



MEMORANDUM

TO: Mayor & City Council
FROM: Glenys Salas, Finance Director
DATE: 6/12/2020
RE: **FY2020 May Budget Review**

Below is a review of the FY2020 Budget through May 31st, 2020.

Overall: The General Fund remains in a strong position with net operating income at \$2.7 million. Expenses are tracking 2% behind while revenues are tracking 1% ahead for a net favorability of \$1.6 million. The Unassigned fund balance is currently at \$13 million or 23.40% of the adopted budget.

Expenses

1. **Assessor:** 7% behind forecast. We are still waiting on billing for the shared Assessor
2. **City Administration:** 5% behind forecast. Some items budgeted for communications have not yet been spent. The team is working on a plan to expend funds by year's end.
3. **City Clerk:** 4% ahead of forecast. General Assistance is tracking 13% ahead of forecast due to COVID-19 economic impacts. The overage will be largely funded by the state and booked to FY2020, even if not received until later in the summer.
4. **Contingency:** 8% behind forecast. Solicitor costs, overbudget by \$33K, will be reclassified to contingency in June, bringing this line in line.
5. **Council:** 38% behind forecast. \$3000 of the savings is due to the timing of the first payroll of the fiscal year, which was booked to FY2019. The remaining \$4867 is largely due to the elimination of in person meetings and recognition events through the spring.
6. **Federal Assistance:** \$4420 unbudgeted expenses. Expenses directly related to COVID-19 are being tracked in specific accounts to simplify the report process for FEMA and CARES Act funding.
7. **Fringe Benefits:** 9% behind forecast. Health Insurance premiums are one month behind. MEPERS is tracking behind as well.
8. **Human Resources:** 5% behind forecast. Turnover has led to lower than anticipated expenditures year to date.
9. **Information Technology:** 21% behind forecast. \$30,000 of the underspend is funding appropriated for the security threat study, which was accomplished in-house.
10. **Insurance:** 26% behind forecast. In collaboration with P&C, the insurance allocations between City and School were updated to more accurately reflect the cost of each portion of the insurance premiums.
11. **Parks & Recreation:** 4% behind forecast. Parks & Rec programming was largely cancelled from March through June.
12. **Planning & Economic Development:** 4% behind forecast. Several large assessments are under proposal review and will likely have funding encumbered by year's end.
13. **Police Department:** 5% behind forecast. Most of the underspend is due to turnover and open staffing positions. A portion of the underspend is offset by revenue loss on the MDEA position.
14. **Public Works:** 6% behind forecast. Projects this spring have progressed slower than anticipated due to the COVID-19 crisis and administrative changes to schedules. Roughly \$150K will be

returned to fund balance with the remainder encumbered for projects to be completed later in the summer.

15. Solicitor: 25% ahead of forecast. Excess costs have been reclassified to contingency in June.

16. Transfers: \$330K over budget. TIF Transfers came in higher than anticipated.

Revenues

1. **Building Rentals:** 3% ahead of forecast. The City is now billing regularly for rental income, improving our revenues.
2. **City Clerk Revenues:** 5% behind forecast. With City Hall closed from March through May, many items for which fees are normally assessed were delayed.
3. **Code Enforcement Revenues:** 38% ahead of forecast. Code Enforcement fees were already strong prior to March and activity has remained strong through the spring.
4. **Communications (Cable Franchise) Revenues:** 6% ahead of budget. Franchise revenues have remained strong all year.
5. **Finance Revenues:** 4% behind forecast. Late payment interest penalties have been waived since City Hall closed in March.
6. **Fire/Ambulance Revenues:** 36% behind forecast. Transfers have been turned off until the fund balance can replenish.
7. **Interest Earnings:** \$111K above budget. Interest earnings and cash position have remained strong through the year.
8. **Parks & Rec Revenues:** 17% behind forecast. With most programs turned off through the spring and summer camp programming limited, revenues have lagged.
9. **Planning & Economic Development Revenues:** \$49K above budget. Planning and Development activity has remained strong. Revenues have been booked properly all year.
10. **Police General Revenues:** 59% behind forecast. MDEA, TA SRO, and General Revenues are all coming in light. Lost revenue is offset by savings on the expenditure side.
11. **Public Works Revenues:** 2% behind. Excise revenues have been light with City Hall closed to the public. However, many people have been using Rapid Renewal online to renew their registrations, so the revenue impact is not as high as feared. Renewal revenue received through the summer, but owed in FY2020, will be booked to FY2020.
12. **Real & Personal Property:** \$783,728 above budget. Thanks to a strong overlay and early tax due date, receipts are ahead of budget.
13. **State Assistance:** 6% ahead of forecast. State assistance has been above budget thanks to conservative budgeting.
14. **Unallocated:** \$66,772 above budget. The City received grant funding for a downtown capital project. The funding will be deposited into a special revenue fund for tracking in June.