



Fiscal Year 2020-21 First Quarter Financial Update

CITY COUNCIL PRESENTATION

JANUARY 19, 2021

Overview

- Fiscal Year 2019-20 Financial Results
- Fiscal Year 2020-21 Significant Financial Transactions and Updates
- Fiscal Year 2020-21 1st Quarter Financial Update
- Next Steps

Fiscal Year 2019-20 General Fund Financial Results

FY 19-20 General Fund Revenues

- Better than anticipated financial performance
- Revenues were in line with budget (actual \$117.5M vs. budget \$117.0M)
- Revenues were \$1.3M lower than prior year
 - Sales tax decreased by \$1.2M
 - Property transfer tax decreased by \$1.6M
 - Offset by increases in property tax, cannabis tax, and other revenues

FY 19-20 General Fund Expenditures

- Expenditures were well under budget (actual \$113.0M vs. budget \$123.7M*)
- Expenditures were comparable to prior year actual
- Early implementation of soft hiring freeze achieved additional staffing savings
- Reduction in contracted services
- Deferred purchases due to the COVID-19 pandemic*

** \$4.4M represents funds that will be carried-over to FY 20-21*

FY 19-20 General Fund Financial Summary *(In Thousands)*

GENERAL FUND	2019-20 June 30, 2020			
	Amended Budget	Year-End Actual	Variances (\$)	% of Amended Budget
Revenues				
Property Tax	24,440	26,308	1,868	108%
Sales/Transaction & Use Tax	45,062	44,656	(406)	99%
Utility Users Tax	10,846	10,530	(316)	97%
Other Taxes	21,656	20,525	(1,131)	95%
Other Revenues	14,968	15,491	(523)	103%
Total Revenues	116,972	117,510	538	100%
Expenditures				
General Admin: Council, Clerk, Attorney City Manager & Human Resources	5,865	5,022	(843)	86%
Finance	3,957	2,866	(1,091)	72%
Police	41,218	39,797	(1,421)	97%
Fire	26,237	24,145	(2,092)	92%
Recreation & Human Services	5,517	4,710	(807)	85%
Engineering & Transportation	3,935	3,437	(498)	87%
Library	5,950	5,676	(274)	95%
Public Works	7,520	6,658	(862)	89%
Community Development	8,456	5,822	(2,634)	69%
Non-Departmental	2,285	2,642	357	116%
Debt Service	6,408	5,887	(521)	92%
Transfers	6,325	6,325	-	100%
Total Expenditures	123,673	112,987	(10,686)	91%

FY 19-20 General Fund Net Surplus

(In Thousands)

Net Surplus	4,523
Less funds not available for spending:	
Unrealized investment gains	(1,143)
One-time licensing fees	(500)
Carryover requests for services and programs	(1,378)
Total	<u>(3,021)</u>
Adjusted Net Surplus	1,502

Note: unavailable funds represent income from “unrealized” investment gains and funds earmarked for specific programs.

Fiscal Year 2020-21 Significant Financial Transactions and Updates

Economic Update

- The Jobs Report for December shows a decline of 140,000 in nonfarm jobs, with losses concentrated in leisure and hospitality, private education, and government.
- The core inflation is not expected to increase any time soon and remain above the Fed's target of 2%.
- The U.S. unemployment rate is expected to improve only gradually, remaining above 5% through 2021 before falling to 4% by 2023.
- A positive economic recovery can be impacted by political instability and additional virus mutations.

Sources: UCLA Anderson Forecast

FY 20-21 General Fund Significant Budget Adjustments

Revenue Adjustment (Increase)	Expenditure Adjustments (Increase)	Note
+\$4.9M		CIP funds returned to GF. Funding is still necessary for certain projects in future years.
	-\$1.4M	Carryover requests from FY 19-20 for services and programs.
	-\$3.0M	Purchase order carryover balances from FY 19-20
	-\$0.4M	Support for small businesses. <i>Pending Council approval on January 19, 2021.</i>

Considerations for Mid-Year Budget Review

- Key financial factors to be considered for the upcoming mid-year budget review

Description	Financial Impact
• CARES Act allocation – <i>one-time revenue</i>	Approximately \$1.1M
• Measure VV property transfer tax - <i>new revenue</i>	Approximately \$2.0M
• Sales tax update - more optimistic projection is expected	Single-digit decline instead of double-digit decline
• Library and Recreation revenue and expenditure update	Lower than expected revenues and expenditures



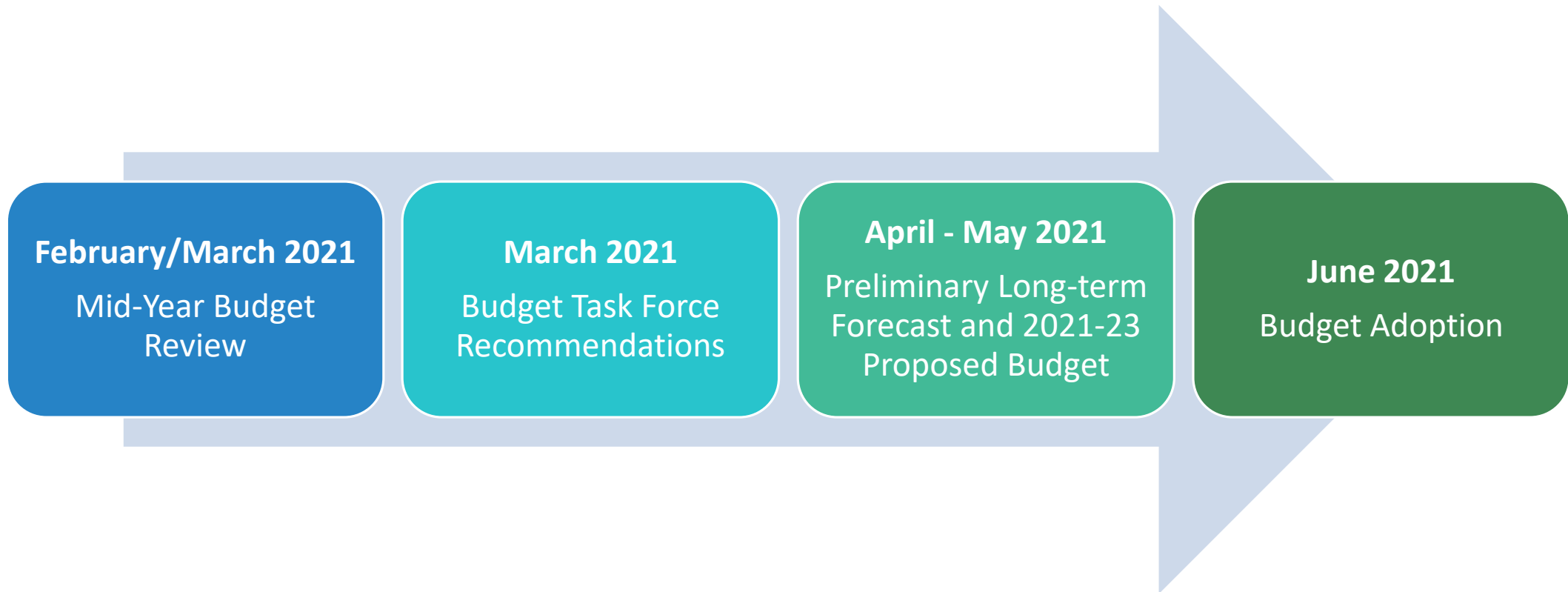
Fiscal Year 2020-21

1st Quarter Financial Update

FY 20-21 Q1 Financial Highlights

- General Fund
 - Revenues are in line with prior year (\$9.7M)
 - Expenditures are expected to stay within budget appropriations (\$14.8M)
- Enterprise Fund
 - Q1 internal service charges/revenues are recorded in Q2
 - Expenditures are within budget
- Parking Fund
 - Decline in revenues and expenditures from prior year due to stay-at-home orders

Next Steps





Feedback and Questions?
