

CITY OF FREMONT

FY 2019/20 Year-End Report

October 20, 2020

Overview

- ▶ Summary of FY 2019/20 General Fund Operating Results
- ▶ Review of FY 2019/20 Authorized Appropriation Actions
- ▶ Recommended Allocation of Fund Balance

Actual Revenues Exceed May Estimate

Dollars in Millions	FY 2018/19 Actual	FY 2019/20 May Estimate	FY 2019/20 Est Actual	FY 2019/20 Est Actual vs. Prior Year	FY 2019/20 Est Actual vs. May Estimate
Property Tax	\$ 99.6	\$ 105.8	\$ 106.6	7.0%	\$ 0.8
Sales Tax	64.8	51.7	52.1	-19.7%	0.4
Business Tax	11.6	11.6	11.7	1.0%	0.1
Franchise Fees	10.1	10.1	10.4	3.1%	0.3
Hotel Tax	8.3	5.6	5.9	-28.7%	0.3
Charges for Services	6.2	6.2	6.2	0.4%	0.0
Other	6.7	8.1	8.9	34.0%	0.8
Revenue Subtotal	207.3	199.1	201.8	-2.6%	2.7
Transfers In	6.9	7.3	7.3	7.2%	0.0
Total Resources	\$214.2	\$206.4	\$209.1	-2.3%	\$ 2.7

Expenditure Savings of \$4.7 Million

Dollars in Millions	FY 2018/19 Actual	FY 2019/20 May Estimate	FY 2019/20 Est Actual	FY 2019/20 Est Actual vs. Prior Year	FY 2019/20 Est Actual vs. May Estimate
Police	\$ 80.8	\$ 90.5	\$ 89.2	10.4%	\$ -1.3
Fire	49.7	55.4	53.9	8.5%	-1.5
Maintenance (Streets/Facilities)	15.5	17.2	16.9	9.0%	-0.3
General Government	15.7	17.4	17.0	8.3%	-0.4
Maintenance (Parks/Medians)	8.2	9.7	9.2	12.2%	-0.5
Human Services	3.7	4.1	4.8	29.7%	0.7
Code Enf/Comm Devt Admin	1.8	2.1	1.9	5.6%	-0.2
Non-Departmental	1.5	2.1	1.0	-33.3%	-1.1
Debt Service	8.5	9.1	9.1	7.1%	0.0
Expenditures Subtotal	185.4	207.6	203.0	9.5%	-4.6
Capital Projects	20.0	5.5	5.5	-72.5%	0.0
Cost Centers	5.8	5.6	5.6	-3.4%	0.0
Housing/Grants/Clean Water	2.2	2.5	2.4	9.1%	-0.1
Transfers Out Subtotal	28.0	13.6	13.5	-51.8%	-0.1
Total Use of Resources	\$213.4	\$221.2	\$216.5	1.5%	\$ -4.7

Ending Budget Uncertainty Reserve of \$5.4 Million

Dollars in Millions	FY 2019/20 May Estimate	FY 2019/20 Est Actual	Variance
Sources of funds			
Encumbrance balance*	\$ 2.0	\$ 2.0	\$ 0.0
Unreserved fund balance	14.7	14.7	0.0
Revenues and transfers in	206.4	209.1	2.7
Total sources of funds	223.1	225.8	2.7
Uses of funds			
Expenditures and transfers out	221.2	216.5	4.7
Encumbrance balance*	0.0	1.7	-1.7
Total uses of funds	221.2	218.2	3.0
Addition to Reserves	10.5	10.5	0.0
Unreserved fund balance	\$ -8.6	\$ -2.9	\$ 5.7

* The encumbrance balance reflects the portion of the fund balance that has been contractually obligated or committed by council, but not yet spent.

Reserves Provide Uncertainty Cushion

Reserve/Fund	Actual Funding July 1, 2020
Contingency Reserve (16.7%* of expenditures and transfers out – address unforeseen events)	\$35.6 Million
Budget Uncertainty Reserve (Almost 3 years of projected sales tax growth - offset revenue uncertainty)	5.4 Million
Total Reserves (19.2%)	\$41.0 Million

*GFOA recommended level is no less than two months of regular operating expenditures (16.7%).

Authorized Appropriation Actions

- ▶ Annual operating budget resolution provides authorization to increase expenditure appropriations under certain circumstances
 - Resolution requires staff to report on any actions taken under this authority at year end
- ▶ Carryover of unexpended FY 2019/20 encumbrances to FY 2020/21
 - Represents budgetary commitments related to contracts for goods or services
 - Carryover encumbrance appropriations of \$30.6 million in all City funds
 - Capital funds: \$24.0 million
 - General Fund: \$ 1.5 million
 - Other funds: \$ 5.1 million
- ▶ Council Commitments
 - \$175,104 for Senior Center renovations (remaining unspent funds from FY 2019/20)
- ▶ Expenditure appropriations supported by increased grant revenues
 - City Manager’s Office increase of \$47,500 for 2020 Census supported by grant revenue
 - Family Resource Center increase of \$111,160 for COVID-19 supported by donations and contributions

Recommended Allocation of Development Cost Center Unreserved Fund Balance

- ▶ The Community Planning Fee was established in 2003 to recover a portion of the costs associated with comprehensive updates and ongoing maintenance of the General Plan and Zoning Ordinance
- ▶ Community Planning Fees collected during FY 2019/20, net of related expenditures during the year, total \$500,000
- ▶ Appropriate \$500,000 of Development Cost Center ending unreserved fund balance to the Community Planning Fee Project for the next General Plan Update

Summary

- ▶ Higher than anticipated General Fund revenues coupled with expenditure savings leave Budget Uncertainty Reserve with \$5.4 million
 - Revenues over-performed the May estimate, but future trajectory still highly uncertain
 - \$3.5 million of expenditure savings reflects impact of state and county reimbursements for COVID-related costs
 - Initial data on FY 2020/21 property tax and sales tax available in December
- ▶ Authorized appropriation actions consistent with budget resolution
 - Encumbrance and carryover appropriations of \$30.8 million
 - Increased appropriations of \$47,500 for 2020 Census grant
 - Increased appropriations of \$111,160 for COVID-19 donations
- ▶ Development Cost Center ending fund balance includes fees collected to support general plan update
 - Staff recommends allocating \$500,000 to Community Planning Fee Project

FY 2021/22 Operating Budget Schedule

- ▶ March 9, 2021 FY 2020/21 Mid-Year Budget Review
- ▶ May 18, 2021 Proposed Operating Budget Presentation
- ▶ June 8, 2021 First Public Hearing
- ▶ June 15, 2021 Second Public Hearing and Budget Adoption