City Treasurer, Finance Department  
**Subject:** FY 2020-21 General Fund Budget Update for November 2020

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### **ACTION PROPOSED**

Receive and file the FY 2020-21 Budget update on City General Fund revenues and expenses through November 2020.

### **BACKGROUND**

The El Cerrito City Council adopted an annual Budget for FY 2020-21 on June 16, 2020, followed by an Amended Budget on October 6, 2020. The Council has been closely monitoring the City's budget and financial position over the past several months during the Covid-19 closure of the City and has directed staff to provide a monthly General Fund budget update which is to include an Income Statement, Balance Sheet and Cash Flow projection. This report will discuss material variances if any, from the Amended Budget and the City's fiscal position.

### **ANALYSIS**

The General Fund Income Statement in Attachment 1 provides a summary of the major General Fund Revenue and Expenditure categories through November 2020. Monthly revenue and expenditure projections are based on the Amended Budget for the year and known revenue trends for the major revenue components. The draft General Fund Balance Sheet and Cash Flow Forecast statements are presented in Attachments 2 and 3.

The following are some of the highlights on a cash basis through November with 42% of the year complete:

1. Total revenue was \$9.1 million or 23% of budget. This compares with an average of \$8.6 million for the same time frame over the preceding 3 years, and the difference is mainly due to higher Property Transfer Tax revenues.
2. Total expenditure was \$14.8 million or 38% of budget, compared with a three year average of \$16.5 million. The reduction is mainly due to reduced spending on Professional Services and Purchased Property Services.
3. Personnel costs of \$11.9 million include reimbursable Fire Department OES overtime costs of over \$800,000 versus a budget of \$350,000. The budget for this cost and the corresponding reimbursement will be amended at mid-year and is mostly a wash. The cash flow from OES reimbursements are expected in spring 2021 and the increase will be factored into the Cash Flow forecast once it's received.

4. On an adjusted budget basis, recognizing the timing lags in revenue sources, revenues were \$61,000 under budget and expenses were \$995,000 under budget.
5. Real Property Transfer Tax receipts through October (November will be received in late December), continue to exceed expectations by \$593,000. So far, receipts have been trending at a monthly average of nearly \$350,000, versus an average budget expectation of \$200,000 per month. There is no guarantee that this will continue.
6. Charges for Services are currently running \$686,000 behind expectations, mainly due to lagging recreation program revenues.
7. The Cash Flow Forecast shows projected cash balance of \$9.4 million at the end of the fiscal year.

### **STRATEGIC PLAN CONSIDERATIONS**

This report is consistent with the City's Strategic Plan Goal B - Achieve long-term financial sustainability— and will allow the City Manager to develop a plan to ensure that Citywide Revenue meets the cost of providing Citywide services, including adequate reserves in the face of significant unanticipated revenue shortfalls. It further ensures procedures that represent best practices in financial management.

### **ENVIRONMENTAL CONSIDERATIONS**

This section is not applicable to this agenda item.

### **FINANCIAL CONSIDERATIONS**

- Recreation program revenue which represents 80% of Service Revenue is expected to finish the fiscal year under budget by \$600,000 due to the continuing pandemic closures.
- If the budgeted fund balance surplus for the year of \$663,000 is to be achieved there needs to be a corresponding reduction in operating expenditures.
- The Financial Advisory Board (FAB) at its November meeting recommended that Council direct staff to address this potential shortfall.
- City staff will continue to monitor closely revenues and expenditures monthly, and through the end of the second quarter of the fiscal year. At the end of the quarter, staff will further review the impacts of revenues received (including Property Taxes and Sales Taxes) as well as the impacts of the personnel reductions already adopted through the Fiscal Response Plan that will take effect at the end of December. At the midyear point of the fiscal year, staff will propose budget adjustments that will respond to the City's position in order to ensure that the City continues to follow the Fiscal Response Plan and work to increase the General Fund Reserve.

### **LEGAL CONSIDERATIONS**

This section is not applicable to this agenda item.

**Reviewed by:**

A handwritten signature in blue ink that reads "Karen Pinkos".

Karen Pinkos, City Manager

**Attachments:**

1. General Fund Income Statement
2. General Fund Balance Sheet
3. General Fund Cash Flow Forecast

**DRAFT FY 2020-21 General Fund Statement of Revenues Expenditures for July to Nov. 2020.**

<b>Revenues (\$000s)</b>	<b>FY 2018-19 Audited</b>	<b>FY 2019-20 Unaudited</b>	<b>July-Nov 2020</b>	<b>Year to Date Budget Expectations</b>	<b>Variance from Budget Expectations Fav./(Unfav.)</b>	<b>FY 2020-21 Adopted Budget</b>	<b>Year to date actuals as a % of Budget</b>
<b>Taxes</b>							
Property Taxes	10,182	9,744	261	260	1	10,440	3%
Sales Taxes	7,545	5,416	1,955	2,000	(45)	6,450	30%
Utility Tax	3,208	3,079	970	900	70	3,200	30%
Property Transfer Taxes	1,102	3,467	1,393	800	593	2,400	58%
Franchise Taxes	1,244	1,535	377	265	112	1,250	30%
Business License Tax	910	959	778	800	(22)	850	92%
Other Tax	149	104	46	45	1	136	34%
<b>Total Taxes</b>	<b>\$24,340</b>	<b>\$24,304</b>	<b>\$5,780</b>	<b>\$5,070</b>	<b>\$710</b>	<b>\$24,726</b>	<b>23%</b>
Licenses & Permits	776	785	246	300	(54)	758	32%
Fines and Forfeitures	219	227	51	70	(19)	170	30%
Use of Money and Property	157	433	114	150	(36)	350	33%
Intergovernmental Revenues	6,744	6,721	1,616	1,600	16	6,958	23%
Charges for Services	6,934	4,530	1,314	2,000	(686)	5,223	25%
Other Revenues	182	141	48	40	8	253	19%
Interfund Transfers	2,036	941	-	-	-	938	0%
<b>Total</b>	<b>\$41,388</b>	<b>\$38,082</b>	<b>\$9,169</b>	<b>\$9,230</b>	<b>(\$61)</b>	<b>\$39,376</b>	<b>23%</b>
<b>Expenditures (\$000s)</b>							
Personnel	29,862	30,264	11,906	12,000	94	29,490	40%
Professional Services	4,487	3,807	884	1,400	516	3,534	25%
Purchased Property Services	2,300	2,198	400	700	300	1,814	22%
Other Services	1,840	1,885	635	650	15	1,833	35%
Supplies	726	609	95	150	55	611	16%
Property & Capital	422	433	141	150	9	456	31%
Financing Costs	478	494	174	180	6	310	56%
Other Financing Uses	1,416	701	580	580	-	665	87%
<b>Total</b>	<b>\$41,531</b>	<b>\$40,392</b>	<b>\$14,815</b>	<b>\$15,810</b>	<b>\$995</b>	<b>\$38,713</b>	<b>38%</b>
<b>Net Change in Fund Balance (\$000s)</b>	<b>(\$143)</b>	<b>(\$2,309)</b>	<b>(\$5,646)</b>	<b>(\$6,580)</b>	<b>\$934</b>	<b>\$663</b>	

<b>City of El Cerrito</b>			
<b>DRAFT General Fund - Balance Sheet</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>6/30/19.</b>	<b>6/30/20 Est.</b>	<b>11/31/20 Est.</b>
<b>Assets</b>			
Cash and Investments	4,349,089	6,780,206	2,416,088
Taxes Receivable	2,113,059	1,882,887	-
Accounts Receivable Net	-	32,158	20,816
Due from other funds	2,590,773	2,011,397	2,011,397
Inventory	11,772	27,737	21,319
Prepaid Expense	-	3,278	42,664
<b>Total Assets</b>	<b>9,064,693</b>	<b>10,737,663</b>	<b>4,512,284</b>
<b>Liabilities</b>			
Accounts Payable	888,579	844,570	(1,288)
Accrued Payroll	1,231,945	1,227,263	(25,257)
Other Accrued Liabilities	-	324,585	356,368
Short Term Note	6,000,000	9,000,000	8,659,545
Unearned Revenues	80,381	82,890	82,890
Deposit Payable	804,162	1,604,964	1,589,858
<b>Total Liabilities</b>	<b>9,005,067</b>	<b>13,084,272</b>	<b>10,662,116</b>
<b>Deferred inflows of Resources</b>			
Deferred Inflows of Resources - Unavailable Revenue	116,319	-	-
<b>Total deferred Inflows of Resources</b>	<b>116,319</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>	<b>(56,693)</b>	<b>(2,346,610)</b>	<b>(6,149,832)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund balance</b>	<b>9,064,693</b>	<b>10,737,663</b>	<b>4,512,284</b>

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**FY 2020-21 Projected General Fund Cash Flows - November 2020**

(Currency: \$000s)	ACTUALS	ACTUALS	ACTUALS	ACTUALS	ACTUALS	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	TOTAL	FY21 Adopted Budget
	July	August	September	October	November	December	January	February	March	April	May	June		
<b>Beginning Balance</b>	\$9,278	\$6,933	\$5,595	\$4,696	\$4,655	\$3,531	\$6,829	\$7,324	\$6,746	\$5,991	\$10,212	\$9,408	\$9,278	
<b>Cash Receipts</b>														
Property Tax	-	-	-	261	-	\$4,900	-	-	-	\$5,000	-	\$280	\$10,441	10,440
Sales Tax	-	585	556	554	845	586	586	586	586	600	600	593	6,677	6,450
Transfer Tax	-	311	-	664	418	250	229	250	250	200	200	200	2,972	2,400
Franchise Tax	-	-	95	29	253	130	130	130	130	130	130	130	1,287	1,250
Business Licenses	505	106	89	62	16	-	-	-	-	-	-	-	778	850
Utility Users Tax	87	173	134	342	234	300	320	320	320	320	320	306	3,176	3,200
Licenses and Permits	37	59	44	84	22	67	67	67	67	67	67	82	730	758
Fines and Forfeitures	13	1	6	17	14	17	17	17	17	17	17	14	167	170
Use of Property	15	33	14	40	12	30	30	30	33	35	35	35	342	350
Other Government Reimb.	-	-	742	766	108	380	380	380	380	380	380	376	4,272	4,158
In-Lieu Fees	-	-	-	-	-	-	1,400	-	-	-	-	1,400	2,800	2,800
Fees for Service	170	90	416	458	180	425	425	425	425	425	425	472	4,336	5,223
Other Revenues/Taxes	-	8	-	22	64	42	42	42	42	42	42	45	391	389
Transfers In	-	-	-	-	-	473	-	-	-	-	-	465	938	938
TRAN Proceeds	8,660	-	-	-	-	-	-	-	-	-	-	-	8,660	
<b>Total Cash Receipts</b>	<b>\$9,487</b>	<b>\$1,366</b>	<b>\$2,096</b>	<b>\$3,299</b>	<b>\$2,166</b>	<b>\$7,600</b>	<b>\$3,626</b>	<b>\$2,247</b>	<b>\$2,250</b>	<b>\$7,216</b>	<b>\$2,216</b>	<b>\$4,398</b>	<b>\$47,967</b>	<b>39,376</b>
<b>Cash Disbursements</b>														
Personnel	\$2,129	\$2,343	\$2,593	\$2,462	\$2,379	\$3,364	\$2,242	\$2,242	\$2,242	\$2,242	\$2,242	\$3,367	\$29,847	29,490
Professional Services	91	213	222	249	109	334	334	334	334	334	334	336	3,224	3,534
Property/Other Services	408	105	141	315	66	332	332	332	332	332	332	336	3,363	3,646
Supplies	8	25	14	23	25	63	63	63	63	63	63	60	533	611
Financing Costs and Debt Service	-	18	-	36	120	-	226	-	-	-	-	212	612	456
Property and Capital	-	-	5	125	11	34	34	34	34	34	34	33	378	310
CIP - Cash Flow	-	-	20	150	150	325	225	45	45	35	50	-	1,045	1,045
CIP - Reimbursement	-	-	-	(20)	(150)	(150)	(325)	(225)	(45)	(45)	(35)	(50)	(1,045)	(1,045)
Transfers Out	-	-	-	-	580	-	-	-	-	-	-	85	665	665
TRAN Principal Payment	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000	
TRAN Interest Payment	196	-	-	-	-	-	-	-	-	-	-	-	196	
<b>Total Cash Disbursements</b>	<b>\$11,832</b>	<b>\$2,704</b>	<b>\$2,995</b>	<b>\$3,340</b>	<b>\$3,290</b>	<b>\$4,302</b>	<b>\$3,131</b>	<b>\$2,825</b>	<b>\$3,005</b>	<b>\$2,995</b>	<b>\$3,020</b>	<b>\$4,379</b>	<b>\$47,818</b>	<b>38,712</b>
<b>Net Cash Flow Surplus/(Deficit)</b>	<b>(\$2,345)</b>	<b>(\$1,338)</b>	<b>(\$899)</b>	<b>(\$41)</b>	<b>(\$1,124)</b>	<b>\$3,298</b>	<b>\$495</b>	<b>(\$578)</b>	<b>(\$755)</b>	<b>\$4,221</b>	<b>(\$804)</b>	<b>\$19</b>	<b>\$149</b>	<b>\$664</b>
<b>Ending Balance</b>	<b>\$6,933</b>	<b>\$5,595</b>	<b>\$4,696</b>	<b>\$4,655</b>	<b>\$3,531</b>	<b>\$6,829</b>	<b>\$7,324</b>	<b>\$6,746</b>	<b>\$5,991</b>	<b>\$10,212</b>	<b>\$9,408</b>	<b>\$9,427</b>	<b>\$9,427</b>	