

City of Piedmont
COUNCIL AGENDA REPORT

DATE: February 6, 2023

TO: Mayor and Council

FROM: Sara Lillevand, City Administrator

SUBJECT: Consideration of FY 2022-23 Mid-Year General Fund Appropriations and FY 2022-23 Midyear Fiscal Report

RECOMMENDATION

By motion, approve the FY 2022-23 mid-year General Fund appropriations of \$100,000 for Fire Department overtime and \$95,000 for Planning & Building Department part-time salaries.

BACKGROUND

The City Council-approved City of Piedmont FY 2022-23 Budget is the annual fiscal outline, resource allocation, and expenditure plan that guides and ensures implementation of City programs and Council operating policies. The annual Midyear Fiscal Report analyzes and examines the financial condition of the City budget at the mid-point of the fiscal year. This analysis measures the conformity of all revenues and expenditures from July 1, 2022 through December 31, 2022 to the adopted FY 2022-23 budget.

The adopted Budget incorporates the estimated revenues, planned expenditures, and transfers for all funds. This Midyear Fiscal Report focuses on the General Fund and the Capital Projects Funds (Facility Maintenance, Equipment Replacement and Street Related).

Staff recommends the following budget adjustments as detailed below. Please note, Staff is only requesting additional appropriations for variances caused by known operational changes. Expense variances based only on estimation of current trends (i.e., recreation program expense and insurance claims) will be re-evaluated at year end.

Appropriation requests from the General Fund:

Department	Account	Amount
Fire	Personnel - Overtime	\$100,000
Planning & Building	Personnel - Part Time	\$95,000
	Total	\$195,000

Midyear FY 2022-23 General Fund Summary

The General Fund finances the basic municipal services provided by the City. General Fund revenues are budgeted at \$34.8 million (which includes Operating Transfers-In of \$0.9 million, primarily from the Sewer Fund). General Fund expenditures are budgeted at \$33.9 million. The adopted budget also includes Capital Transfers-Out of \$1.3 million to the Facilities Maintenance fund and \$72,000 to the Equipment Replacement fund.

Based on mid-year trends, we estimate year-end positive General Fund operating net income, before capital transfers, of approximately \$2.8 million and an ending General Fund Balance of approximately \$7.5 million which is 22% of total expenditures. The General Fund remains in a sound position, with revenues exceeding expenses. This is the result of conservative budgeting and prudent management of day to day operations. In addition, a strong, but softening, real estate market is driving Secured Property Taxes and Real Property Transfer Taxes to exceed budget. If the favorable revenue trends of the first half of the year continue, the City may have the ability to add to the funding of its backlog in facilities maintenance. There can be no assurance these trends will continue as the economy faces stiff headwinds with rising interest rates and high inflation.

Based on current trends and known expense variances, we are projecting General Fund revenues to exceed budget by approximately \$2.4 million and expenses to be higher than budget by approximately \$548,000.

The increase in revenue is primarily from higher than expected real property transfer tax receipts (+\$1.1 million), property taxes (+0.4 million), recreation program revenue (+\$0.3 million), increased building permits and planning related fee activity (+\$0.2 million), and Other Taxes (+\$0.2 million).

The increase in expenditures is primarily due to the following:

- Higher overtime costs in the fire department due to vacant positions and workers compensation claims.
- Additional costs incurred to process the backlog of building permit applications. A continuing high volume of building permit applications and the COVID-forced move to electronic permit application submissions and processing created more steps for staff and this resulted in a backlog of building permit applications to be processed.
- Higher costs in the recreation department, including contract program and personnel costs, due to higher than expected activity from recreation programs. These costs are more than offset by corresponding program revenue.

General Fund Revenues

Total General Fund revenue through December 31, 2022 was \$17.4 million, which is 50% of the annual revenue budget.

Staff projects General Fund Revenues to be \$37.3 million for FY 2022-23, an increase of \$2.4 million as compared to the budget.

The increase is summarized as follows:

REVENUE				
(in thousands)	FY 2022-23		Variance	
	Projected	Budget	\$	%
CATEGORY				
Property Taxes	17,221	16,875	346	2%
Real Property Transfer Tax	4,250	3,200	1,050	33%
Parcel Tax	2,522	2,522	-	0%
Other Taxes and Franchises	2,845	2,568	277	11%
License and Permits	697	624	73	12%
Revenue from Use of Money or Property	667	732	(65)	-9%
Revenue from Other Agencies	3,474	3,387	87	3%
Charges for Current Services	4,440	3,950	490	12%
Other Revenue	180	96	84	88%
Transfers In	984	877	107	12%
	37,279	34,830	2,449	7%

The major revenue categories (property tax, parcel tax, and transfer tax) which account for 69% of the General Fund budgeted revenue are discussed below:

- The City has received property tax revenues of \$8.8 million through December 31, 2022 which is 51% of the annual budget of \$16.1 million. This is 8% higher than the amount received in the same period last year. Based on the total amount of secured and unsecured property taxes to be received as communicated by Alameda County, staff projects total property tax revenue to be approximately \$17.2 million, which is \$346,000 (2%) higher than the adopted budget.
- Parcel tax revenue received through December 31, 2022 was \$1.3 million, which is 50% of the annual budget. This revenue increased \$48,000 as compared to the same period last year. Staff expects parcel tax revenue to be in line with budget for the year.
- Real property transfer tax revenue received through December 31, 2022 was \$2.6 million, which is 81% of the annual budget of \$3.2 million, and 11% lower than the amount received in the same period last year. Year over year, the number of homes sold decreased 25% (64 homes sold compared to 85 in the same period last year), and a 7% increase in the average home sale price to \$3.2 million from \$3.0 million in the same period last year. For FY 2022-23, staff projects transfer tax to be \$4.2 million, which is \$1.0 million over the adopted budget.

Other revenue categories to note include the following:

American Rescue Plan Act (ARPA). The City was allocated \$2.6 million in ARPA funds, \$1.3 million was received in July 2021 and the remaining \$1.3 million was received in July 2022. In accordance with accounting rules, these monies cannot be recognized as revenue until it is spent. Of the \$2.6 million received, \$284,396 was spent in FY 2021-22. The remaining amount, as approved by the City Council in October 2021, is earmarked for the Dispatch relocation/renovation project, and if any funds remain, the Police/Fire/City Hall master plan. The Dispatch relocation/renovation project is currently in the Design phase.

Building Permits and Planning related fees (including the General Plan Maintenance Fee and Records Management Fee). This category continues to be strong as the construction/remodel market has exceeded expectations. The strength has continued into the current fiscal year, and staff projects exceeding the annual budget by \$0.2 million (12%).

Revenue from Recreation Programs and Facility. As of December, recreational programs and facility rentals have been strong, especially contract camps and programs. This is partially offset by lower than planned revenue in Pre-School. Assuming this trend continues, we expect this category to exceed the approved budget by approximately \$0.3 million. It should be noted that the majority of Recreation expenses are variable in nature, and accordingly, we also expect an increase in expenses.

General Fund Expenditures

General Fund expenditures are budgeted at \$33.9 million. Total estimated expenditures for FY 2022-23 are \$34.5 million, or \$548,000 (2 %) higher than budget.

The following table compares budget and projected expenditures for the full fiscal year:

EXPENDITURES					
(in thousands)	FY 2022-23		% of	Variance	
	Projected	Budget	Total	\$	%
<u>CATEGORY</u>					
Personnel Costs	21,951	21,756	64%	195	1%
Operating Expenses	8,981	8,673	26%	308	4%
Non-Departmental	3,550	3,505	10%	45	1%
	34,482	33,934	100%	548	2%

Personnel related costs, the largest expenditure component of the General Fund representing 64% of the total expenditure budget, are estimated at \$21.95 million, an increase of \$0.2 million compared to budget. The variance is primarily due to:

- Increased personnel costs in the Fire Department:
 - Overtime over budget as positions are backfilled due to retirements and personnel injuries. The majority of the overtime is offset by lower regular salary and benefit costs. Net budget overage is estimated at \$100,000.
- Additional costs incurred to process the backlog of building permit applications (+\$95,000).
 - A continuing high volume of building permit applications and the COVID-forced move to electronic permit application processing created more work for staff which resulted in a backlog of building permit applications to be processed. In addition, Planning & Building staff are devoting a sizable portion of their time working to implement the upgraded TRAKiT system. To address this increased workload, part time employees were hired with the assumption that the excess workload would be temporary with relief coming with the launch of the upgraded TRAKiT system. This launch has been delayed from February to later in the fiscal year. The request for an increased budget for part time staffing will allow the City to meet our staffing needs and continue to work through the permit backlog.

Operating expenses are expected to be higher than budget by approximately \$0.3 million primarily due to:

- Higher costs in the recreation departments (+\$308,000), including contract program and personnel costs, due to greater than expected increase in recreation program offerings.

Non-Departmental costs will be higher than budget due to:

- Increased workers compensation claims (+130,000)
- Increased unemployment insurance claims (+15,000)

These increases are being offset by:

- Lower general liability premiums due to altering our insurance policy to raise our deductible from \$10,000 to \$25,000. Claims paid have not increased significantly. (-\$100,000).

Please see the following pages for schedules detailing this information.

CITY OF PIEDMONT									
GENERAL FUND ANALYSIS									
2017-18 to 2022-23									
(000's)									
	Actual					Projected	Budget	Variance	
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23	\$	%
General Fund Beginning Balance	\$ 4,688	\$ 5,533	\$ 5,289	\$ 5,592	\$ 6,509	\$ 7,395	\$ 7,423	\$ (28)	0%
Property Taxes	13,375	14,079	14,790	15,442	16,224	17,221	16,875	346	2%
Real Property Transfer Tax	3,845	3,820	3,603	6,287	5,981	4,250	3,200	1,050	33%
Parcel Tax	2,198	2,262	2,353	2,411	2,425	2,522	2,522	-	0%
Other Taxes and Franchises	2,412	2,481	2,527	2,664	2,721	2,845	2,568	277	11%
License and Permits	589	512	548	710	766	697	624	73	12%
Revenue from Use of Money or Property	738	853	437	209	508	667	732	(65)	-9%
Revenue from Other Agencies	2,037	2,002	1,830	2,436	2,615	3,474	3,387	87	3%
Charges for Current Services	3,545	3,252	2,194	2,977	4,179	4,440	3,950	490	12%
Other Revenue	268	303	321	128	140	180	96	84	88%
	29,007	29,564	28,603	33,266	35,559	36,295	33,953	2,342	7%
Operating Transfers in	790	827	1,001	1,008	905	984	877	107	12%
Total Revenue	29,797	30,391	29,604	34,274	36,464	37,279	34,830	2,449	7%
Departmental Expenditures									
Administration	2,854	2,919	3,230	3,603	3,509	4,249	4,249	-	0%
Public Works	4,216	3,273	3,586	3,795	4,214	4,535	4,535	-	0%
Planning & Building		1,300	1,232	1,455	2,390	2,927	2,832	95	3%
Recreation	2,829	2,918	2,666	2,405	3,296	3,561	3,253	308	9%
Police	5,937	6,333	6,514	6,715	7,315	7,608	7,608	-	0%
Fire	5,889	6,143	6,323	6,875	7,700	8,052	7,952	100	1%
Departmental Expenditures	21,725	22,886	23,551	24,848	28,424	30,932	30,429	503	2%
Non Departmental Expenditures									
Library	350	350	350	350	350	350	350	-	0%
Unemployment Insurance	8	-	54	134	17	35	20	15	75%
Workers Compensation	615	794	673	722	872	960	830	130	16%
Liability Insurance	553	686	784	1,015	1,104	1,305	1,405	(100)	-7%
Pension rate stabilization	750	-	-	1,000	-	-	-	-	#DIV/0!
OPEB - Retiree payments	446	520	614	654	750	900	900	-	0%
OPEB - Contributions	86	99	87	-	-	-	-	-	#DIV/0!
Other	2	7	2	-	100	-	-	-	#DIV/0!
Non Departmental Expenditures	2,810	2,456	2,564	3,875	3,193	3,550	3,505	45	1%
Operating Transfers-out									
Aquatics	130	250	250	-	-	-	-	-	#DIV/0!
2014 Pension Obligation Fund	1,388	1,438	1,127	-	-	-	-	-	#DIV/0!
Operating Transfers-out	1,518	1,688	1,377	-	-	-	-	-	#DIV/0!
Total Expenditures and Transfers-out	26,053	27,030	27,492	28,723	31,617	34,482	33,934	548	2%
Operating Net Income	3,744	3,361	2,112	5,550	4,847	2,797	896	1,901	212%
Capital Transfers-out									
Equipment Replacement Fund	400	400	400	610	1,361	72	72	-	0%
Facility Maintenance\Sidewalk	3,332	3,205	1,050	3,500	2,600	1,300	1,300	-	0%
Facility Capital						1,332	1,332	-	0%
Capital Improvements	-	-	359	523	-	-	-	-	#DIV/0!
Total Capital Transfers	3,732	3,605	1,809	4,633	3,961	2,704	2,704	-	0%
Net Income after Capital Transfers	12	(244)	303	917	886	93	(1,808)	1,901	-105%
Prior Year Adjustment (audit)	833								
General Fund Ending Fund Balance	\$ 5,533	\$ 5,289	\$ 5,592	\$ 6,509	\$ 7,395	\$ 7,488	\$ 5,615	\$ 1,873	33%
Fund Balance as % of Operating Exp	23%	21%	21%	23%	23%	22%	17%		

		General Fund Revenue (000's)								
Account #	Description	Actual - Fiscal Year Ended:				Fiscal Year 2022-23				
		June-19	June-20	June-21	June-22	6 Months	Budget	% Attained	Projected	\$ Variance
See Below for Details	PROPERTY TAX - SECURED	12,961	13,611	14,271	14,974	8,018	15,870	51%	16,059	189
See Below for Details	PROPERTY TAX - UNSECURED	612	676	724	726	652	700	93%	757	57
101-0301-005-000	PROPERTY TAX-SUPPLEMENTAL	498	498	438	515	156	300	52%	400	100
101-0301-006-000	PROPERTY TAX-DELINQ & PENLTY	8	6	9	9	0	5	0%	5	0
	SUB-TOTAL Property Tax	14,079	14,790	15,442	16,224	8,826	16,875	52%	17,221	346
101-0302-003-000	REAL PROPERTY TRANSFER TAX	3,820	3,603	6,287	5,981	2,583	3,200	81%	4,250	1,050
101-0302-005-000	PARCEL TAX: MUNI TAX	2,262	2,353	2,411	2,425	1,260	2,522	50%	2,522	0
	TOTAL Property Related Taxes	20,160	20,746	24,140	24,629	12,669	22,597	56%	23,993	1,396
See Below for Details	BUSINESS LICENSE TAX	253	269	255	301	131	250	52%	325	75
See Below for Details	REAL ESTATE RENTAL TAX	308	334	366	339	2	365	0%	340	-25
101-0302-001-000	SALES & USE TAXES	200	200	245	243	80	225	35%	250	25
	TOTAL Business & Sales Taxes	761	803	865	883	212	840	25%	915	75
101-0302-002-002	ELECTRIC FRANCHISE FEE	76	95	103	109	0	110	0%	110	0
101-0302-002-003	GARBAGE FRANCHISE FEE	250	257	257	267	150	260	58%	270	10
See Below for Details	CABLE T.V. FRANCHISE FEE	218	215	201	201	47	208	23%	200	-8
	TOTAL Franchise Fees	543	567	561	577	197	578	34%	580	2
101-0302-008-000	GAS & ELECTRIC USERS TAX	759	899	1,003	1,043	386	900	43%	1,100	200
See Below for Details	TELEPHONE USERS TAX	373	213	190	173	72	205	35%	205	0
101-0302-010-000	WATER USERS TAX	45	45	45	45	23	45	50%	45	0
	TOTAL Utility Users Tax	1,177	1,157	1,238	1,260	481	1,150	42%	1,350	200
See Below for Details	BUILDING & OTHER PERMITS	489	527	689	740	337	602	56%	675	73
101-0307-001-000	PLANNING FEES	267	228	252	266	103	225	46%	220	-5
See Below for Details	PLAN CHECK FEES	243	278	366	363	173	280	62%	320	40
101-0307-001-001	GENERAL PLAN MAINT. FEES	0	212	280	427	222	325	68%	400	75
101-0307-004-000	RECORDS MANAGEMENT FEES	0	31	41	27	13	30	43%	26	-4
	TOTAL Permits & Planning fees	999	1,276	1,628	1,823	847	1,462	58%	1,641	179
101-0305-002-001	COMMUNITY HALL - RENTAL	449	134	47	477	286	475	60%	475	0
101-0305-002-002	VETERANS HALL - RENTAL	95	59	19	41	24	50	48%	50	0
101-0305-002-003	RECREATION BUILDING - RENTAL	1	1	0	0	3	0	#DIV/0!	5	5
101-0305-002-004	801 MAGNOLIA - RENTAL	2	1	0	1	1	45	1%	1	-44
See Below for Details	RECREATION PROGRAMS	1,776	630	1,355	2,153	1,291	2,024	64%	2,494	470
See Below for Details	PRE-SCHOOL	510	438	338	455	212	590	36%	477	-113
	TOTAL Recreation Revenue	2,834	1,262	1,760	3,127	1,816	3,184	57%	3,501	317

		General Fund Revenue (000's)								
Account #	Description	Actual - Fiscal Year Ended:				Fiscal Year 2022-23				
		June-19	June-20	June-21	June-22	6 Months	Budget	% Attained	Projected	\$ Variance
101-0306-003-017	MOTOR VEHICLE LICENSE FEE	1,300	1,362	1,429	1,493	792	1,570	50%	1,584	14
101-0306-003-005	HOMEOWNER PROP. TAX RELIEF	84	82	79	79	0	80	0%	80	0
101-0306-003-011	MISCELLANEOUS RECEIPTS-STATE	40	50	212	6	0	225	0%	225	0
101-0306-003-018	MISCELLANEOUS-COUNTY	11	185	19	39	35	0	#DIV/0!	48	48
101-0306-002-000	FEDERAL GRANTS	0	0	0	284	0	1,332	0%	1,332	0
	TOTAL Other Agency Revenue	1,435	1,679	1,739	1,902	827	3,207	26%	3,269	62
101-0306-003-015	FORESTRY & FIRE PROTECTN	383	59	513	510	0	0	#DIV/0!	0	0
101-0306-004-002	PARAMEDIC TAX	69	70	70	70	35	70	50%	70	0
101-0307-005-000	AMBULANCE SERVICE CHARGE	311	214	226	302	129	300	43%	325	25
101-0307-011-004	FIRE CPR COURSES	1	0	0	0	0	0	#DIV/0!	0	0
	TOTAL Fire Related Revenue	764	342	809	881	164	370	44%	395	25
101-0306-019-000	1/2% SALES TAX FOR PUB SAFE	112	104	109	124	54	105	52%	125	20
101-0306-003-009	P.O.S.T.	3	24	6	9	5	5	90%	10	5
101-0307-003-000	EMERYVILLE ANIMAL CONTROL	102	107	91	121	0	120	0%	120	0
101-0307-011-001	CROSSING GUARD	34	52	21	61	0	55	0%	55	0
101-0307-011-000	SPECIAL SERVICES	6	3	5	4	3	0	#DIV/0!	3	3
101-0303-001-000	DOG LICENSES	23	21	21	26	10	22	46%	22	0
	TOTAL Police Related Revenue	280	312	253	345	72	307	24%	335	28
101-0305-001-001	INTEREST	192	109	87	76	41	0	#DIV/0!	85	85
101-0320-008-000	UNREALIZED GAIN/LOSS	25	38	-46	-217	-134	0	#DIV/0!	-110	-110
	TOTAL Investment Income\Loss	217	147	41	-141	-93	0	#DIV/0!	-25	-25
101-0305-002-005	TELECOMMUNICATIONS - LEASE	89	96	100	108	60	129	47%	129	0
101-0305-003-002	VETERANS HALL - LEASE	0	0	0	20	12	20	57%	20	0
101-0305-003-004	801 MAGNOLIA - LEASE	0	0	0	2	6	12	49%	12	0
101-0308-003-005	SALE OF MISC. PROPERTY	23	1	28	33	0	0	#DIV/0!	0	0
101-0308-008-000	MISCELLANEOUS REVENUE	280	213	101	108	171	96	179%	180	84
101-0325-030-103	TRANSFER IN	827	1,001	1,008	1,008	0	877	0%	984	107
See Below for Details	OTHER REVENUE	1	1	2	1	0	1	21%	0	-1
	TOTAL Miscellaneous Revenue	1,220	1,312	1,239	1,280	249	1,135	22%	1,325	190
	TOTAL GENERAL FUND REVENUE	30,391	29,604	34,274	36,567	17,443	34,830	50%	37,279	2,449

Recreation Related Operations

The City's recreational activities are now operating at a pre-pandemic level, which is consistent with the assumptions used in the approved budget. In total, we are projecting recreation related activities to exceed budget and approach 100% cost recovery. The first half of the year yielded better than expected results in our recreation programs, Community Hall and Veterans Hall are expected to meet budget, while Pre-School and 801 Magnolia are trending lower than budget.

Recreation program revenue was driven by strong registrations for the summer camps and classes, a solid fall season and increased participation in sports related activities.

Pre-School revenue is expected to fall short of budget due to lower than expected enrollment. The lower enrollment was caused by:

- Potential Pre-School students opted to enroll in Transitional Kindergarten as they lowered their age requirement.
- Location changes which were made due to the upcoming Community Pool construction.

The revenue loss will be almost entirely offset by lower personnel expenses.

801 Magnolia rental revenue got off to a slow start. Staff anticipates rentals will pick up in the spring, but expect to fall short of our annual budget.

Below is a summary of operations and second half projections for each of the Recreation areas:

	Fiscal Year 2022-23				
	Actual	Next	Annual		
	<u>6 Months</u>	<u>6 Months</u>	<u>Total</u>	<u>Budget</u>	<u>Variance</u>
<u>TOTAL GENERAL FUND -</u>					
<u>RECREATION</u>					
Revenue	\$ 1,815,893	\$ 1,679,754	\$ 3,495,647	\$3,139,000	\$ 356,647
Salaries	749,172	758,000	1,507,172	1,529,685	(22,513)
Benefits & Taxes	177,029	182,000	359,029	379,732	(20,703)
Operating Exp	787,245	770,000	1,557,245	1,205,500	351,745
Total Expenses	1,713,446	1,710,000	3,423,446	3,114,917	308,529
% of Revenue					
Net Income/(Loss)	\$ 102,447	\$ (30,246)	\$ 72,201	\$ 24,083	\$ 48,118

	Fiscal Year 2022-23				
	Actual	Next	Annual		
	6 Months	6 Months	Total	Budget	Variance
<u>RECREATION (404)</u>					
Revenue	\$ 1,293,567	\$ 1,200,000	\$ 2,493,567	\$ 2,024,000	\$ 469,567
Salaries	505,456	500,000	1,005,456	915,208	90,248
Benefits & Taxes	133,841	130,000	263,841	276,123	(12,282)
Operating Exp	725,597	700,000	1,425,597	1,066,250	359,347
Total Expenses	1,364,894	1,330,000	2,694,894	2,257,581	437,313
% of Revenue					
Net Income/(Loss)	\$ (71,326)	\$ (130,000)	\$ (201,326)	\$ (233,581)	\$ 32,255
<u>PRE-SCHOOL (407)</u>					
Revenue	\$ 212,080	\$ 265,000	\$ 477,080	\$ 590,000	\$ (112,920)
Salaries	167,490	180,000	347,490	442,742	(95,252)
Benefits & Taxes	27,704	35,000	62,704	69,040	(6,336)
Operating Exp	19,960	25,000	44,960	50,500	(5,540)
Total Expenses	215,155	240,000	455,155	562,282	(107,127)
% of Revenue					
Net Income/(Loss)	\$ (3,075)	\$ 25,000	\$ 21,925	\$ 27,718	\$ (5,793)
<u>COMMUNITY HALL (405)</u>					
Revenue	\$ 286,199	\$ 188,801	\$ 475,000	\$ 475,000	\$ -
Salaries	68,616	70,000	138,616	139,504	(888)
Benefits & Taxes	13,581	15,000	28,581	29,000	(419)
Operating Exp	27,336	30,000	57,336	62,000	(4,664)
Total Expenses	109,534	115,000	224,534	230,504	(5,970)
% of Revenue					
Net Income/(Loss)	\$ 176,665	\$ 73,801	\$ 250,466	\$ 244,496	\$ 5,970
<u>VETERAN'S HALL (406)</u>					
Revenue	\$ 24,047	\$ 25,953	\$ 50,000	\$ 50,000	\$ (0)
Salaries	7,609	8,000	15,609	32,231	(16,622)
Benefits & Taxes	1,902	2,000	3,902	5,569	(1,667)
Operating Exp	14,352	15,000	29,352	26,750	2,602
Total Expenses	23,864	25,000	48,864	64,550	(15,686)
% of Revenue					
Net Income/(Loss)	\$ 183	\$ 953	\$ 1,136	\$ (14,550)	\$ 15,686
<u>801 MAGNOLIA (414)</u>					
Revenue	\$ 660	\$ 10,000	\$ 10,660	\$ 45,000	\$ (34,340)
Salaries	4,636	8,000	12,636	21,621	(8,985)
Benefits & Taxes	1,335	3,000	4,335	4,757	(422)
Operating Exp	13,801	15,000	28,801	31,000	(2,199)
Total Expenses	19,773	26,000	45,773	57,378	(11,605)
% of Revenue			10		
Net Income/(Loss)	\$ (19,113)	\$ (16,000)	\$ (35,113)	\$ (12,378)	\$ (22,735)

Schoolmates (non- General Fund) is exceeding budget as maximum enrollments were increased to accommodate community demand for afterschool childcare. In addition, personnel expenses are lower than expected due primarily to staffing challenges in the current low unemployment environment.

	Fiscal Year 2022-23				
	Actual	Next	Annual		
	<u>6 Months</u>	<u>6 Months</u>	<u>Total</u>	<u>Budget</u>	<u>Variance</u>
<u>SCHOOLMATES (415)</u>					
Revenue	\$ 766,143	\$ 800,000	\$ 1,566,143	\$ 1,086,319	\$ 479,824
Salaries	267,568	275,000	542,568	680,832	(138,264)
Benefits & Taxes	64,742	70,000	134,742	162,252	(27,510)
Operating Exp	59,356	75,000	134,356	231,450	(97,094)
Total Expenses	391,665	420,000	811,665	1,074,534	(262,869)
% of Revenue					
Net Income/(Loss)	\$ 374,478	\$ 380,000	\$ 754,478	\$ 11,785	\$ 742,693

Community Pool

The Community Pool is permanently closed which is consistent with the Adopted Budget, which included \$15,000 to cover ongoing costs. We are now projecting these costs to be approximately \$10,000 for the fiscal year.

Capital Funds

As indicated in the Approved Budget, in order to allow the City to better identify and quantify long term capital needs as opposed to ongoing maintenance costs, beginning in FY 2022-23 staff has split this fund into two separate funds:

- Facilities Maintenance Fund (111) – Repairs and maintenance, and scheduled maintenance, and sidewalk replacement\repair will be funded annually by transfers from the General and Schoolmates Funds based on need.
- Facilities Capital Projects (112) – Capital projects for all city facilities including parks. Funding will be determined each year based on budget surplus, if any.

FACILITIES CAPITAL

As of December 31, 2022, the City has spent approximately \$307,000 of the \$4.2 million of expenditures included in the FY 22-23 Approved Budget. Projects completed in the first half of the year include the Police kitchen remodel, Corey Reich Tennis Center lighting project, and various ADA improvements. The replacement of the Recreation Building Roof and renovation of the Guiford Steps are currently under way. In addition, The Dispatch Center relocation, which will be funded by ARPA monies, is currently in the design phase.

FACILITIES MAINTENANCE

As of December 31, 2022, the City has spent approximately \$666,000, which includes \$293,000 spent on sidewalk repair/replacement, of the \$1.5 million of expenditures included in the FY 22-23 Approved Budget. We expect to be within budget for the fiscal year.

EQUIPMENT REPLACEMENT

Below is a summary schedule of activity in the Equipment Replacement fund. We are projecting current year expenditures to be consistent with the Adopted Budget. As evidenced in the below schedule, we believe Equipment Replacement is fully funded barring any unforeseen circumstances.

Fiscal Year	EQUIPMENT REPLACEMENT FUND ACTIVITY				
	Begin Balance	Planned Funding	Interest	Expenditures	End Balance
17/18	\$ 3,937,414	\$ 517,193		\$ (651,165)	\$ 3,803,442
18/19	3,803,442	433,000	81,148	(1,216,799)	3,100,791
19/20	3,100,791	400,000	76,067	(513,171)	3,063,687
20/21	3,063,687	610,500	13,195	(590,280)	3,097,101
21/22	3,097,101	1,361,391	(28,188)	(338,713)	4,091,591
22/23	4,091,591	72,000	23,049	(2,483,294)	1,703,346
23/24	1,703,346	407,089	34,067	(1,141,500)	1,003,002
24/25	1,003,002	639,821	23,069	(1,043,484)	622,408
25/26	622,408	834,112	15,560	(434,156)	1,037,923
26/27	1,037,923	764,576	25,948	(485,806)	1,342,642
27/28	1,342,642	913,731	33,566	(717,880)	1,572,059
28/29	1,572,059	727,883	39,301	(580,267)	1,758,976
29/30	1,758,976	693,925	43,974	(2,152,673)	344,203
30/31	344,203	483,218	8,605	(181,096)	654,929
31/32	654,929	439,725	16,373	(360,968)	750,059
32/33	750,059	476,164	18,751	(337,999)	906,976

Street\Sidewalk Related Funds

Funding sources for streets and sidewalks include Measure BB, Measure F, Gas Tax, and SB-1. The majority of available funding is dedicated to street resurfacing and sidewalk repair work, with the balance dedicated to important sub-categories such as the implementation of projects prioritized by the approved Pedestrian & Bicycle Master Plan, and those related to the Complete Streets program.

Funding for streets for the Fiscal Year 2022-23 is just over \$2.8 million, \$1.2 million of which is being carried forward from Fiscal Year 2021-22 due to the 2021 Paving Project being delayed

due to the pandemic. In addition to the 2021 Paving Project, major projects planned for this year are the Oakland Avenue bulb-outs and the 2022 street striping project.

Sidewalk repair work is also a focus as the list of sidewalks in need of repair has been growing. The City budgeted \$800,000 for sidewalk repair and replacement, utilizing the Facility Maintenance Fund (\$700,000) and a portion of Gas Tax fund revenue (approximately \$100,000).

Below is a recap of the current status of the street related funds:

Street Related Funds											
Activity Thru:											
<u>12/31/2022</u>											
	Measure B (131)			Measure BB (136)			Measure F	Gas Tax	SB 1	Traffic Congestion	
	LSR	Bike\Ped	Total	LSR	Bike\Ped	Total	143	121	133	132	TOTAL
Fund Balance - 7/1/2022	\$ 198,519	\$ 14,029	\$ 212,548	\$ 422,649	\$ 256	\$ 422,905	\$ 116,086	\$ 1,112	\$ 463,343	\$ 0	1,215,996
Revenue - BUDGET											
STATE \ COUNTY FUNDS	-	-	-	877,000	65,000	942,000	40,000	331,853	257,488	-	1,571,341
Actual Expenses											
STREET RESURFACING	50,169		50,169	705,645		705,645	104,963	-	717,535	-	1,578,312
DESIGN STREET RESURFACING	-		-			-					-
BIKE & PEDESTRIAN		12,850	12,850		66,700	66,700	-	-	-	-	79,550
SIDEWALKS & CURBS		-	-		-	-	-	-	-	-	-
Total Expenditures	50,169	12,850	63,019	705,645	66,700	772,345	104,963	-	717,535	-	1,657,862
Open to Spend	\$ 148,350	\$ 1,179	\$ 149,529	\$ 594,004	\$ (1,444)	\$ 592,560	\$ 51,123	\$ 332,965	\$ 3,297	\$ 0	\$ 1,129,475

By: Michael Szczech, Finance Director