



Legislation Details (With Text)

File #: 2023-0144 **Version:** 1 **Name:**

Type: Consent **Status:** Agenda Ready

File created: 2/23/2023 **In control:** City Council

On agenda: 3/7/2023 **Final action:**

Title: FISCAL YEAR 2022-2023 MID-YEAR FINANCIAL REPORT AND CONSIDER ADOPTION OF RESOLUTION NO. 23-035 TO AMEND THE FISCAL YEAR 2022-2023 BUDGET (CITY COUNCIL).

Sponsors:

Indexes:

Code sections:

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Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, March 07, 2023

Consent

SUBJECT:

FISCAL YEAR 2022-2023 MID-YEAR FINANCIAL REPORT AND CONSIDER ADOPTION OF RESOLUTION NO. 23-035 TO AMEND THE FISCAL YEAR 2022-2023 BUDGET (CITY COUNCIL).

I. SUMMARY

The Finance Department performs an ongoing review of the City’s financial performance and provides updates on the General Fund results to the Mayor and the City Council. The report presents the City’s financial position in the current Fiscal Year (2022-2023) based on actual revenue and expenditures for the period of July 1 through December 31, 2022.

II. RECOMMENDATION

TAKE the following actions:

1. RECEIVE and FILE the 2022-2023 Mid -Year Financial Report.
2. Adopt Resolution No. 23-035, A RESOLUTION OF THE CITY OF CARSON CITY

COUNCIL AMENDING THE FISCAL YEAR 2022-2023 BUDGET IN THE GENERAL FUND.

III. ALTERNATIVES

TAKE another action deemed appropriate by City Council.

IV. BACKGROUND

The City Council adopted the Fiscal Year 2022-2023 Budget at its June 21, 2022 meeting. The Mid-Year budget report analyzes the budget status at the mid-point of the current fiscal year and updates the Mayor and the City Council on the City of Carson's financial position. The report provides an opportunity to adjust expenditures appropriation based on changed \$59 million. The City ended Fiscal Year 2021-2022 with a year-end fund balance of \$107 million -see **Exhibit (3)**. At the same time, **Exhibit (4)** illustrates the annual FY 2021-2022 expenditures.

The combination of revenue performance and lower expenditures in the General Fund resulted in increased fund balance. The audited fund balance at the beginning of the 2022- 2023 fiscal year was a total of \$107,857,894.

Fund balance is the City's "reserve". It provides a measure of the City's ability to mitigate future risks associated with providing important services in times of economic uncertainties. To provide funding for emergencies, the City Council has adopted a policy that requires fund balance to be maintained at a minimum level equal to 20% of General Fund's budget. The City now maintains a very healthy fund balance ("reserve") with about \$90 million in Unrestricted Reserve Funds.

Overall, the City of Carson's spending for the second quarter of Fiscal Year 2022-2023 is 39% see Exhibit (5). The City Adopted Operational Budget that was revised up from \$103 million to \$116 million partly due to the City and Bargaining Unit (AFSCME 809 & 1017, AME, and SEIU) memorandum of understanding agreements on COLA and increase in medical allowance on November 1st, 2022. Due to increased cost pressures in personnel costs the adopted budget required additional funding from unrestricted reserve to compensate. The increase in personnel cost will be included in the development of Fiscal Year 2023-2024 operational budget.

2) Mid-Year Budget Requests

- 1) **\$712,000**: Public Works requesting funds to replenish vehicle fleet. The requested amount is for purchases listed: (1 CNG Powered Bucket Truck, 4 Midsized Trucks, 1 304 Wheel Loader, 2 F-250 Trucks, 1 Graffiti Truck Pressure Washers.

- 2) **\$352,315:** Additional 7 FTE (2 FTE Human Resources, 3 FTE Public Works, 2 FTE Information Technology & Security, 3 positions reclassification) for the remaining four months.
- 3) **\$300,000:** Public Works is requesting additional funding for CB radios purchases which is required for Emergency Services.
- 4) **\$270,000:** Human Resources requesting additional funding for City Wide compensation study to help ensure staff scope of work is reflected in pay.
- 5) **\$257,050:** During Budget Workshop #3 held on May 17, 2022, Council authorized funding for 55th Anniversary events (Gala Ball, Street Fair, Tour De Carson). The monies were not included in Special Events budget at Budget Adoption due to oversight by staff. The requested amount will be required for fund all 3 three events.
- 6) **\$100,000:** Public Works is requesting additional funding for various plumbing (pumps) needs at City Parks and City Hall.
- 7) **\$100,000:** Public Works requesting additional funding for Street Light Maintenance.
- 8) **\$30,850:** Community Services is requesting additional funding for 2 additional events for 55th Anniversary (5K Walk and Golf Tournament).
- 9) **\$24,999:** Public Safety Emergency Division entered contract with Eunique A. Day to provide the City with Continuity of Operations Plans. The requested amount for the services was not budgeted in Emergency Services Division at adoption, therefore budget amendment will be required.

3) Fiscal Year 2022-2023 Vacancy Status:

Vacancies are the largest sources of budget underspending. Note that vacancies are constantly changing, and certain circumstances could be very different in a matter of days or weeks. The following table summarizes the 41 vacant positions across all departments, which is 13% of total General Fund FTEs see **Exhibit 6**.

V. FISCAL IMPACT

There is no impact to the General Fund reserve. Per Budget Resolution 23-035, total staff requests that includes additional personnel and equipment total \$1,147,449. The mid-year budget appropriation is offset by the projected increase in year-end revenues (i.e., Measure K Transaction and Use Tax revenues are projected to exceed projections by over \$1.2 million).

VI. EXHIBITS

1. Exhibit 1: FY 2021-2022 General Fund Revenues. (pg.5)
2. Exhibit 2: FY 2022-2023 General Fund Revenues by Category. (pg.6)
3. Exhibit 3: General Fund Reserve Summary. (pg.7)
4. Exhibit 4: FY 2021-2022 Expenditures Summary. (pg.8)
5. Exhibit 5: FY 2022-2023 Year-To-Date Financial Performance (pg.9)
6. Exhibit 6: Vacancy Rate by Departments (pg.10)
7. Exhibit 7: Phase 2B Restructure Plan (pg.11)
8. Exhibit 8: Budget Resolution 23-035 (pgs.12-14)

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