



AGENDA BILL

Agenda Item No. 7.A.

Date: April 6, 2021
To: El Cerrito City Council
From: Mark R. Rasiah, Finance Director/City Treasurer, Finance Department
Subject: FY 2020-21 General Fund Budget Update for February 2021

ACTION PROPOSED

Receive and file an update on City General Fund revenues and expenses for FY 2020-21 through February 2021.

BACKGROUND

The El Cerrito City Council adopted an annual Budget for FY 2020-21 on June 16, 2020. Following that, the City Council amended the budget on October 6, 2020 and again at mid-year on February 16, 2021 taking revenue trends into consideration that were not readily apparent earlier on in the year. 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 through the end of February 2021, from this most recent amendment.

ANALYSIS

The General Fund Income Statement in Attachment 1 provides a summary of the major General Fund Revenue and Expenditure categories through February 2021 on a cash basis. Monthly revenue and expenditure projections are based on the mid-year Amended Budget 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 respectively.

The following are some of the highlights on a cash basis through February with 8 months or 67% of the year complete:

1. Total revenue was \$23.8 million or 62% of budget. This compares with an average of \$21.7 million for the same time frame over the preceding 3 years. The increase is mainly due to higher than budgeted Real Property Transfer Tax revenues in FY 2021.
2. Total expenditure was \$25.2 million or 67% of budget, compared with a three year average of \$25.8 million.
3. Personnel costs of \$20.2 million include reimbursable Fire Department OES overtime costs of \$850,000, Workers Compensation Insurance premiums of \$680,000 for the year, and payouts to staff that separated from the City through February. OES reimbursements of \$566,000 were received in February and the balance of \$471,000 is expected by May 2021, and have been factored into the

Cash Flow Forecast in Attachment 3. Public Safety regular overtime to date is nearly \$1.1 million, in line with the average for the past three years through February.

4. On an adjusted budget basis, recognizing the timing lags in revenue sources, revenues were \$701,000 over budget and expenses were \$315,000 under budget.
5. Real Property Transfer Tax receipts through January continue to exceed expectations by little over \$1 million. Receipts have been trending at a monthly average of nearly \$360,000, versus an expectation of \$216,000 per month.
6. Charges for Services are currently running \$308,000 behind expectations. Recreation program revenues (\$1.1 million to date), are trending significantly behind budget due to the ongoing pandemic related restrictions. However they are expected to end the year at the recently revised budget estimate of \$2.4 million, with the Spring/Summer program enrollment currently underway.
7. The Cash Flow Forecast in Attachment 3 has been revised based on mid-year budget amendments approved by the City Council on February 16th, 2021. The forecast projects a cash balance of \$9.6 million at the end of June.

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

- The projected year end General Fund surplus for the year is \$635,000.
- The projected cash balance at the end of June is \$9.6 million.
- Staff anticipates that the four major revenue sources (Property Taxes, Sales Taxes, Transfer Taxes, Intergovernmental Revenues) representing 70% of General Fund Revenues, will come in at or above budget by year end.

LEGAL CONSIDERATIONS

This section is not applicable to this agenda item.

Reviewed by:

A handwritten signature in blue ink that reads "Karen Pinkos". The signature is written in a cursive style with a large initial 'K'.

Karen Pinkos, City Manager

Attachments:

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