



City of San Leandro

Meeting Date: December 13, 2021

Staff Report

File Number: 21-736

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.E.

TO: City Council

FROM: Fran Robustelli
City Manager

BY: Susan Hsieh
Finance Director

FINANCE REVIEW: Susan Hsieh
Finance Director

TITLE: Staff Report for a City of San Leandro City Council MOTION to Adopt the Fiscal Year 2021- 2022 First Quarter Financial Report as of September 30, 2021

SUMMARY AND RECOMMENDATIONS

Staff report for a City Council motion adopting the Fiscal Year 2021 - 2022 First Quarter Financial Report as of September 30, 2021

BACKGROUND

The City Council adopted the Fiscal Year (FY) 2021-2022 and FY 2022-2023 General Fund, Enterprise and Internal Service Funds, and the Parking Fund budgets on June 28, 2021. The approved budgets are the annual expenditure and resource allocation plans 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 September 30, 2021, provides the first quarter budget update to the City Council for the current fiscal year. Analysis of the revenues collected and all expenditures through September 30 measures operational adherence to the budgetary allocation plan.

DISCUSSION

The amended budget incorporates estimated revenues and planned expenditures for all funds. The attached First Quarter Financial Report as of September 30, 2021 provides the revenue and expenditure summary for the General Fund, Enterprise and Internal Service Funds, and the Parking Fund. The detailed discussion offers comparisons to the prior year and focuses on variances from the revenue and expenditure plans and allocations 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 FY 2021-2022 General Fund budget projects revenues totaling \$123,104,000 and expenditures totaling \$131,650,000, including purchase order carryover balances from FY 2020-2021 and approved budget amendments.

First quarter revenue in FY 2021-2022 totals \$10,854,000, 9% of the amended budget of \$123,104,000, compared to 8% in FY 2020-2021. Expenditures of \$23,266,000 for the first quarter amount to 18% of the anticipated total of \$131,650,000, compared to only 12% in FY 2020-2021. Expenditures are expected to stay within FY 2021-2022 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

- **Sales/Transaction Taxes**-(6% of the adopted revenue budget has been collected compared to 9% in FY 2020-2021). Sales/Transaction Tax revenue in FY 2021-2022 is budgeted at \$48,641,000, \$4,203,000 higher than the FY 2020-2021 budget. First quarter revenues were \$2,915,000, which is \$1,030,000 lower than the same period last year. This difference resulted from recording the August Transaction & Use Tax payment on October 4, 2021 versus recording the FY 2020-2021 August payment on September 27, 2020. Avenu Insights, the City's sales tax advisor, projects the City will receive the budgeted revenue by June 30, 2022. Sales and Transactions Taxes are the City's largest revenue source and are 44% of total General Fund tax revenue.
- **Property Transfer Tax**-(21% of the adopted revenue budget has been collected compared to 12% in FY 2020-2021). Property Transfer tax revenue is budgeted in FY 2021-2022 at \$9,000,000, \$2,000,000 above the FY 2020-2021 budget. First quarter revenues were \$1,986,000, which is \$1,131,000 above the first quarter FY 2020-2021. Most of this variance stems from the voter approved increase to \$11 per \$1,000 impacting the first quarter of 2021-2022. In addition, two extraordinary sales of industrial properties of more than \$15,000,000 each were completed in the first quarter, amounting to tax revenue of \$425,000.
- **Emergency Communications Access Fee (911)**-(15% of the adopted budget has been collected compared to 0% in 2020-2021). 911 fee revenue is budgeted in FY 2021-2022 at \$3,300,000, \$64,000 above the 2020-2021 budget. FY 2021-2022 first quarter revenues were \$494,000. FY 2020-2021 revenue were not recorded until October 5, 2020 (early in the second quarter).
- **Charges for Services**-(29% of the adopted budget has been collected compared to 23% in 2020-2021). Charges for Services revenue is budgeted in FY 2021-2022 at \$2,054,000, \$757,000 above the FY 2020-2021 budget. Revenues were \$595,000 which is \$298,000 higher than the same period last year. Due to the Covid-19 pandemic, recreation revenues were adversely impacted in FY 2020-2021. In FY 2021-2022 various programs resumed resulting in revenues being \$294,000 higher than FY 2020-2021.
- **Intergovernmental**-(6% of the adopted budget has been collected compared to 32% in

2020-2021). Intergovernmental revenue is budgeted in FY 2021-2022 at \$788,000, which is \$1,111,000 lower than the FY 2020-2021 budget. First quarter revenues were \$44,000 which is \$566,000 lower than in the first quarter of last year. In FY 2020-2021, the City received one-time Covid Relief funds from the state amounting to \$542,000.

- **Other/Transfers**-(16% of the adopted budget has been collected compared to 3% in 2020-2021). Other/Transfers revenue is budgeted in FY 2021-2022 at \$292,000, \$4,965,000 lower than the FY 2020-2021 budget. First quarter revenues were \$48,000, which is \$97,000 lower than the FY 2020-2021 first quarter. This is due to not receiving revenue from the Abandoned Vehicle Abatement program in FY 2021-2022.

As reported in the attached First Quarter Financial Report, all other taxes and revenue receipts are in line with the budget. The mid-year report will more closely estimate the year-end revenue and expenditure results.

General Fund Expenditures

- **General Fund, Total Expenditures**-(18% of budget compared to 12% in FY 2020-2021). First quarter expenditures were \$23,266,000, 18% of the \$131,650,000 total budget. Year over year General Fund expenditures increased by \$8,450,000. All department's expenditures are below 25% of the budget appropriation. Over the previous five-years, an average of 19% of the annual expenditure appropriations has been expended by September 30.

Enterprise, Internal Service Funds, and Parking Fund

Four Enterprise Funds make up the City's business-type operations. The Water Pollution Control Plant Fund, Environmental Services Fund, Shoreline Enterprise Fund, and 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.

- **Facilities Maintenance, IT, Insurance, and Equipment Maintenance, Revenue-** Revenues (Allocations) are significantly higher than in the first quarter of last year. In FY 2020-2021, the Internal Allocations for the first quarter were not recorded until December.
- **Shoreline Enterprise, Revenue and Expenditure**-Operating revenues and expenditures at the Monarch Bay golf courses increased during the Covid-19 pandemic and transition to the management agreement.

ATTACHMENTS

First Quarter Financial Report as of September 30, 2021.

PREPARED BY

Karen Chang, Assistant Finance Director

CITY OF SAN LEANDRO
First Quarter Financial Report
As of September 30, 2021
(In Thousands)

GENERAL FUND	2021-22 September 30, 2021			2020-21 September 30, 2020			2021-22 vs 2020-21	
	Amended Budget	YTD as of 09/30/21	% of Amended Budget	Amended Budget	YTD as of 09/30/20	YTD % of Budget	Yr to Yr Change (\$)	Yr to Yr Change (%)
Revenues								
GENERAL GOVERNMENT								
Property Tax	26,894	728	3%	26,101	732	3%	(4)	-1%
Sales Tax	48,641	2,915	6%	44,438	3,945	9%	(1,030)	-26%
Utility Users Tax	10,672	1,698	16%	10,300	1,433	14%	265	18%
Franchise Fees	5,270	101	2%	5,103	92	2%	9	10%
Property Transfer Tax	9,000	1,986	22%	7,000	855	12%	1,131	132%
Emergency Communication Access Fee (911)	3,300	494	15%	3,236	0	0%	494	0%
Business License Tax	5,830	159	3%	6,400	119	2%	40	34%
Other Tax	1,101	1	0%	929	-62	-7%	63	-102%
Sub Total Taxes	110,708	8,082	7%	103,507	7,114	7%	968	14%
Charges for Services	2,054	595	29%	1,297	297	23%	298	100%
Interest & Property Income	2,707	510	19%	2,818	591	21%	(81)	-14%
Fines, Fees & Forfeitures	746	145	19%	1,347	71	5%	74	104%
Intergovernmental	788	44	6%	1,899	610	32%	(566)	-93%
Licenses & Permits	3,809	930	24%	3,948	749	19%	181	24%
Interdepartmental	2,000	500	25%	2,000	0	0%	500	0%
Other/Transfers	292	48	16%	5,257	145	3%	(97)	-67%
Sub Total Other	12,396	2,772	22%	18,566	2,463	13%	309	13%
Total Revenues	123,104	10,854	9%	122,073	9,577	8%	1,277	13%
Expenditures								
General Administration Council, Clerk, City Attorney, City Manager and Human Resources	7,212	1,148	16%	6,749	1,019	15%	129	13%
Finance	3,977	721	18%	4,092	420	10%	301	72%
Police	42,646	9,296	22%	41,688	8,647	21%	649	8%
Fire	26,007	4,459	17%	26,109	34	0%	4,425	13015%
Recreation & Human Services	7,173	1,172	16%	5,634	575	10%	597	104%
Engineering & Transportation	4,169	1,001	24%	4,040	525	13%	476	91%
Library	6,612	1,383	21%	6,166	938	15%	445	47%
Public Works	7,986	1,502	19%	7,291	1,014	14%	488	48%
Community Development	7,391	1,314	18%	8,530	1,176	14%	138	12%
Non-Departmental	5,258	215	4%	-254	207	-81%	8	4%
Debt Service	6,558	1,005	15%	6,484	211	3%	794	376%
Transfers	6,661	50	1%	3,510	50	1%	0	0%
Total Expenditures	131,650	23,266	18%	120,039	14,816	12%	8,450	57%

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ENTERPRISES & INTERNAL SERVICE FUNDS	2021-22 September 30, 2021			2020-21 September 30, 2020			2021-22 vs 2020-21	
	Amended Budget	YTD as of 09/30/21	% of Budget	Amended Budget	YTD as of 09/30/20	% of Budget	Yr to Yr Change (\$)	Yr to Yr Change (%)
Water Pollution Control Plant (593)								
Revenue	16,394	1,258	8%	22,555	1,016	5%	242	24%
Expenditure	32,146	3,437	11%	37,123	2,983	8%	454	15%
Environmental Services (594)								
Revenue	677	89	13%	1,086	89	8%	0	0%
Expenditure	858	154	18%	1,463	139	10%	15	11%
Shoreline Enterprise (597)								
Revenue	5,811	1,801	31%	4,416	336	8%	1,465	436%
Expenditure	6,135	1,077	18%	5,664	153	3%	924	604%
Storm Water (598)								
Revenue	1,062	0	0%	1,002	0	0%	0	0%
Expenditure	1,540	307	20%	1,492	197	13%	110	56%
Facilities Maintenance (687)								
Revenue	3,553	890	25%	3,288	6	0%	884	14733%
Expenditure	4,147	723	17%	4,309	516	12%	207	40%
Information Technology (688)								
Revenue	4,491	1,054	23%	4,274	8	0%	1,046	13075%
Expenditure	5,087	853	17%	5,540	674	12%	179	27%
Insurance Services (689)								
Revenue	5,989	1,522	25%	5,528	302	5%	1,220	404%
Expenditure	5,791	2,995	52%	6,636	1,664	25%	1,331	80%
Equipment Maintenance (690)								
Revenue	3,800	952	25%	3,440	54	2%	898	1663%
Expenditure	3,280	457	14%	4,407	577	13%	(120)	-21%

CITY OF SAN LEANDRO
First Quarter Financial Report
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SPECIAL REVENUE FUNDS OPERATING	2021-22 September 30, 2021			2020-21 September 30, 2020			2021-22 vs 2020-21	
	Amended Budget	YTD as of 09/30/21	% of Budget	Amended Budget	YTD as of 09/30/20	% of Budget	Yr to Yr Change (\$)	Yr to Yr Change (%)
Parking (132)								
Revenue	519	69	13%	645	44	7%	25	57%
Expenditure	838	106	13%	775	75	10%	31	41%



City of San Leandro

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Minute Order - Council

File Number: 21-737

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