



FINANCE AND AUDIT COMMITTEE MEETING

550 E. 6th Street, Beaumont, CA

Monday, March 09, 2020 - 6:00 PM

AGENDA

Materials related to an item on this agenda submitted to the Planning Commission after distribution of the agenda packets are available for public inspection in the City Clerk's office at 550 E. 6th Street during normal business hours.

Any person with a disability who requires accommodations in order to participate in this meeting should telephone the City Clerk's office at 951 769 8520, at least 48 hours prior to the meeting in order to make a request for a disability related modification or accommodation

REGULAR SESSION

6:00 PM

CALL TO ORDER

Committee Members: Council Member Carroll, Council Member Martinez, Chair Baron Ginnetti, Vice Chair Richard Bennecke, Member Billiath Bengesa, Member Steve Cooley, Member Frank Parks, *Business/Resident Member vacant and Alternate Member vacant*

Action of any requests for Excused Absence:

Pledge of Allegiance:

Approval/Adjustments to Agenda:

Conflict of Interest Disclosure:

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA):

Any one person may address the Committee on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give it to the Committee Chair or Secretary. There is a three (3) minute limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Committee from discussing or taking actions brought up by your comments.

ACTION ITEMS / PUBLIC HEARINGS / REQUESTS

1. Approval of Minutes

Recommended Action:

Approve minutes dated February 3, 2020 and February 10, 2020.

2. FY 2019-20 Review of Financials

Recommended Action:

Receive and file the FY 2020 update to the General Fund and Wastewater Fund budget to actual reports.

SUB-COMMITTEE UPDATES

3. Fraud Training Audit

Recommended Action:

Receive and file.

FUTURE AGENDA ITEMS

MEETING REVIEW - TREASURER

FINANCE DIRECTOR'S COMMENTS

ADJOURNMENT

The next regular meeting of the Finance and Audit Committee Meeting is scheduled for Monday, April 13, 2020, at 6:00 p.m.

Beaumont City Hall – Online www.BeaumontCa.gov

FINANCE AND AUDIT COMMITTEE MEETING

550 E. 6th Street, Beaumont, CA

Monday, February 03, 2020 - 6:00 PM

MINUTES

REGULAR SESSION

6:00 PM

CALL TO ORDER at 6:02 p.m.

Present: Council Member Carroll, Council Member Martinez, Treasurer Ginnetti, Chair Cooley, Member Bennecke, Member Bengesa, Member Parks, *Business Community Member - vacant*

Action of any requests for Excused Absence: **None**

Pledge of Allegiance

Approval/Adjustments to Agenda: **None**

Conflict of Interest Disclosure: **None**

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA):

Any one person may address the Committee on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give it to the Committee Chair or Secretary. There is a three (3) minute limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Committee from discussing or taking actions brought up by your comments.

ACTION ITEMS / PUBLIC HEARINGS / REQUESTS

1. Approval of Minutes

Motion by Member Bennecke

Second by Council Member Carroll

To approve minutes dated January 6, 2020.

Approved by a unanimous vote

2. Annual Reorganization of the Committee

Motion by Member Bennecke

Second by Member Parks

To nominate Member Cooley as the Chair.

Motion failed by a 3-4 vote

Ayes: 3 votes

Nays: 4 votes

Motion by Council Member Martinez

Second by Member Bennecke

To nominate Treasurer Ginnetti as the Chair.

Motion approved by a 4-1 vote

Ayes: 4 votes
Nays: 1 votes
Abstain: 2 votes

Motion by Member Ginnetti
Second by Member Bengesa

To nominate Member Bennecke as Vice Chair
Approved by a 6-1 vote
Ayes: 6 votes
Abstain: 1 vote

Motion by Council Member Carroll
To nominate Member Cooley as Vice Chair
Motion dies for lack of second

3. Presentation from the Information Technology Department

Presentation given by Information Technology Manager, Edgar Trenado.

4. List of Council Assigned Tasks:

1. Develop a CFD Training Program for Local Realtors and Develop a CFD Frequently Asked Question (FAQ) Document to Post on the City's Website,
Vice Chair Bennecke and City Manager Parton met with local realtors to ask for their assistance in creating transparency regarding CFDs. It was determined that a question and answer brochure was the best first approach and to establish an annual meeting.
2. Assist with the Request for Proposal (RFP) Process for Independent Financial Audit Services,
3. Evaluate the City of Beaumont Investment and Financial Policies,
Bringing a draft to the committee in two months.
4. Evaluate the Security of the City of Beaumont's Telecommunications System(s),
5. Develop a Process for Grant Reporting, and
6. Develop a Financial Training Program for the General Public.

TOPICS FOR FUTURE AGENDAS

- Add a "Subcommittee Update" section to the agenda
- Unanimous vote to move meetings from the 1st Monday of the month to the 2nd Monday of the month
- Request to have a Special Meeting on February 10, 2020.

ADJOURNMENT at 7:13 p.m.

The next regular meeting of the Finance and Audit Committee Meeting is scheduled for Monday, March 2, 2020, at 6:00 p.m.

Beaumont City Hall – Online www.BeaumontCa.gov

FINANCE AND AUDIT COMMITTEE MEETING

550 E. 6th Street, Beaumont, CA

Monday, February 10, 2020 - 6:00 PM

MINUTES

REGULAR SESSION

6:00 PM

CALL TO ORDER at 6:02 p.m.

Present: Committee Members: Mayor Martinez, Council Member Carroll, Chair Baron Ginnetti, Vice Chair Richard Bennecke, Member Billiath Bengesa, Member Steve Cooley, Member Frank Parks, *Business/Resident Member vacant and Alternate Member vacant*

Action of any requests for Excused Absence: **Member Steve Cooley**

Pledge of Allegiance

Approval/Adjustments to Agenda: **None**

Conflict of Interest Disclosure: **None**

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA):

Any one person may address the Committee on any matter not on this agenda. If you wish to speak, please fill out a "Public Comment Form" provided at the back table and give it to the Committee Chair or Secretary. There is a three (3) minute limit on public comments. There will be no sharing or passing of time to another person. State Law prohibits the Committee from discussing or taking actions brought up by your comments.

R. Roy - *Expressed concerns of the expense of the water at Niklaus Park*

ACTION ITEMS / PUBLIC HEARINGS / REQUESTS

1. Beaumont FY 2019 Audited Financial Statements – Draft

Motion by Member Bennecke

Second by Member Parks

To receive and file the FY 2019 Audited Financial Statement Draft

Approved by a 6-0 vote.

SUB-COMMITTEE UPDATES

FUTURE AGENDA ITEMS

MEETING REVIEW - TREASURER

FINANCE DIRECTOR'S COMMENTS

ADJOURNMENT at 7:10 p.m.

The next regular meeting of the Finance and Audit Committee Meeting is scheduled for Monday, March 9, 2020, at 6:00 p.m.

Beaumont City Hall – Online www.BeaumontCa.gov



Staff Report

TO: Finance and Audit Committee Members
FROM: Jeff Mohlenkamp, Finance Director
DATE March 9, 2020
SUBJECT: FY 2019-20 Review of Financials

Background and Analysis:

Staff have prepared a budget to actual summary for the General Fund and Wastewater Fund operating account. Both reports provide a comparison of actual results to budget through January 2020 – 7 months of activity.

The summary worksheets include a discussion and analysis of the operating results.

Fiscal Impact:

There is no financial impact.

Recommended Action:

Receive and file the FY 2020 update to the General Fund and Wastewater Fund budget to actual reports.

Attachments:

- A. FY 2020 General Fund budget to actual report through January 2020
- B. FY 2020 Wastewater Fund budget to actual report through January 2020



City of Beaumont, CA

Budget Comparison Report

General Fund Budget to Actual FY 2020 through January

SubCategory	2017-2018 YTD Activity Through Per	2018-2019 YTD Activity Through Per	2019-2020 YTD Activity Through Per	Parent Budget	% of Budget	Notes
				2019-2020 REV 2		
Revenue						
Category: 40 - TAXES						
400 - Real Property Taxes	\$ 2,895,681	\$ 2,140,268	\$ 3,112,026	\$ 4,823,562		
403 - Personal Property Taxes	\$ -	\$ -	\$ 254,416	\$ 228,000		
406 - Franchise Fees	\$ 172,217	\$ 172,278	\$ 6,799,342	\$ 2,953,875		FY 2020 includes a one time payment of \$5 million related to the solid waste contract.
409 - Sales Taxes	\$ 2,124,205	\$ 2,381,765	\$ 2,393,141	\$ 5,436,227		Collections are highest in the final two months of the fiscal year.
420 - Other Taxes	\$ 997,971	\$ 984,152	\$ 975,407	\$ 6,891,381		Motor Vehicle in Lieu tax is received in June - approx \$5 million
Total Category: 40 - TAXES:	\$ 6,190,074	\$ 5,678,463	\$ 13,534,332	\$ 20,333,045	66.6%	
Category: 41 - LICENSES						
430 - Business Licenses	\$ 54,160	\$ 86,392	\$ 138,185	\$ 214,221		
Total Category: 41 - LICENSES:	\$ 54,160	\$ 86,392	\$ 138,185	\$ 214,221	64.5%	
Category: 42 - PERMITS						
450 - Building Permits	\$ 716,921	\$ 3,031,882	\$ 1,342,516	\$ 3,349,500	40.1%	Trending low - unlikely to hit budget target
453 - Inspections	\$ 1,061,693	\$ 192,893	\$ 112,172	\$ 1,080,100	10.4%	Tied directly to development activity, unlikely to hit budget target
456 - Other Permits	\$ 338,902	\$ 364,573	\$ 252,003	\$ 738,285		
515 - Public Works	\$ 857	\$ 263	\$ -	\$ -		
Total Category: 42 - PERMITS:	\$ 2,118,373	\$ 3,589,611	\$ 1,706,691	\$ 5,167,885	33.0%	
Category: 45 - INTERGOVERNMENTAL						
465 - State	\$ 7,288	\$ 20,062	\$ -	\$ 21,288		
470 - Local	\$ -	\$ 9,257	\$ 2,550	\$ -		
Total Category: 45 - INTERGOVERNMENTAL:	\$ 7,288	\$ 29,319	\$ 2,550	\$ 21,288	12.0%	
Category: 47 - CHARGES FOR SERVICE						
500 - Sanitation	\$ 4,456,765	\$ 4,209,446	\$ 282,362	\$ -		Outsourcing of solid waste services began in FY 2020
505 - Animal Control	\$ 84,531	\$ 51,421	\$ 52,223	\$ 118,000		

510 - Community Development	\$	2,844	\$	3,846	\$	2,878	\$	5,000		
515 - Public Works	\$	36,331	\$	8,329	\$	4,387	\$	13,000		
525 - Abatements	\$	31,502	\$	5,052	\$	31,212	\$	66,000		
530 - Public Safety	\$	27,696	\$	115,765	\$	136,146	\$	247,000		
535 - Facilities	\$	117,978	\$	126,368	\$	75,238	\$	125,000		
540 - Programs	\$	81,806	\$	78,687	\$	69,457	\$	110,500		
545 - Other	\$	24,161	\$	68,331	\$	44,647	\$	68,450		
Total Category: 47 - CHARGES FOR SERVICE:	\$	4,863,614	\$	4,667,245	\$	698,550	\$	752,950	92.8%	

SubCategory		2017-2018	2018-2019	2019-2020	Parent Budget					
		YTD Activity Through Per	YTD Activity Through Per	YTD Activity Through Per	2019-2020 REV 2					
Category: 50 - FINES AND FORFEITURES										
555 - Vehicle	\$	41,651	\$	35,986	\$	41,941	\$	111,780		
557 - Other	\$	1,079	\$	13,700	\$	19,643	\$	22,070		
Total Category: 50 - FINES AND FORFEITURES:	\$	42,730	\$	49,686	\$	61,584	\$	133,850	46.0%	
Category: 53 - COST RECOVERY										
465 - State	\$	-	\$	8,139	\$	24,854	\$	-		
565 - Other Income	\$	221,985	\$	291,640	\$	363,819	\$	-		
Total Category: 53 - COST RECOVERY:	\$	221,985	\$	299,779	\$	388,673	\$	-		
Category: 54 - MISCELLANEOUS REVENUES										
560 - Investment Earnings	\$	-	\$	484	\$	76,299	\$	1,000		
565 - Other Income	\$	16,223	\$	8,274	\$	25,125	\$	21,500		
Total Category: 54 - MISCELLANEOUS REVENUES:	\$	16,223	\$	8,759	\$	101,424	\$	22,500	450.8%	
Category: 58 - OTHER FINANCING SOURCES										
595 - Sale of Assets	\$	-	\$	16,649	\$	13,417	\$	5,000		
599 - Other	\$	-	\$	7,500	\$	-	\$	-		
Total Category: 58 - OTHER FINANCING SOURCES:	\$	-	\$	24,149	\$	13,417	\$	5,000		
Category: 90 - TRANSFERS										
900 - Transfers	\$	(4,611)	\$	(190,108)	\$	1,302,712	\$	5,687,300		
Total Category: 90 - TRANSFERS:	\$	(4,611)	\$	(190,108)	\$	1,302,712	\$	5,687,300	22.9%	
Total Revenue:	\$	13,509,836	\$	14,243,295	\$	17,948,119	\$	32,338,039	55.5%	

Expenses

Category: 60 - PERSONNEL SERVICES										
600 - SALARIES AND WAGES	\$	5,125,814	\$	6,056,986	\$	6,834,281	\$	12,724,112		
610 - BENEFITS	\$	2,353,472	\$	2,871,447	\$	4,037,361	\$	6,239,431		
615 - OTHER	\$	232,717	\$	410,497	\$	540,735	\$	456,089		
Total Category: 60 - PERSONNEL SERVICES:	\$	7,712,003	\$	9,338,930	\$	11,412,376	\$	19,419,632	58.8%	
Category: 65 - OPERATING COSTS										
650 - UTILITIES	\$	881,205	\$	1,053,295	\$	1,016,158	\$	2,064,300		
655 - ADMINISTRATIVE	\$	194,976	\$	195,928	\$	228,016	\$	370,237		
660 - FLEET COSTS	\$	209,815	\$	184,211	\$	213,321	\$	364,062		
665 - PROGRAM COSTS	\$	339,719	\$	364,119	\$	466,269	\$	493,200		
670 - REPAIRS AND MAINTENANCE	\$	244,955	\$	202,513	\$	167,361	\$	538,039		

675 - SUPPLIES	\$	168,979	\$	177,457	\$	166,846	\$	524,183		
680 - SPECIAL SERVICES	\$	3,168,233	\$	3,867,120	\$	469,316	\$	1,061,000		Most of this expenditure in prior years was related to solid waste

3/4/2020 5:12:04 PM

Budget Comparison Report

SubCategory	2017-2018 YTD Activity Through Per	2018-2019 YTD Activity Through Per	2019-2020 YTD Activity Through Per	Parent Budget	
				2019-2020 REV 2	
690 - CONTRACTUAL SERVICES	\$ 2,154,625	\$ 1,713,313	\$ 2,390,422	\$ 6,366,106	
697 - ADMIN OVERHEAD	\$ (350,000)	\$ (356,000)	\$ (375,000)	\$ (750,000)	
699 - OTHER	\$ 782,147	\$ 952,777	\$ 1,179,767	\$ 1,347,311	
Total Category: 65 - OPERATING COSTS:	\$ 7,794,653	\$ 8,354,733	\$ 5,922,475	\$ 12,378,438	47.8%
Category: 70 - CAPITAL IMPROVEMENTS					
700 - EQUIPMENT	\$ 75,224	\$ 166,187	\$ 32,501	\$ 105,950	
703 - FURNITURE	\$ 18,324	\$ -	\$ 6,087	\$ 6,038	
705 - VEHICLE	\$ 359,662	\$ 68,399	\$ 226,857	\$ 351,020	
710 - STRUCTURE	\$ -	\$ -	\$ -	\$ -	
750 - OTHER	\$ -	\$ -	\$ -	\$ -	
Total Category: 70 - CAPITAL IMPROVEMENTS:	\$ 453,210	\$ 234,586	\$ 265,446	\$ 463,009	57.3%
Category: 77 - CONTINGENCY					
770 - CONTINGENCY	\$ -	\$ -	\$ -	\$ 47,961	
Total Category: 77 - CONTINGENCY:	\$ -	\$ -	\$ -	\$ 47,961	
Category: 78 - CAPITAL OUTLAY					
780 - CAPITAL OUTLAY	\$ -	\$ -	\$ -	\$ -	
Total Category: 78 - CAPITAL OUTLAY:	\$ -	\$ -	\$ -	\$ -	
Category: 80 - DEBT SERVICE					
800 - Debt Service	\$ -	\$ -	\$ -	\$ -	
Total Category: 80 - DEBT SERVICE:	\$ -	\$ -	\$ -	\$ -	
Total Expense:	\$ 15,959,867	\$ 17,947,234	\$ 17,600,297	\$ 32,309,039	54.5%
					Expenses are tracking very close to budget overall
Revenues Over/ (Under) Budget	\$ (2,450,031)	\$ (3,703,939)	\$ 347,822		

Overall Assessment: The General Fund is trending towards a surplus (revenues exceeding expenditures) of \$6 to \$8 million for FY 2020. This is due in large part to the one-time solid waste franchise fee of \$5 million.



City of Beaumont, CA

Budget Comparison Report Item No.2.

FY 2020 - Wastewater Operating Fund
through January 2020

SubCategory	Parent Budget					Notes
	2017-2018 YTD Activity Through Per	2018-2019 YTD Activity Through Per	2019-2020 YTD Activity Through Per	2019-2020 REV 2	% of Budget	
Fund: 700 - WASTEWATER FUND						
Revenue						
Category: 50 - FINES AND FORFEITURES						
557 - Other	\$ -	\$ 3,500	\$ -	\$ -		
Total Category: 50 - FINES AND FORFEITURES:	\$ -	\$ 3,500	\$ -	\$ -		
Category: 53 - COST RECOVERY						
565 - Other Income	\$ 4,699	\$ -	\$ 6,236	\$ -		
Total Category: 53 - COST RECOVERY:	\$ 4,699	\$ -	\$ 6,236	\$ -		
Category: 54 - MISCELLANEOUS REVENUES						
560 - Investment Earnings	\$ -	\$ 24,678	\$ 26,907	\$ 10,000	269.1%	Investment earnings were budgeted too low and this budget is proposed to increase.
Total Category: 54 - MISCELLANEOUS REVENUES:	\$ -	\$ 24,678	\$ 26,907	\$ 10,000		
Category: 56 - PROPRIETARY REVENUES						
570 - WasteWater	\$ 5,350,249	\$ 4,447,838	\$ 4,840,511	\$ 9,862,625		
Total Category: 56 - PROPRIETARY REVENUES:	\$ 5,350,249	\$ 4,447,838	\$ 4,840,511	\$ 9,862,625	49.1%	3 of 6 payments have been recorded. This buget is tracking slightly below budget.
Category: 58 - OTHER FINANCING SOURCES						
595 - Sale of Assets	\$ -	\$ 635	\$ -	\$ -		
599 - Other	\$ -	\$ 831	\$ 780	\$ -		
Total Category: 58 - OTHER FINANCING SOURCES:	\$ -	\$ 1,466	\$ 780	\$ -		
Category: 90 - TRANSFERS						
900 - Transfers	\$ (3,725,106)	\$ (100,000)	\$ -	\$ -		
Total Category: 90 - TRANSFERS:	\$ (3,725,106)	\$ (100,000)	\$ -	\$ -		
Total Revenue:	\$ 1,629,842	\$ 4,377,482	\$ 4,874,434	\$ 9,872,625	49.4%	
Expense						
Category: 60 - PERSONNEL SERVICES						
600 - SALARIES AND WAGES	\$ 82,554	\$ 237,900	\$ 653,705	\$ 1,313,356		
610 - BENEFITS	\$ 38,524	\$ 94,836	\$ 215,281	\$ 543,485		
615 - OTHER	\$ 1,406	\$ 4,448	\$ 10,957	\$ 38,528		

Total Category: 60 - PERSONNEL SERVICES: \$ 122,485 \$ 337,184 \$ 879,942 \$ 1,895,369 46.4% Trending below budget through months. Item No.2.

Category: 65 - OPERATING COSTS

650 - UTILITIES \$ 362,600 \$ 439,683 \$ 478,275 \$ 827,618
 655 - ADMINISTRATIVE \$ 95,387 \$ 110,134 \$ 91,840 \$ 246,946

Budget Comparison Report

SubCategory	Parent Budget			
	2017-2018 YTD Activity Through Per	2018-2019 YTD Activity Through Per	2019-2020 YTD Activity Through Per	2019-2020 REV 2
660 - FLEET COSTS	\$ 1,059	\$ 4,783	\$ 17,102	\$ 36,880
670 - REPAIRS AND MAINTENANCE	\$ 11,497	\$ 18,106	\$ 38,512	\$ 115,500
675 - SUPPLIES	\$ 82,161	\$ 133,577	\$ 98,274	\$ 321,610
690 - CONTRACTUAL SERVICES	\$ 764,488	\$ 795,490	\$ 356,887	\$ 647,140
697 - ADMIN OVERHEAD	\$ 300,000	\$ 306,000	\$ 325,000	\$ 650,000
699 - OTHER	\$ 9,094	\$ 11,721	\$ 91,003	\$ 77,304

Total Category: 65 - OPERATING COSTS: \$ 1,626,287 \$ 1,819,495 \$ 1,496,894 \$ 2,922,998 51.2% Trending below budget through 7 months. Unforeseen costs may drive this budget above budget by year end.

Category: 70 - CAPITAL IMPROVEMENTS

700 - EQUIPMENT \$ - \$ 1,832 \$ 19,523 \$ 10,000
 750 - CONTINGENCY \$ - \$ - \$ 300,000 \$ 300,000

Note: Emergency repairs currently underway will expend most of these funds.

Total Category: 70 - CAPITAL IMPROVEMENTS: \$ - \$ 1,832 \$ 319,523 \$ 310,000 103.1%

Category: 90 - TRANSFERS

900 - Transfers (Debt Service) \$ - \$ - \$ 2,993,663 \$ 4,732,326

63.3% There are two debt service payments each year. The first payment (which included both interest and principal) has been made. The second payment is scheduled for September and will only include interest. This line item will match the budgeted level.

Total Category: 90 - TRANSFERS: \$ - \$ - \$ 2,993,663 \$ 4,732,326

Total Expense: \$ 1,748,772 \$ 2,158,510 \$ 5,690,022 \$ 9,860,693 57.7% Overall expenditures are tracking very close to budget.

Revenues less Expenses \$ (118,930) \$ 2,218,972 \$ (815,588) \$ 11,932

Overall Assessment: Revenues are trending slightly below budget. Expenditures are tracking close to budget. Emergency

repairs and unforeseen costs are likely to cause this budget to exceed the authority. Budget adjustments have been developed and a proposed increase will address these concerns.

Item No.2.

Beaumont City

Audit and Finance Committee Internal Audit

March 5, 2020

We performed the internal audit described below solely to assist the Beaumont City Council in evaluating and tracking compliance with one of several procedures designed to enhance and insure transparency of City financial operations.

We selected a random sample of City employees and tested to determine if employees had received the required mandatory fraud training.

A handwritten signature in cursive script, appearing to read "Brian J. Bennett".

Audit and Finance Committee