



THIRD QUARTER FY2020-21 FINANCIAL PROJECTION

CITY COUNCIL MEETING

Qianyu Sun, Finance Director

May 25, 2021



Objective

- Receive Quarter 3 Financial Update Report as of March 31, 2021 (No Action)
- Adopt Resolution Amending FY2020-21 Operating and Capital Improvement Budget by Approving Budget Amendments (Action Required)

Agenda



1. General Fund Budget Overview
2. Third Quarter FY2020-21 Financial Projection
 - General Fund
 - Enterprise Funds
 - Internal Service Funds
3. FY2021-22 Budget Preview
4. City Council Discussion and Direction



Fiscal Operating Year

- The City's FY2020-21 fiscal year began on July 1, 2020 and ends on June 30, 2021.

Fiscal Quarter	Months
Q1	July 2020 – September 2020
Q2	October 2020 – December 2020
Q3	January 2021 – March 2021
Q4	April 2021 – June 2021





FY2020-21 General Fund Budget Overview

FY2020-21 General Fund Adopted Budget Overview

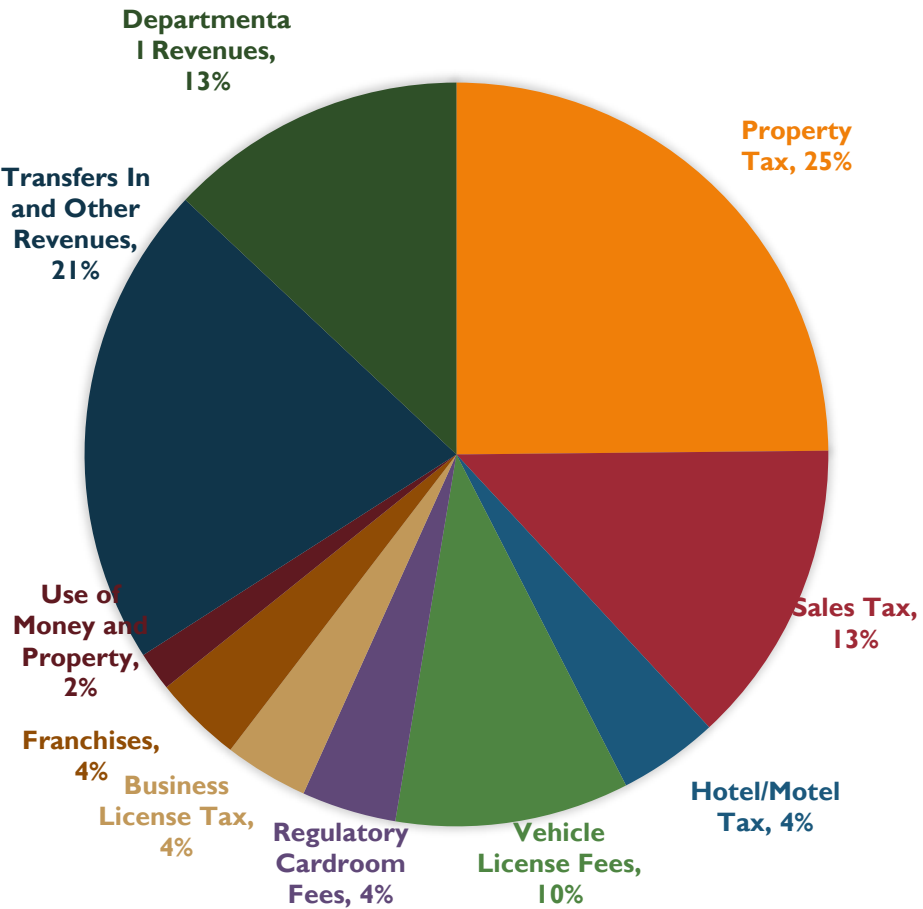


Item	FY2019-20 Adopted Budget	FY2020-21 Adopted Budget
Revenues	\$50,111,247	\$48,761,458
<u>Expenditures</u>	<u>50,436,351</u>	<u>49,352,968</u>
Deficit	(325,103)	(591,510)
<u>Use of Fund Balance</u>	<u>325,103</u>	<u>591,510</u>
Balanced Budget	\$0	\$0

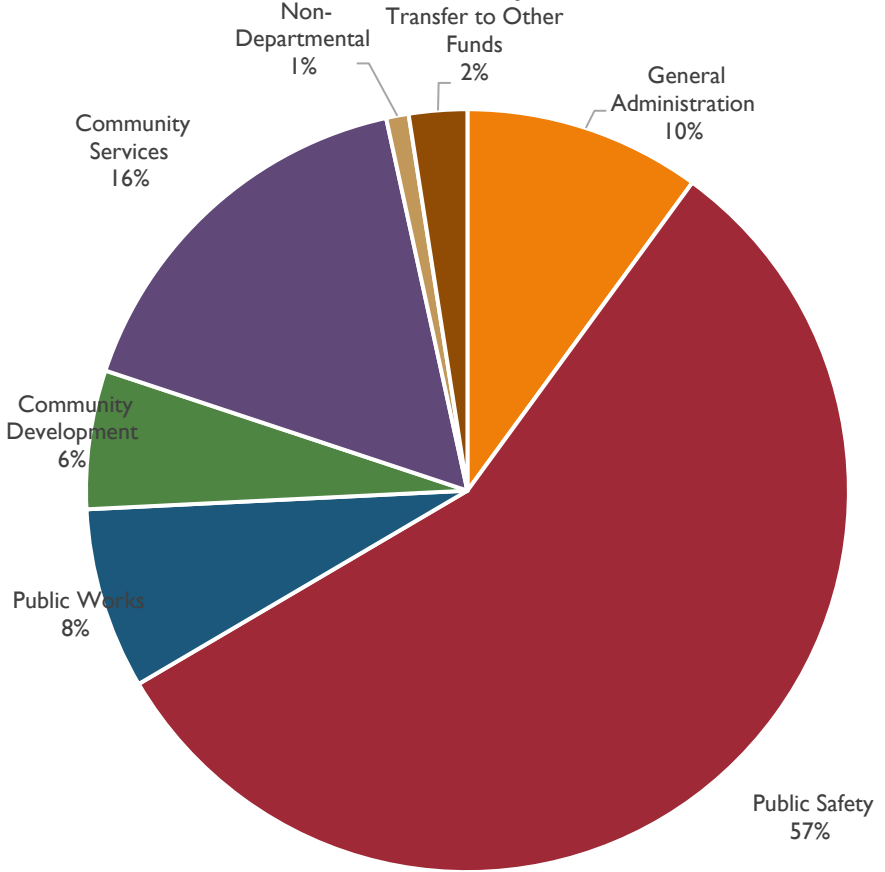
FY2020-21 General Fund Adopted Budget Overview



GENERAL FUND REVENUE SUMMARY



General Fund Expenditures





FY2020-21 General Fund Updates



Quarter 3 General Fund Projection

General Fund	FY2020-21 Amended Budget	FY2020-21 Estimated Actual
Beginning Fund Balance*	\$2,574,788	\$2,574,788
Revenues	49,705,881	49,991,564
Expenditures	<u>50,221,450</u>	<u>49,004,459</u>
Surplus/(Deficit)	(515,569)	987,106
Fair Market Value Adjustment	-	(1,200,000)
Ending Fund Balance	\$2,059,219	\$2,361,894

* Beginning fund balance is the actual fund balance reported in CAFR as of June 30, 2020, which includes a positive fair market value adjustment of \$1.2 million for investments.



FY2020-21 Financial Projection

General Fund Revenues

Revenue	FY2020-21				
	Amended Budget	YTD as of 3/31/21	% of Budget	Year End Estimate	Change from Budget
Total General Fund Revenues	\$49,705,881	\$31,900,823	62%	\$49,991,564	285,683

- Revenues are anticipated to exceed the amended budget by \$286,000 (or 0.6%)
- Charges for services and transfer from other funds exceed the amended budget by \$1.5 million
- Vehicle license fees are reduced by \$621,000 as more schools are converting to basic schools
- Sales taxes are down by \$350,000
- Department revenues are down by \$377,000

FY2020-21 Financial Projection

General Fund Expenditures



Expenditures	FY2020-21				
	Amended Budget	YTD as of 03/31/21	% of Budget	Year End Estimate	Change from Budget
Total General Fund Expenditures	\$50,221,450	\$37,358,071	75%	\$49,004,459	(\$1,216,991)

- Proactive spending control will end the year with expenditures \$1.2 million below the amended budget
- Expenditure savings are mostly associated with position vacancies and delayed recruitment
- Social restrictions imposed by Coronavirus caused service reductions



FY2020-21 Enterprise & Internal Service Fund Budget Updates

FY2020-21 Financial Projection

Enterprise Funds



	FY2020-21			FY2019-20	
	Amended Budget	YTD as of 03/31/21	% of Budget	YTD as of 03/31/20	% of Budget
Water Enterprise					
Revenue	\$17,403,083	\$12,128,707	70%	\$11,784,698	71%
Expenditure	10,650,809	7,532,344	71%	6,819,757	67%
Wastewater Enterprise					
Revenue	\$17,954,376	\$12,774,260	71%	\$12,729,520	68%
Expenditure	9,729,227	7,133,535	73%	6,824,434	75%
CityNet Services Enterprise					
Revenue	\$9,399,433	\$6,818,566	73%	\$6,891,693	70%
Expenditure	9,701,553	6,563,890	68%	6,852,216	70%
Stormwater Enterprise					
Revenue	\$693,000	\$440,855	64%	\$436,746	64%
Expenditure	1,195,302	729,066	61%	778,105	63%



CityNet Services Summary

City Net Services	FY2019-20 Actual	FY2020-21 Adopted Budget	FY2020-21 Year End Estimate	Change from Adopted Budget
Revenues	\$9,303,574	\$10,837,377	\$9,399,433	(\$1,437,944)
Expenditures	9,599,853	9,979,423	9,701,553	(277,870)
Surplus/ (Deficit)	(\$296,279)	\$857,954	(\$302,120)	(\$1,160,074)



CityNet Services Budget Detail

- ▲ TV Content Expenses reduced by \$798K
- ▲ Invested additional \$115K in equipment replacements, IPTV platform and limited fiber builds
- ▲ Revenue gap between approved and estimated totals:
 - Loss of revenue from 250 service homes per month. CityNet services a total of 7,000 homes.
 - Average Revenue per User (ARPU) differential between approved and estimated revenue budgets

Approved ARPU Target	Actual ARPU
\$120/Month	\$109/Month

- Delinquency build up
- ▲ Budget Management Measures:
 - Delinquent account collection efforts and service downgrades – no disconnects
 - Just in time inventory replenishment and equipment management
 - Intend to equalize expenditures with operation revenues

FY 2020-21 Financial Projection

Internal Service Funds



	FY2020-21			FY2019-20	
	Adopted Budget	YTD as of 03/31/21	% of Budget	YTD as of 03/31/20	% of Budget
Central Garage					
Revenue	\$575,000	\$431,437	75%	\$607,527	69%
Expenditure	719,441	554,345	77%	434,682	61%
Building & Facilities Maintenance					
Revenue	\$1,814,000	\$1,383,003	76%	\$1,135,769	63%
Expenditure	1,701,618	1,099,068	65%	1,029,177	68%
Self Insurance					
Revenue	\$2,846,554	\$2,134,926	75%	\$1,684,926	75%
Expenditure	2,663,415	2,060,024	77%	2,390,549	98%
Technology					
Revenue	\$1,058,000	\$793,521	75%	\$624,744	62%
Expenditure	1,054,805	596,256	57%	674,848	68%



FY2020-21 Budget Amendments

Program	Fund	Revenue Increase/ (Decrease)	Expense Increase/ (Decrease)
LSTA Grant Award	Federal/State Grant	20,000	
LSTA Grant Award	Community Services		20,000
Mainstar Annual Asset Management License & Support	Water		20,000
Mainstar Annual Asset Management License & Support	Wastewater		25,000

FY2020-21 Budget Amendments



Program	Fund	Revenue Increase/ (Decrease)	Expense Increase/ (Decrease)
Mainstar Annual Asset Management License & Support	Stormwater		7,000
TJKM Traffic Engineer/Consultant	General Fund		190,000
Total Budget Adjustments			\$242,000



FY2021-21 Budget Preview



General Fund FY 2021-22 Preview

General Fund	FY2021-22 Projected (in millions)
Revenues	\$49.7
Expenditures	51.1
Surplus / (Deficit)	(\$1.4)
Fund Balance	0.9

- ▲ General Fund balance cannot fall below \$1.5 million per reserve policy. A transfer of \$600K is needed.



Other Funds FY 2021-22 Preview

- ▲ Water – In good status with no rate increase in FY 2021-22
- ▲ Wastewater– In good status with no rate increase in FY 2021-22
- ▲ CityNet
 - Operating revenues anticipate to be slightly under operation expenditures. There will be no funding to cover debt services. Hence the fund deficit will grow to \$14.8 million.
- ▲ Stormwater
 - Projected fund deficit next fiscal year of \$1M if the Storm Drainage & Flood Protection Fee is not adopted by property owners. If this occurs, the City will be forced to cover the Stormwater Fund deficit from its General Fund and/or drastically reduce maintenance on the system.



City Council Discussion & Direction

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Questions

