



City of San Leandro

Meeting Date: March 16, 2020

Staff Report

File Number: 20-075

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.F.

TO: City Council

FROM: Jeff Kay
City Manager

BY: James O'Leary
Finance Department

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: Staff Report for a MOTION to Adopt the 2019-2020 Mid-Year Financial Report as of December 31, 2019

SUMMARY AND RECOMMENDATIONS

MOTION to Adopt the 2019-2020 Mid-Year Financial Report as of December 31, 2019.

BACKGROUND

The City Council adopted the Fiscal Year 2019-2020 and 2020-2021 General Fund, Enterprise and Internal Service Funds, and the Parking Fund budgets on June 3, 2019. The approved budgets are the annual expenditure plan and resource allocation guiding and ensuring implementation of City Council policies and priorities. The budget implements the vision and direction for the broad range of services meeting the needs of the community in accordance with City Council policy.

This financial review as of December 31, 2019 provides the mid-year budget update to the City Council for the current fiscal year. Analysis of the revenues collected and all expenditures through December 31, 2019 measures operational adherence to the budgetary allocation plan.

DISCUSSION

The amended budget incorporates estimated revenues and planned expenditures for all funds. The attached 2019-2020 Mid-Year Financial Report as of December 31, 2019 provides the revenue and expenditure summary for the General Fund, Enterprise and Internal Service Funds, and the Parking Fund. The following detailed discussion offers comparisons to the prior year and focuses on variances from the revenue and expenditure plans and allocations contemplated in the budget.

General Fund

The General Fund finances the operations of the City having no special or dedicated revenue

sources and pays for basic municipal services. The amended 2019-2020 General Fund budget projects revenues totaling \$116,868,000 and expenditures totaling \$121,298,000, which includes purchase order carryover balances from 2018-2019 and City Council approved budget amendments.

Mid-year revenue in 2019-2020 totals 37% of the adopted budget, compared to 39% in 2018-2019. Expenditures of \$48,928,000 at mid-year amount to 40% of the anticipated total, compared to 39% in 2018-2019. Both revenues and expenditures are generally in line with the prior year and expenditures are expected to significantly stay within budget appropriations. Nevertheless, expenditures will continue to be closely monitored throughout the year.

A detailed review of revenue and expenditure variances is presented below.

General Fund Revenue

- **Property Tax**-(44% of anticipated revenue in the adopted budget has been collected, compared to 49% in 2018-2019). Property Tax is the City's second largest revenue source and 10% of total General Fund revenue. Secured Tax and Redevelopment Residual Property Tax revenues make up 75% of the City's annual Property Tax revenue. Actual Secured Tax revenue amounts to \$6,433,200 to date in 2019-2020, \$268,000 more than the same period in 2018-2019. Alameda County will distribute the first payment of the Redevelopment Residual early in 2020 (\$1,532,000 recorded on January 3, 2020) and the second payment of Secured Tax will be in April 2020.
- **Sales/Transaction Taxes**-(32% of anticipated revenue in the adopted budget has been collected compared to 34% in 2018-2019). Sales/Transaction Tax is budgeted in 2019-2020 at \$2,121,000 above the 2018-2019 budget of \$42,900,000. Revenues are \$498,000 behind (1%) the same period last year. Avenu Insights, the City's sales tax advisor, projects the City will receive the budgeted revenue by June 30, 2020. Sales and Transaction Taxes are the City's largest revenue source and are 44% of total General Fund tax revenue.
- **Utility Users Tax**-(36% of anticipated revenue in the adopted budget has been collected compared to 33% in 2018-2019). Utility Users Tax budgeted revenue is \$542,000 less (0.5%) than budgeted in 2018-2019. This decrease relates to residents' electricity and gas usage. Actual Utility Tax revenue to date in 2019-2020 amounts to \$3,834,000, \$113,000 more than the same period in 2018-19.
- **Property Transfer Tax**-(29% of anticipated revenue in the adopted budget has been collected compared to 63% in 2018-2019). Property Transfer tax in 2019-2020 is budgeted at \$1,000,000 above the 2018-2019 budget of \$4,000,000. Revenues are \$1,061,000 behind the same period last year. In October 2018, the sale of two commercial properties of extraordinary value significantly increased 2018-2019 tax receipts at mid-year.
- **Business License Tax**-(15% of anticipated revenue in the adopted budget has been collected compared to 10% in 2018-2019). Annual business license renewals become due on February 1. A significant portion of business license revenue is received in the third quarter of the fiscal year.
- **Interest & Property Income**-(126% of anticipated revenue in the adopted budget has been collected compared to 78% in 2018-2019). The budget for Interest Income is \$450,000 higher compared to 2018-2019. Revenues are \$1,359,500 greater than in the same

period last year. The total actual interest income recorded in 2018-2019 amounted to \$1,344,000. Between July 1, 2018 and July 1, 2019, the City's investment portfolio increased by 30%, to a total of \$171 million. Over the same period, the rates of return for LAIF and the Chandler managed funds increased by 25%.

- **License & Permits**-(57% of anticipated revenue in the adopted budget has been collected compared to 69% in 2018-2019). Licenses & Permits budgeted revenue is \$1,290,000 higher compared to 2018-2019. Revenues are \$566,200 greater than in the same period last year largely due to the level of service provided by the Building division.

As reported in the attached Mid-Year Financial Report, all other taxes and revenue receipts are relatively in line with budgeted revenues. The third quarter report will show a closer estimate to what the year-end results will reflect.

General Fund Expenditures

- **General Fund, Total Expenditures**-(40% of budget compared to 39% in 2018-2019). Mid-year expenditures were \$48,928,000, 40% of the budget of \$121,298,000. Year over year General Fund expenditures increased by \$1,400,000. Every departments' expenditures remain less than one-half of its budget appropriation. Over the past five-years, an average of 40% of the annual budget appropriation has been expended by December 31.

Enterprise, Internal Service Funds, and Parking Fund

Four Enterprise Funds make up the City's business-type operations. The Water Pollution Control Plant Fund, the Environmental Services Fund, the Shoreline Enterprise Fund, and the Storm Water Fund are City municipal operations designed to fully recover costs through user fees. Internal Service Funds also operate as business activities, exclusively supporting the City's internal operations. Facilities Maintenance, Information Technology, Insurance Services, and Equipment Maintenance make up these Internal Service Funds. The Parking Fund provides for parking meter and parking lot operations and maintenance at the Downtown Parking Structure and has been restructured in the last year in order to bring expenditures in line with annual revenues.

- **Insurance Services, Revenue**-(50% of budget compared to 39% in 2018-2019). Insurance Services budgeted revenue (department allocations) is unchanged from 2018-19. Both department allocations increased, and the General Fund transfer decreased by \$1,000,000 in 2019-2020. Higher revenue in 2019-2020 reflects the increase in department allocations compared to 2018-2019.
- **Equipment Maintenance, Revenue**-(49% of budget compared to 53% in 2018-2019). Equipment Maintenance budgeted revenue (department allocations) is \$1,232,000 less compared to 2018-2019. Department allocations decreased based on fewer vehicle purchases and replacements scheduled in 2019-2020.
- **Parking Fund, Revenue/Expenditures**-(74% and 35% of budget compared to 49% and 25% in 2018-2019). Parking Fund budgeted revenue is \$263,000 higher compared to

2018-19. Revenues are \$132,000 greater than in the same period last year. Parking meter receipts have increased, and parking violation fines are now recorded in the Parking Fund.

ATTACHMENTS

2019-20 Mid-Year Financial Report as of December 31, 2019.

PREPARED BY

Elizabeth Warmerdam, Assistant City Manager/Interim Finance Director

CITY OF SAN LEANDRO
2019-20 Mid-Year Financial Report
As of December 31, 2019
(In Thousands)

GENERAL FUND

	2019-20			2018-19			2019-20 v 2018-19	
	December 31, 2019			December 31, 2018			Yr. to Yr. Change (\$)	Yr. to Yr. Change (%)
	Adopted Budget	Fiscal Year Actual	% of Adopted Budget	Adopted Budget	YTD as of 12/31/18	YTD % of Budget		
Revenues								
GENERAL GOVERNMENT								
Property Tax	16,524	7,256	44%	14,276	6,928	49%	328	5%
Sales/Transaction & Use Tax	45,061	14,304	32%	42,900	14,793	34%	(488)	-3%
Utility Users Tax	10,798	3,834	36%	11,340	3,721	33%	113	3%
Vehicle License Fee	7,916	4,279	54%	7,880	4,011	51%	268	7%
Franchise Fees	5,388	1,308	24%	5,176	1,254	24%	55	4%
Property Transfer Tax	5,000	1,466	29%	4,000	2,527	63%	(1,062)	-42%
Business License Tax	6,500	993	15%	6,304	658	10%	335	51%
Other Taxes	4,916	1,490	30%	4,666	1,352	29%	138	10%
Sub Total Taxes	102,104	34,931	34%	96,542	35,244	37%	(313)	-1%
Charges for Services	3,034	1,427	47%	3,248	1,639	50%	(212)	-13%
Interest & Property Income	1,871	2,366	126%	1,267	984	78%	1,381	140%
Fines, Fees & Forfeitures	1,581	404	26%	1,565	582	37%	(179)	-31%
Licenses & Permits	4,105	2,323	57%	2,563	1,772	69%	551	31%
Interdepartmental	2,000	1,000	50%	2,000	1,000	50%	0	0%
Other/Transfers	2,174	212	10%	3,052	1,227	40%	(1,015)	-83%
Sub Total Other	14,764	7,731	52%	13,695	7,205	53%	527	7%
Total Revenues	116,868	42,662	37%	110,237	42,449	39%	213	1%
Expenditures								
General Admin: Council, Clerk, Attorney City Manager & Human Resources	5,668	2,306	41%	5,664	1,996	35%	310	16%
Finance	3,822	1,212	32%	3,480	1,342	39%	(130)	-10%
Police	41,217	19,710	48%	40,045	19,024	48%	686	4%
Fire	26,237	10,058	38%	24,104	9,659	40%	399	4%
Recreation & Human Services	5,440	2,410	44%	5,507	2,395	43%	15	1%
Engineering & Transportation	4,022	1,822	45%	3,856	1,852	48%	(30)	-2%
Library	5,950	2,878	48%	5,884	2,792	47%	86	3%
Public Works	7,520	3,116	41%	6,696	2,937	44%	179	6%
Community Development	7,523	2,811	37%	8,236	2,664	32%	147	6%
Non-Departmental	2,141	494	23%	3,231	1,296	40%	(802)	-62%
Debt Service	6,408	2,061	32%	5,052	1,453	29%	609	42%
Transfers	5,350	50	1%	9,048	150	2%	(100)	-67%
Total Expenditures	121,298	48,928	40%	120,803	47,558	39%	1,370	3%

ENTERPRISES & INTERNAL SERVICE FUNDS

CITY OF SAN LEANDRO
2019-20 Mid-Year Financial Report
As of December 31, 2019
(In Thousands)

	2019-20			2018-19			2019-20 v 2018-19	
	December 31, 2019			December 31, 2018			Yr. to Yr. Change (\$)	Yr. to Yr. Change (%)
	Adopted Budget	Fiscal Year Actual	% of Budget	Adopted Budget	YTD as of 12/31/18	% of Budget		
Water Pollution Control Plant (593)								
Revenue	13,860	3,398	25%	13,673	3,684	27%	(286)	-8%
Expenditure	26,352	6,356	24%	27,862	7,163	26%	(807)	-11%
Environmental Services (594)								
Revenue	1,089	227	21%	1,028	250	24%	(23)	-9%
Expenditure	1,330	413	31%	1,529	519	34%	(106)	-20%
Shoreline Enterprise (597)								
Revenue	2,966	1,101	37%	2,479	1,191	48%	(90)	-8%
Expenditure	2,070	801	39%	2,800	587	21%	214	36%
Storm Water (598)								
Revenue	1,002	0	0%	1,101	0	0%	0	0%
Expenditure	1,368	616	45%	1,508	781	52%	(165)	-21%
Facilities Maintenance (687)								
Revenue	3,388	1,689	50%	3,665	1,821	50%	(132)	-7%
Expenditure	4,760	1,567	33%	5,156	1,572	30%	(5)	0%
Information Technology (688)								
Revenue	4,377	2,186	50%	4,540	2,221	49%	(35)	-2%
Expenditure	4,717	1,618	34%	5,082	2,190	43%	(572)	-26%
Insurance Services (689)								
Revenue	5,528	2,740	50%	5,516	2,128	39%	612	29%
Expenditure	6,210	2,830	46%	6,005	3,177	53%	(347)	-11%
Equipment Maintenance (690)								
Revenue	3,793	1,873	49%	5,025	2,664	53%	(791)	-30%
Expenditure	4,936	1,532	31%	5,528	1,284	23%	248	19%
SPECIAL REVENUE FUND - PARKING								
Parking (132)								
Revenue	505	374	74%	242	118	49%	256	217%
Expenditure	650	227	35%	773	194	25%	33	17%



City of San Leandro

Meeting Date: March 16, 2020

Minute Order - Council

File Number: 20-118

Agenda Section: CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Jeff Kay
City Manager

BY:

FINANCE REVIEW: Not Applicable

TITLE: MOTION to Adopt the 2019-2020 Mid-Year Financial Report as of December 31, 2019.
