



# Second Quarter Report

## Fiscal Year 2019-20

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This financial report provides an overview of the City's financial position through the second quarter of the fiscal year (FY) 2019-20 (July 1, 2019, through December 31, 2019) for (1) the General Fund, (2) the major enterprise operating funds, and (3) revenues in other selected funds. City departments and the Budget Office analyzed budget to actual performance for potential issues requiring action and identified no significant concerns.

The following factors should be taken into considerations when analyzing second-quarter data:

- Property tax revenue is received in mid-January and mid-May.
- Some significant costs are incurred upfront (for example, CalPERS payments and some contracts) with variances smoothing out over the fiscal year.

This financial report does not reflect any impacts from the COVID-19 pandemic because the expected impacts did not begin until the third quarter of the fiscal year. Due to the fiscal uncertainty caused by COVID-19, staff is closely monitoring the financial impact of COVID-19 on the City budget and will return to City Council in the coming months with additional information.

## General Fund: Operating Revenues

The following table includes cumulative revenue through the second quarter and a revenue budget to actual comparison for FY2019-20.

	Budget to actual comparison (July 1 – December 31)			
	FY2019-20 Amended Budget	FY2019-20 Actual	Balance	% of budget
<b>Sales Tax</b>	\$ 56,348,950	\$ 18,935,969	\$ 37,412,981	34%
<b>Measure B Sales Tax</b>	16,000,000	6,970,108	9,029,892	44%
<b>Property Tax</b>	49,227,860	893,993	48,333,867	2%
<b>Parks, Recreation &amp; Libraries</b>	3,934,560	2,018,104	1,916,456	51%
<b>Building Permits</b>	2,200,000	1,299,818	900,182	59%
<b>Plan Check Fees</b>	2,281,322	1,224,877	1,056,445	54%
<b>Engineering Inspection Fees</b>	340,400	199,644	140,756	59%
<b>Grants</b>	93,253	-	93,253	0%
<b>Other Revenues</b>	16,079,313	6,193,168	9,886,145	39%
<b>Total</b>	<b>\$ 146,505,658</b>	<b>\$ 37,735,681</b>	<b>\$ 108,769,977</b>	<b>26%</b>

General Fund operating revenues are at 26 percent of the budget through the second quarter of the current year, primarily due to the timing associated with receiving some of the larger revenues sources. For instance, property tax is the second largest General Fund revenue source, but the majority of this funding is received in the third and fourth quarters of the fiscal year. The following is an explanation of the notable variances:

- Sales tax revenues are at 34 percent and Measure B sales tax revenues are at 44 percent of budget. These percentage rates of collection are in line with prior year disbursements from the State of California. As of December 2019, Sales Tax and Measure B revenues were both forecasted to exceed targets at \$57.3 million and \$19.8 million, respectively.
- Building permit revenues, plan check fees, and engineering inspection fees were all on track to come in on or above budget.
- Other revenues include the hotel/motel room tax, reimbursements from the State, development reimbursement activity, business license tax, and rental revenues. As of the end of the second quarter, the City had received approximately \$6.2 million or 39 percent of estimated revenue, which is consistent with the expected timing of collection.

## General Fund: Operating Expenditures

The following table includes cumulative second quarter expenditure comparisons for General Fund departments for FY2019-20.

	Budget to actual comparison (July 1 – December 31)			
	FY2019-20 Amended Budget	FY2019-20 Actual	Balance	% of budget
<b>General Government</b>	\$ 11,829,917	\$ 6,231,095	\$ 5,598,822	53%
<b>Economic Development &amp; Housing</b>	876,841	608,116	268,725	69%
<b>Development Services</b>	9,642,075	4,647,395	4,994,680	48%
<b>Public Works</b>	7,653,032	4,276,533	3,376,499	56%
<b>Police</b>	44,470,408	23,916,649	20,553,759	54%
<b>Fire</b>	36,032,753	18,769,348	17,263,405	52%
<b>Parks, Recreation &amp; Libraries</b>	24,942,685	13,082,743	11,859,942	52%
<b>Total</b>	<b>\$ 135,447,711</b>	<b>\$ 71,531,879</b>	<b>\$ 63,915,832</b>	<b>53%</b>

Through the first six months, as compared to budget, General Fund expenditures are tracking as expected at 53 percent of the budget. The slightly higher rate of spending (53 percent versus 50 percent of the year elapsed) is primarily due to upfront contributions to CalPERS. Economic Development & Housing expenditures are tracking higher than average at 69 percent primarily due to the upfront payment to CalPERS and annual membership contributions to economic development organizations.

# Enterprise Funds: Operating Revenues and Expenditures

## Revenues

At the end of the second fiscal quarter, revenue collection for most of the Enterprise Funds was close to 50 percent of projected revenues. Larger budget to actual variances in the Transit

	Budget to actual comparison (July 1 – December 31)			
	FY2019-20 Amended Budget	FY2019-20 Actual	Balance	% of budget
<b>Electric Operations</b>	\$ 167,396,678	\$ 81,235,647	\$ 86,161,031	49%
<b>Water Operations</b>	32,586,519	18,066,216	14,520,303	55%
<b>Wastewater Operations</b>	40,382,779	16,394,172	23,988,607	41%
<b>Waste Services Operations</b>	26,192,571	12,557,829	13,634,742	48%
<b>Transit</b>	7,579,004	456,521	7,122,483	6%
<b>Transportation</b>	1,761,023	166,938	1,594,085	9%
<b>Youth Development</b>	7,138,254	3,738,552	3,399,702	52%

and Transportation enterprise funds are due to the timing associated with their primary funding streams as the majority of their revenue is realized in the last two quarters of the fiscal year.

	Budget to actual comparison (July 1 – December 31)			
	FY2019-20 Amended Budget	FY2019-20 Actual	Balance	% of budget
<b>Electric Operations</b>	\$ 127,815,726	\$ 51,936,117	\$ 75,879,609	41%
<b>Water Operations</b>	32,199,155	12,247,293	19,951,862	38%
<b>Wastewater Operations</b>	43,576,055	19,090,945	24,485,110	44%
<b>Waste Services Operations</b>	28,149,912	12,105,508	16,044,404	43%
<b>Transit</b>	5,941,546	2,696,933	3,244,613	45%
<b>Transportation</b>	1,595,741	524,644	1,071,097	33%
<b>Youth Development</b>	6,854,478	3,799,497	3,054,981	55%

## Expenditures

Except for the Youth Development Fund, operating expenditures for the Enterprise funds are tracking to end the year on or under budget. The 5 percent variance in the Youth Development

fund is due to the upfront payment to CALPERS and the cost of temporary labor being charged heavily during the summer months.

## Other Revenue

The following table shows revenues in the Fire Facilities, Public Facilities, and Strategic Improvement Funds through the second quarter of FY2018-19 and FY2019-20. All three of these funds are following relatively close to budget. The FY2019-20 budget for the Strategic Improvement Fund (SIF) includes \$584,800 in surplus property sale revenue. Without taking into consideration the unrealized revenue from the property sale, the SIF budget is tracking at 52 percent.

	Budget to actual comparison (July 1 – December 31)				
	FY2018-19 Actual	FY2019-20 Amended Budget	FY2019-20 Actual	Balance	% of budget
<b>Fire Facilities</b>	\$ 696,513	\$ 1,333,744	\$ 735,727	\$ 598,017	55%
<b>Public Facilities</b>	1,288,652	3,723,570	1,650,911	2,072,659	44%
<b>Strategic Improvement</b>	481,105	1,853,220	664,980	1,188,240	36%