



Finance Committee

November 4, 2021

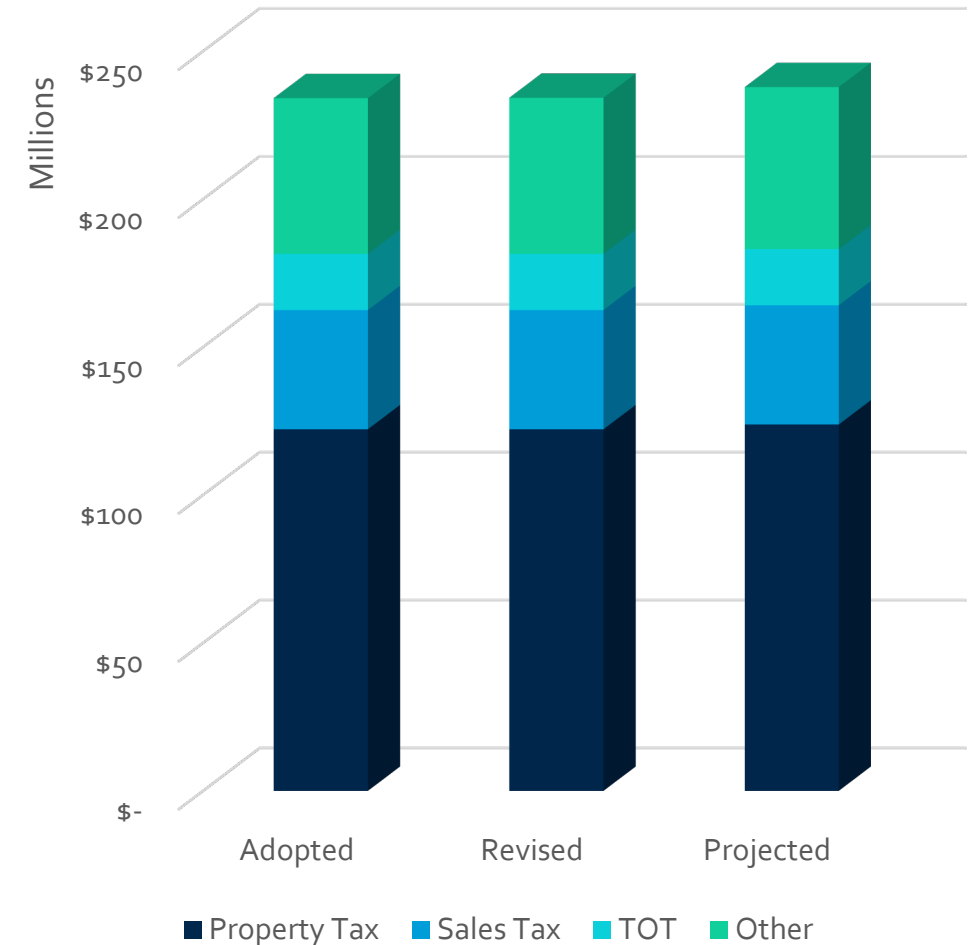
2021-22 First Quarter Financial Report



Projected General Fund Revenues

Adopted Budget	\$ 234.1 million
Revised Budget	\$ 234.3 million
First Quarter Projection	\$ 237.9 million

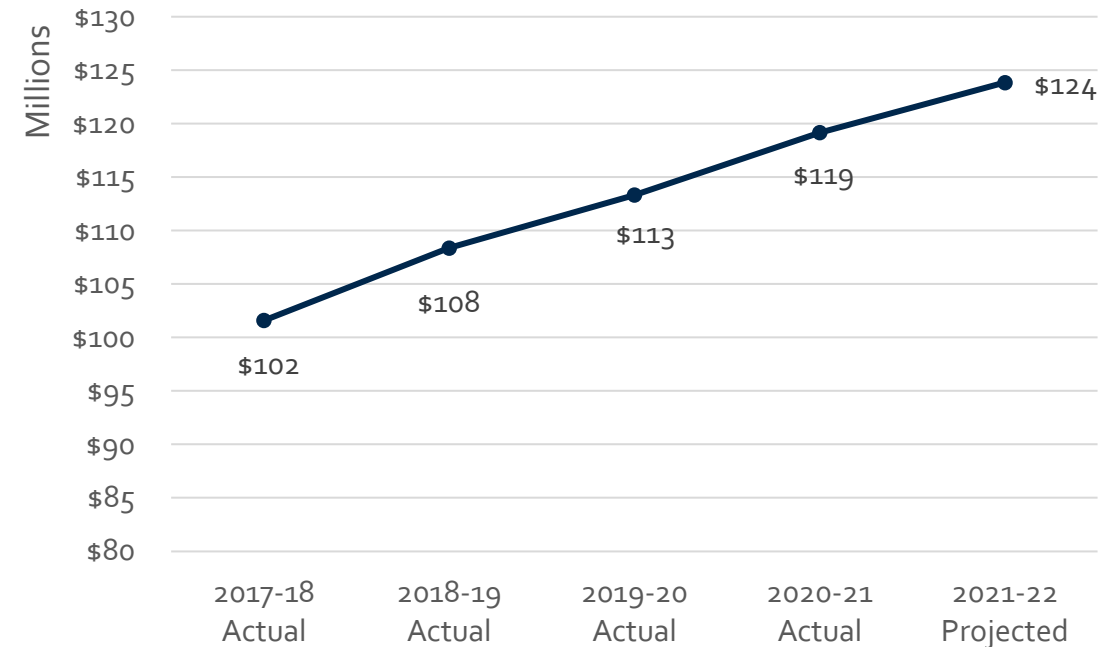
- \$3.7 million of projected positive variance
- Continuing positive trends seen in the first quarter





Property Tax

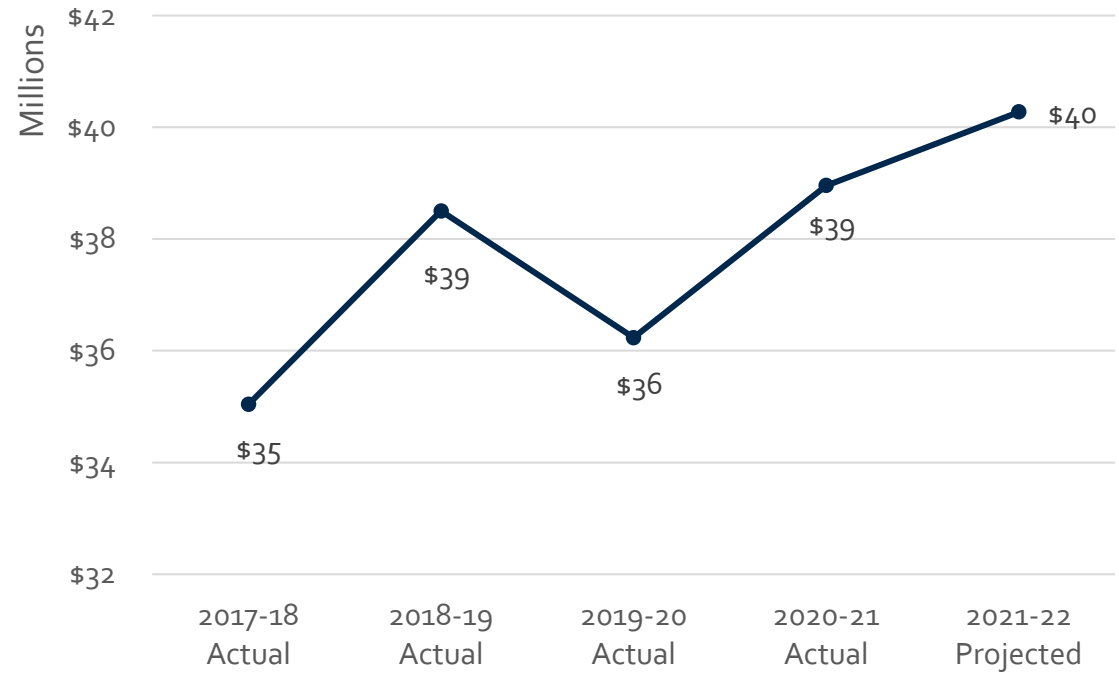
- Represents approximately 50% of General Fund revenues
- On track to exceed the adopted budget based on strong assessed value growth reflected in the final tax roll
- \$1.6 million upward adjustment to the revenue estimate
- Staff does not anticipate further revisions to the projection for secured property tax





Sales Tax

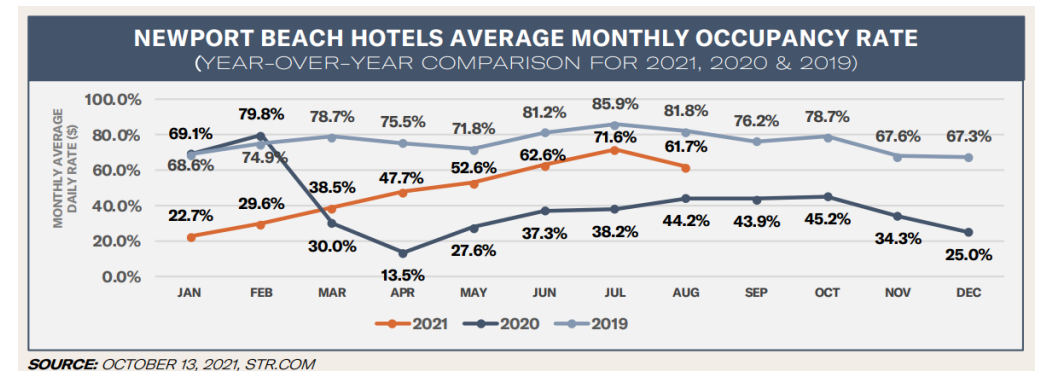
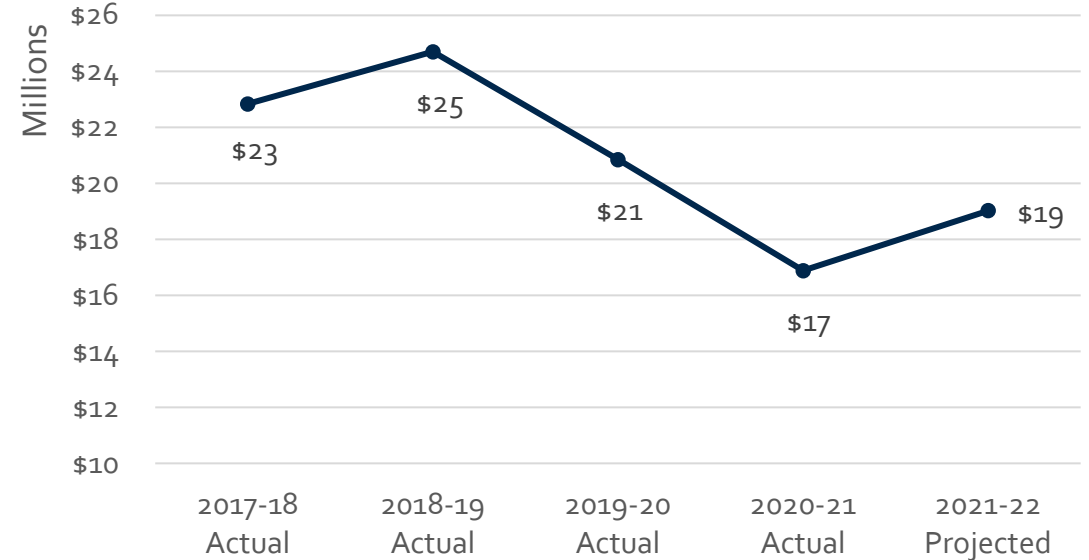
- FY 2020-21 was a record year for sales tax revenues
- Growth expected to continue
- Consumer spending continuing to strengthening and adapt
- Due to the lag in sales tax collections, it is too early in the fiscal year to tell if an adjustment to the revenue budget is appropriate
- Based on our consultant's analysis, an upward adjustment to the revenue estimate in the second quarter is possible





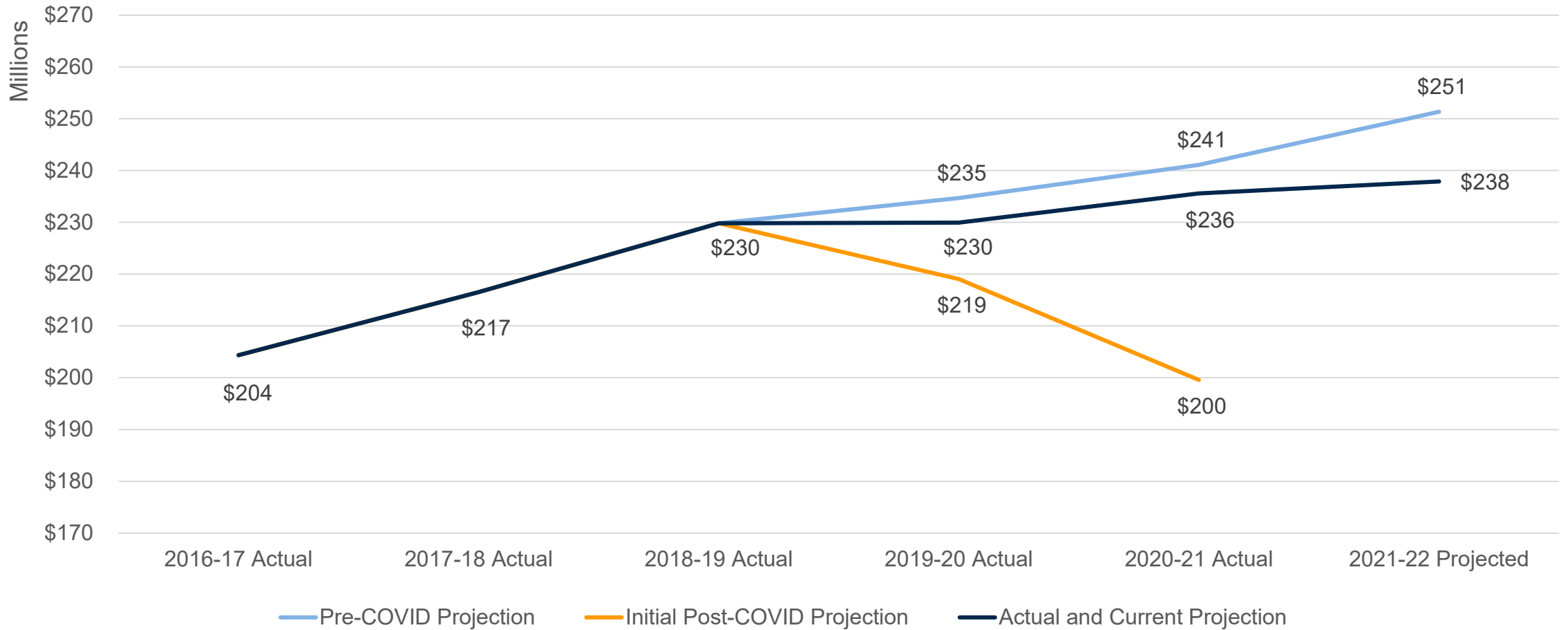
Transient Occupancy Tax

- Transient occupancy tax was the City's most severely impacted revenue source as a result of the pandemic
- Fashion Island Hotel remains closed, but may be open later in the year
- Marriott renovation nearing completion
- Record TOT revenues from multiple properties in recent months
- An upward adjustment to the revenue estimate in the second quarter is likely, but staff is cautiously evaluating trends prior to making any adjustment





Historical General Fund Revenues





Other General Fund Revenues

- Positive revenue adjustments for increased recreation class and facility rental activity
 - \$1.1 million adjustment to service fees & charges
 - \$0.2 million adjustment to property income
 - Partially offset by increased expenditures for instructors, etc.
- \$0.7 million adjustment to intergovernmental revenues
 - \$0.3 million strike team reimbursement from the State
 - \$0.4 million of assumed SB 2 grant revenues for homeless services



Projected General Fund Expenditures

Adopted Budget	\$ 226.0 million
Revised Budget	\$ 234.8 million
First Quarter Projection	\$ 235.9 million

- \$5.0 million additional payment to CalPERS included in revised budget
- \$3.1 million of budget carryovers and \$0.8 million of year-to-date budget amendments
- Budget amendment to be included with the City Council staff report to appropriate:
 - \$0.6 million for recreation class expenses
 - \$0.2 million for additional water costs
 - \$0.3 million for Fire Department mutual aid expenses



General Fund Sources and Uses

- Increase in transfers out reflects the use of prior year surplus for FFP and CIP transfers
- Current projection of \$1.1 million surplus
- Budget savings will likely be identified as the year progresses, as is usually the case

Category	FY 2020-21 Actual	A FY 2021-22 Adopted	FY 2021-22 Revised	B FY 2021-22 Projected	C=B-A Variance	D=C/A % Variance
BEGINNING UNRESTRICTED FUND BALANCE	\$ 24,081,225	\$ 31,036,884	\$ 31,036,884	\$ 31,036,884	\$ -	0.0%
SOURCES:						
Operating Revenues	235,583,776	234,126,964	234,259,294	237,872,570	3,745,606	1.6%
Less: Restricted Revenues	(958,152)	(1,128,513)	(1,128,513)	(1,128,513)	-	0.0%
Prior Year Resources Carried Forward	2,075,632	-	3,072,666	3,072,666	3,072,666	0.0%
Release of Restricted Funds	2,392,197	1,220,000	1,220,000	1,220,000	-	0.0%
Transfers In from Other Funds	21,804,961	11,977,157	11,977,157	11,977,157	-	0.0%
TOTAL SOURCES	260,898,414	246,195,608	249,400,604	253,013,880	6,818,272	2.8%
USES:						
Operating Expenditures	220,705,249	225,963,632	234,790,764	235,946,271	9,982,639	4.4%
Transfers Out	27,467,575	20,200,000	47,030,300	47,030,300	26,830,300	132.8%
Resources Carried Forward to FY 2021-22	3,072,666	-	-	-	-	0.0%
Addition to 25% Contingency Reserve	2,697,265	-	-	-	-	0.0%
TOTAL USES	253,942,755	246,163,632	281,821,064	282,976,571	36,812,939	15.0%
ENDING UNRESTRICTED FUND BALANCE	\$ 31,036,884	\$ 31,068,860	\$ (1,383,576)	\$ 1,074,193	\$ (29,994,667)	-96.5%
CHANGE IN FUND BALANCE	\$ 6,955,659	\$ 31,976	\$ (32,420,460)	\$ (29,962,691)	\$ (29,994,667)	



Recommended Action

Staff recommends that the Finance Committee:

- Review and discuss this report
- Provide any recommendations for consideration by the City Manager and the City Council



Questions?