



Legislation Text

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Report to Mayor and City Council

Tuesday, December 06, 2022

Discussion

SUBJECT:

FISCAL YEAR 2022-2023 FIRST QUARTER FINANCIAL REPORT (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. This report represents the City's financial condition in the current Fiscal Year (2022-2023) based on actual revenue and expenditures for the July 1 through September 30, 2022.

II. RECOMMENDATION

Receive and File.

III. ALTERNATIVES

TAKE another action that the City Council deems appropriate.

IV. BACKGROUND

The City of Carson is projected to end Fiscal Year 2021-2022 with an estimated General Fund Balance Reserve of \$104.6 million as illustrated in the following table:

Beginning Fund Balance Reserve	\$59,399,074
Revenues	\$133,881,867
Expenditures	\$88,645,190
Deficit/Surplus	45,236,677
Ending Fund Balance Reserve	\$104,635,751

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 the General Fund's budget. Exhibit #1 provides a five-year fund balance trend for the General Fund.

The \$104.6 million unaudited reserve includes a surplus of \$85.3 million above the City Council's reserve policy requirements. The increase in reserve balance can be attributed to underspending in personnel budget, the collection of Measure K Transaction Tax (\$14 million), collected 36% more in Utility Tax (\$3.3 million) compared to FY 20-21, collected 44% more in Fines and Fees (\$3.3 million) compared to FY 20-21, and an Oil Tax Penalty payment of \$11.2 million received.

The audited fund balance will be available upon the completion of the ongoing financial audit, December 30, 2022.

As of September 30, 2022, fiscal year 2022-2023 expenditures for all departments totaled \$27.6 million (24% expended). Departments' annual budgets are not spent evenly throughout the fiscal year. For example, due to Re-Org Phase I, Risk Management is now under City Manager Office. The City Manager Office % spend is at 29%, 4% above baseline which can be attributed to the \$759,686 Liability Insurance and \$124,366 in Workers' Compensation Insurance. The premiums are due and paid at the start of the term (July 1st). Staff projects expenses to be within budget at years end.

General Fund revenues collected through September 30, 2022 are \$23.3 million (or 22% of budget). Of the \$23.3 million received, \$8.8 Million was Sales Tax, \$4.3 million Transaction User Tax (Measure K), \$2.6 million was Utility Users Tax, \$1.3 million from Measure C's Oil Business Tax and \$362,000 was Transient Occupancy tax. Revenue receipts for the first quarter do not necessarily provide a "clear" picture of revenue receipts for the fiscal year, as receipts are seasonal with major revenues such as property taxes not being received until December and January. Sales taxes for the July-September quarter are not finalized until end of November. Holiday events such as Black Friday, Cyber Monday and Christmas are all received after the second quarter of the fiscal year. Business license tax receipts begin in January and peak in February toward the beginning of the annual renewal period.

V. FISCAL IMPACT

This is a receive and file report that provides a summary of the year's fiscal activity through the end of the first quarter.

VI. EXHIBITS

Exhibit No. 1 - Fiscal Year 22-23 First Quarter Presentation (pgs.3-7)

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