



# Fourth Quarter Report

## Fiscal Year 2019-20

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### Overview

This financial report provides an overview of the City's financial position through the fourth quarter of the fiscal year (FY) 2019-20 (July 1, 2019, through June 30, 2020) for (1) the General Fund, (2) the major enterprise operating funds, and (3) revenues in other selected funds.

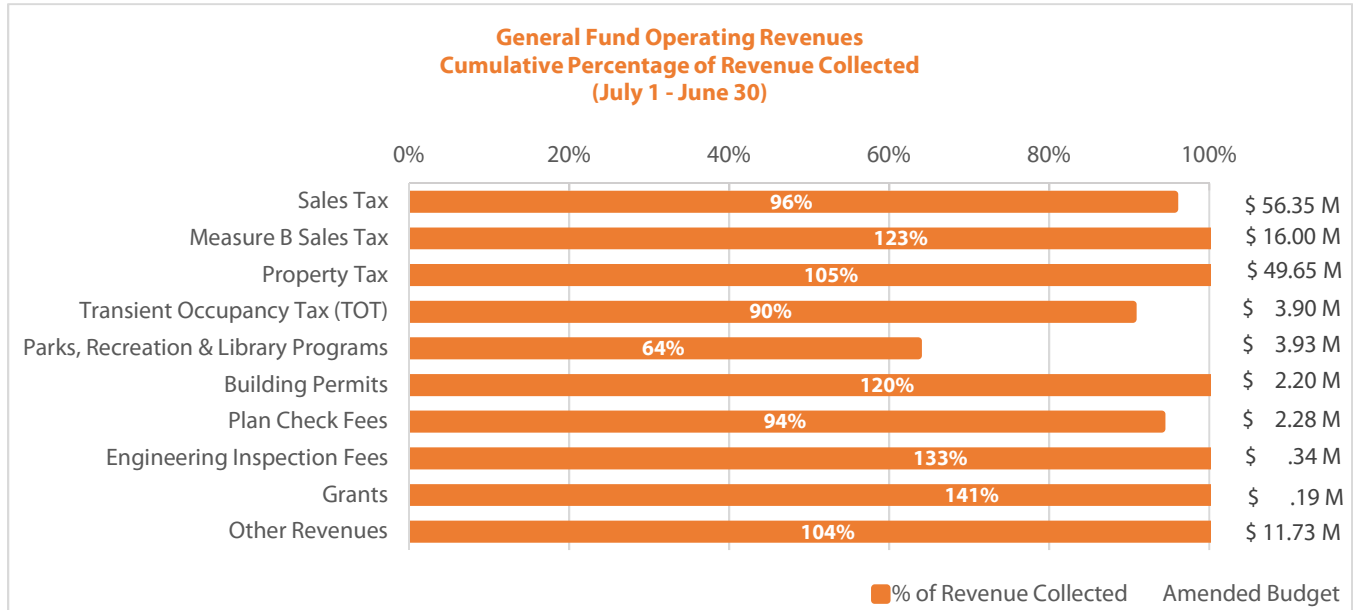
The following factors and recommendations should be taken into considerations when analyzing this fourth-quarter report:

- The COVID-19 pandemic has caused wide-ranging impacts on the economy, including significant unemployment and reduced retail sales and hotel occupancy due to business closures and stay-at-home orders, which have direct correlations to the City's significant General Fund tax revenues (sales and transient occupancy taxes). The pandemic has also affected revenue and expenses of programs in other City funds, including the utilities, transit, youth development, and golf.
- The City closed out FY2019-20 with a General Fund budget surplus of \$7.7 million due primarily to department expenditure controls and conservative budgeting of the first full fiscal year of the City's voter-approved Measure B local sales tax revenue. This surplus will provide \$7.2 million in resources to continue building the City's General Fund Stabilization Reserve to weather the uncertain economic recovery from the pandemic-caused recession. The surplus will also provide \$70,000 in resources to the Youth Development fund to address a year-end deficit due to program closures and limitations caused by the pandemic and \$400,000 to relocate overhead electric wires on Parcel F-55 located in the West Roseville Specific Plan.

# General Fund: Operating Revenues

The following table includes cumulative revenue through the fourth quarter and a revenue budget to actual comparison for FY2019-20.

Budget to Cumulative Revenue Comparison (July 1 – June 30)					
Revenue Type	Amended Budget	Cumulative Revenues	Balance	% of Budget	
Sales Tax	\$ 56,348,950	\$ 53,908,408	\$ (2,440,542)	96%	
Measure B Sales Tax	16,000,000	19,669,535	3,669,535	123%	
Property Tax	49,647,860	52,375,495	2,727,635	105%	
Transient Occupancy Tax (TOT)	3,900,000	3,528,221	(371,779)	90%	
Parks, Recreation & Library Programs	3,934,560	2,503,721	(1,430,839)	64%	
Building Permits	2,200,000	2,629,825	429,825	120%	
Plan Check Fees	2,281,322	2,146,059	(135,263)	94%	
Engineering Inspection Fees	340,400	452,152	111,752	133%	
Grants	191,643	269,667	78,024	141%	
Other Revenues	11,726,313	12,249,229	522,916	104%	
Transfers	12,750,574	12,750,573	(1)	100%	
<b>Total</b>	<b>\$ 159,321,622</b>	<b>\$ 162,482,885</b>	<b>\$ 3,161,263</b>	<b>102%</b>	

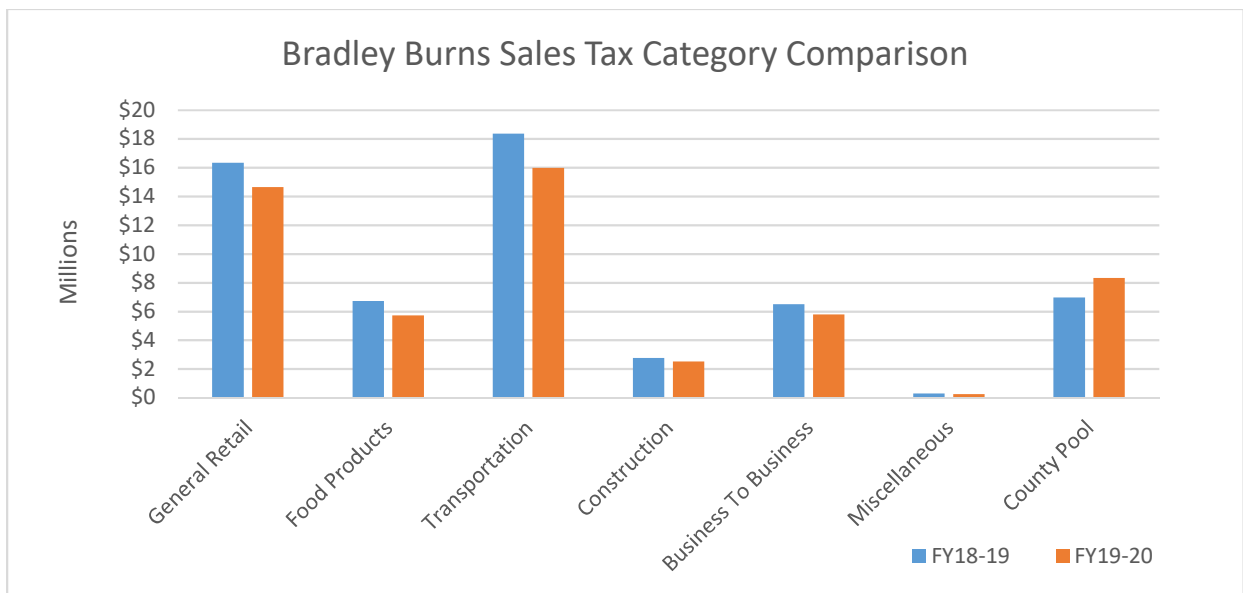


General Fund operating revenues through the fourth quarter exceeded the budget by \$3.16 million or 2 percent.

Following are details on specific General Fund revenue sources:

- **Bradley Burns Sales Tax** - The City's Bradley Burns sales tax revenue (Included in the Sales Tax category in the charts above) ended the fiscal year lower than budget by \$2.4 million, at \$53.9 million compared to the budgeted amount of \$56.3 million. The final Bradley Burns sales tax revenue amount, after adjustment for the prior year late payments due to the state software problems, was down 8.2 percent from FY2018-19.

The closure of retail stores due to the pandemic toward the end of the third quarter significantly impacted this revenue stream. In addition, the State implemented several programs to assist businesses, including an extension on filing sales tax returns and paying taxes due for the January to March 2020 quarter for 90 days, and a small-business deferral program, which allowed for a 12-month interest-free payment plan. The full magnitude of the impact of the retail closures, as well as the state sales tax extension and deferral programs, has still not come into full focus because of the timing associated with the state's collection and distribution of these funds.



- **Measure B Sales Tax** - The City's Measure B local half-cent sales tax ended the fiscal year higher than budget by \$3.6 million, at \$19.6 million compared to the budgeted amount of \$16 million. FY2018-19 Measure B revenue was budgeted on the conservative end of the estimated range because it was the first full fiscal year of the new tax.
- **Secured, Unsecured and Supplemental Property Tax** - The City's property tax revenue (included in the Property Tax category in the charts above) outperformed the City's projections by ending the fiscal year higher than budget by \$2.3 million, at \$40.2 million compared to the budgeted amount of \$37.9 million.

Property tax revenue, based on the assessed value of property as of January 1 of each year, continues to increase based on development activity and rising assessed property values.

- Transient Occupancy Tax - The City's TOT revenue ended the fiscal year lower than budget by \$0.4 million, at \$3.5 million compared to the budgeted amount of \$3.9 million. TOT revenue was significantly affected by the pandemic, down 3 percent compared to the prior year, because of both reduced occupancy and lower room rates.
- Parks, Recreation & Library Program (PR&L) Revenue – PR&L revenue ended the fiscal year \$1.4 million lower than budget due to the pandemic limiting the number of programs the Department could offer during the year. Expenditure savings within the PR&L Department offset this shortfall.
- Building permit revenues and engineering inspection fees ended the fiscal year above estimates by approximately \$542,000 due to the level of development activity in the City. These positive results offset the shortfall in Plan Check revenue of approximately \$112,000.
- Other revenues include reimbursements from the State, development reimbursement activity, business license tax, and rental revenues. As of the end of the fourth quarter, other revenues exceeded budget estimates by \$0.5 million or 5 percent of estimated revenue, mostly due to higher than anticipated rental revenue and workers compensation refunds.

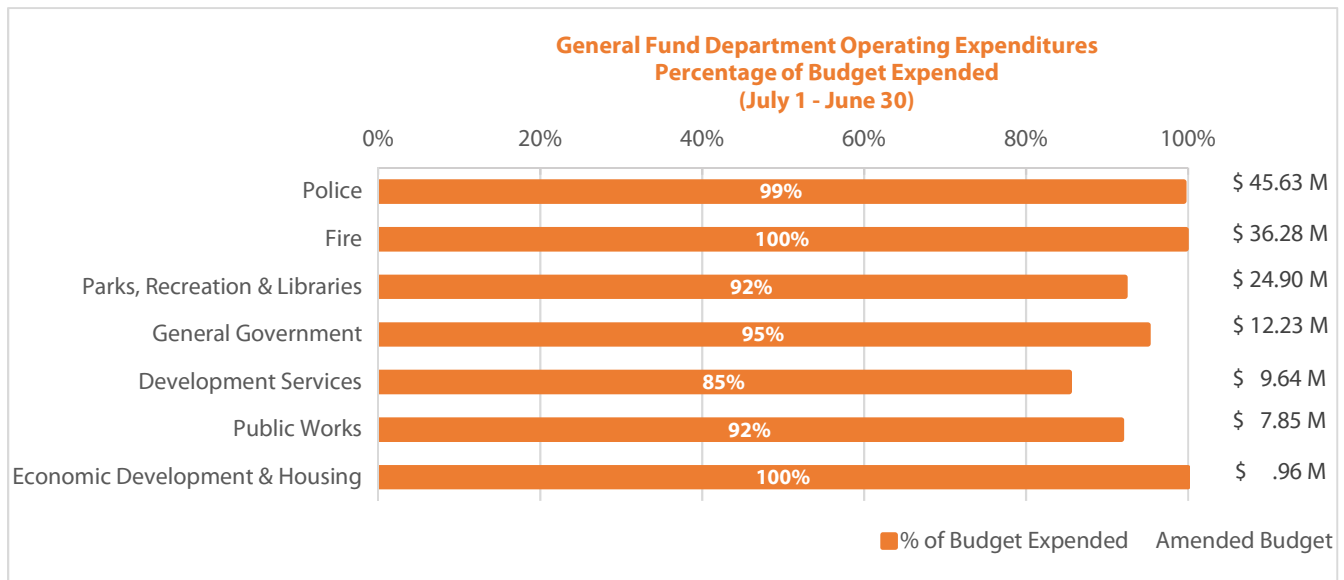
# General Fund: Operating Expenditures

The following table includes General Fund departments' cumulative fourth quarter budget to actual expenditure comparisons for FY2019-20.

Operating Budget to Cumulative Expenditure Comparison (July 1 – June 30)					
Department	Amended Budget	Cumulative Expenditures	Balance	% of Budget	
<b>Police</b>	\$ 45,634,747	\$ 45,385,239	\$ 249,508	99%	
<b>Fire</b>	36,275,287	36,186,223	89,064	100%	
<b>Parks, Recreation &amp; Libraries</b>	24,901,598	22,960,514	1,941,084	92%	
<b>General Government*</b>	12,227,234	11,619,926	607,308	95%	
<b>Development Services</b>	9,642,354	8,225,108	1,417,246	85%	
<b>Public Works</b>	7,851,396	7,203,077	648,319	92%	
<b>Economic Development &amp; Housing</b>	964,841	964,667	174	100%	
<b>Annexation Payments</b>	7,100,000	6,717,192	382,808	95%	
<b>Other</b>	6,997,082	7,171,880	(174,798)	102%	
<b>Transfers Out</b>	19,446,059	19,192,719	253,340	99%	
<b>Total</b>	<b>\$ 171,040,598</b>	<b>\$ 165,626,545</b>	<b>\$ 5,414,053</b>	<b>97%</b>	
<b>Encumbrance Reserve *</b>	(475,299)	-	(475,299)		
<b>Total</b>	<b>\$ 170,565,299</b>	<b>\$ 165,626,545</b>	<b>\$ 4,938,754</b>		

\*Includes City Council, City Manager, Public Affairs and Communications, City Attorney, Finance, Human Resources, and City Clerk.

\*Reserve for unspent FY2019-20 encumbrances. This amount has been re-appropriated in the FY2020-21 budget.



Spending by the General Fund departments is in alignment with the FY2019-20 budget. Overall results reflect a \$5.4 million savings from expenditure controls, including a hiring freeze, except for critical positions, temporary staff costs reductions, and a pause on nonessential projects and activities. These measures were put into place to help offset the impact of revenue shortfalls due to COVID-19. After considering unspent encumbrances that have been re-appropriated into the FY2020-21 budget, General Fund operating expenditures ended the year with \$4.9 million under budget.

## Enterprise Funds: Operating Revenues and Expenditures

### Revenues

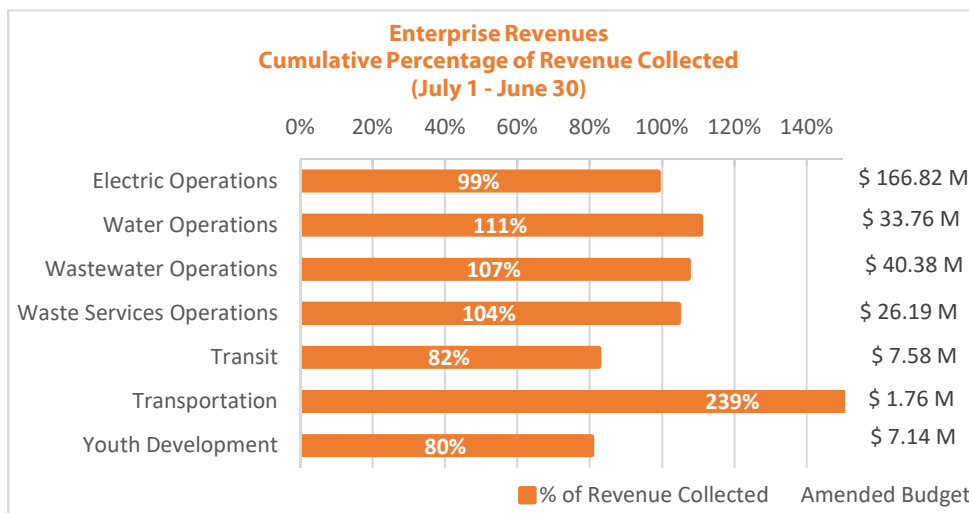
Despite the impacts of the COVID-19 emergency, most enterprise funds met and exceeded budget projections for FY2019-20.

The Electric Department experienced a decline in retail

sales of \$4.5 million, of which \$2.7 million is associated with the COVID-19 emergency and \$1.8 million related to reduced usage by large commercial customers. Unbudgeted wholesale revenues offset the retail revenue shortfall by \$2.4 million ending the year \$2.1 million or 1 percent under budget estimates. Overall, the Electric Fund realized 99 percent of budgeted operating revenues.

Water, Wastewater, and Waste Services revenues exceeded the budget target in the range of 4 percent to 11 percent due to continued growth from the increased development in the City during FY2019-20 and higher residential water consumption during the pandemic.

	Budget to Cumulative Revenue Comparison (July 1 - June 30)			
	Amended Budget	Cumulative Revenues	Balance	% of Budget
<b>Electric Operations</b>	\$ 164,880,900	\$ 162,752,232	\$ (2,128,668)	99%
<b>Water Operations</b>	33,760,267	37,341,714	3,581,447	111%
<b>Wastewater Operations</b>	40,382,779	43,287,868	2,905,089	107%
<b>Waste Services Operations</b>	26,192,571	27,354,253	1,161,682	104%
<b>Transit</b>	7,579,004	6,244,726	(1,334,278)	82%
<b>Transportation</b>	1,761,023	4,211,922	2,450,899	239%
<b>Youth Development</b>	7,138,254	5,744,375	(1,393,879)	80%



Transit operating revenues ended the year at 82 percent of budget projections due to the impact of COVID-19 on demand for transit services. To mitigate the effects of the loss in passenger fares, the City Council adopted a resolution to submit a Federal Transit Administration (FTA) grant



request for apportioned Coronavirus Aid Relief and Economic Security (CARES) Act funds of \$2,679,013. However, the CARES Act's funding to offset revenue losses was delayed and will be received throughout FY2020-21 and FY2021-22. The Transportation fund ended the year with \$2.4 million or 239 percent above its projected budget, primarily attributed to Local Transportation Fund (LTF) funding received for capital projects but deposited into the operating budget.

The revenue shortfall for the Youth Development fund is \$1.4 million or 20 percent. Adventure Club operations were closed for 74 days and Preschool program closed for 54 days due to COVID-19 during the fourth quarter of FY2019-2020. The closures significantly affected revenue in the fund, which could only partially be made up by expense reductions. The Youth Development fund ended the fiscal year with a deficit of \$70,000. Staff is recommending a transfer of \$70,000 from the General Fund in FY2020-21 to address this year-end deficit.

## Expenditures

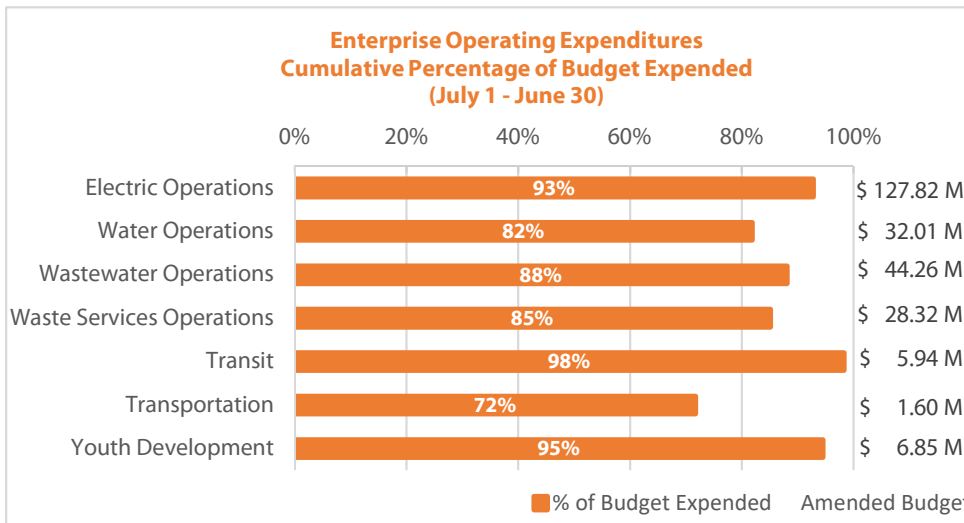
Overall, expenditures for all enterprise funds ended the year under budget estimates due to reduced operating costs, vacancies, and expense controls on material services and supplies allocations purposely put in place to mitigate the impacts of COVID-19.

	Budget to Cumulative Expenditure Comparison (July 1 – June 30)			
	Amended Budget	Cumulative Expenditures	Balance	% of Budget
<b>Electric Operations</b>	\$ 127,815,726	\$ 118,621,412	\$ 9,194,314	93%
<b>Water Operations</b>	32,014,531	26,194,068	5,820,463	82%
<b>Wastewater Operations</b>	44,262,650	38,999,283	5,263,367	88%
<b>Waste Services Operations</b>	28,317,845	24,097,613	4,220,232	85%
<b>Transit</b>	5,941,546	5,838,861	102,685	98%
<b>Transportation</b>	1,595,741	1,144,681	451,060	72%
<b>Youth Development</b>	6,854,478	6,479,527	374,951	95%

Electric expenditures are down \$9.2 million from budget due to reduced purchased power and fuel costs, along with savings in salaries and training/travel savings. Expenditures for the Environmental Utilities funds are lower than budgeted in the range of 12 to 18 percent, as the result of lower than expected materials, services and supplies expenses and salary savings due to vacant positions.

Transit Fund expenses ended the year at 98 percent of the budget target. Cost increases related to enhanced bus and shelter cleaning and disinfection protocols implemented because of COVID-19, as well as increased operational costs to provide delivery services for Family Meal Roseville, were offset by reduced operating costs resulting from an adjustment in routes. Transportation expenditures ended the fiscal year under budget by \$451,000 due to salary savings from vacant positions and unspent materials, services, and supplies funding.





The five percent variance from the Youth Development Fund budget resulted from measures taken to reduce the effects of the pandemic on this fund. Effective at the end of March, all temporary part-time employees working for the Youth Development Fund programs were laid off due to COVID-19 program closures. Full-time employees have

continued to work through the closure by providing support to other departmental programs; however, due to the lack of revenue to support their salaries, the Youth Development Fund ended the year with a \$70,000 deficit.

## Other Revenue

The following table shows revenues in the Fire Facilities, Public Facilities, and Strategic Improvement Funds through the fourth quarter of FY2018-

	Budget to Cumulative Revenue Comparison (July 1 - June 30)				
	FY2018-19 Actual	Amended Budget	Cumulative Revenues	Balance	% of Budget
<b>Fire Facilities</b>	\$ 1,426,675	\$ 1,333,744	\$ 1,382,242	\$ 48,498	104%
<b>Public Facilities</b>	3,297,088	3,723,570	3,416,557	(307,013)	92%
<b>Strategic Improvement</b>	1,098,741	1,853,220	1,433,410	(419,810)	77%

19 and FY2019-20. The revenue estimates for these three funds are based on a multi-year trend analysis of forecasted single family, multi-family and commercial development and prior year revenue collections. Despite coming in lower than budget, revenue collection through the end of the fiscal year for the Public Facilities Fee Fund is higher than the prior year. The FY2019-20 budget for the Strategic Improvement

Fund (SIF) includes \$584,800 in surplus property sales proceeds that were not fully realized during FY2019-20. Taking into consideration the unrealized revenue from property sales, the SIF revenue surpassed budget estimates by approximately 13 percent.

