



FINANCE AND AUDIT COMMITTEE MEETING

550 E. Sixth Street, Beaumont, CA

Monday, September 12, 2022 - 6:00 PM

Materials related to an item on this agenda submitted to the Finance and Audit Committee 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.

AGENDA

MEETING PARTICIPATION NOTICE

This meeting will be conducted utilizing teleconference communications and will be recorded for live streaming as well as open to public attendance subject to social distancing and applicable health orders. All City of Beaumont public meetings will be available via live streaming and made available on the City's official YouTube webpage. Please use the following link during the meeting for live stream access.

beaumontca.gov/livestream

Public comments will be accepted using the following options.

1. Written comments will be accepted via email and will be read aloud during the corresponding item of the meeting. Public comments shall not exceed three (3) minutes unless otherwise authorized by City Council. Comments can be submitted anytime prior to the meeting as well as during the meeting up until the end of the corresponding item. Please submit your comments to: **nicolew@beaumontca.gov**
2. Phone-in comments will be accepted by joining a conference line prior to the corresponding item of the meeting. Public comments shall not exceed three (3) minutes unless otherwise authorized by City Council. Please use the following phone number to join the call **(951) 922 - 4845**.
3. In person comments subject to the adherence of the applicable health orders and social distancing requirements.

In compliance with the American Disabilities Act, if you require special assistance to participate in this meeting, please contact the City Clerk's office using the above email or call **(951) 572 - 3196**. Notification 48 hours prior to a meeting will ensure the best reasonable accommodation arrangements.

REGULAR SESSION

6:00 PM

CALL TO ORDER

Committee Members: Council Member Rey Santos, Council Member David Fenn, Treasurer Baron Ginnetti, Chair Steve Cooley, Vice Chair David Vanderpool, Member Dennis Garcia, Member Christina Nuno, Alternate Member Dameon Butler, and Alternate Member - vacant

Action of any Requests for Excused Absence

Pledge of Allegiance

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. Filling Vacant Member Seat

Recommended Action:

Appoint Alternate Member Dameon Butler as a voting member.

2. Approval of Minutes

Recommended Action:

Approve Minutes dated:
August 8, 2022.

3. Nvoicepay – Six Month Update

Recommended Action:

It is recommended that the Finance and Audit Committee file and receive.

4. FY2022-23 August Budget Update and Financial Status Report

Recommended Action:

Receive and file report.

SUB-COMMITTEE UPDATES

- Internal Control Committee

- Financial Training Committee
- CFD Training and FAQ Committee
- Reserve Policy Committee
- CalPERS Liability Committee
- Long-Term Financial Sustainability
- Bond Accountability
- RFP Committee

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, October 10, 2022, at 6:00 p.m.

Beaumont City Hall – Online www.BeaumontCa.gov

FINANCE AND AUDIT COMMITTEE MEETING

550 E. Sixth Street, Beaumont, CA

Monday, August 08, 2022 - 6:00 PM

MINUTES

REGULAR SESSION

6:00 PM

CALL TO ORDER at 6:02 p.m.

Present: Council Member Rey Santos, Council Member David Fenn, Treasurer Baron Ginnetti, Vice Chair David Vanderpool, Member Dennis Garcia, and Alternate Member Dameon Butler

Absent: Chair Steve Cooley

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

Pledge of Allegiance

Adjustments to Agenda: **Removal of Item 1.**

Conflict of Interest Disclosure: **None**

PUBLIC COMMENT PERIOD (ITEMS NOT ON THE AGENDA):

No comments.

ACTION ITEMS / PUBLIC HEARINGS / REQUESTS

1. Comments from Mayor White

No discussion.

2. Approval of Minutes

Motion by Council Member Santos

Second by Council Member Fenn

To approve Minutes dated:

April 11, 2022

May 9, 2022

Approved by a 5-0 vote.

3. Recycled Content Paper and Recovered Organic Waste Product Procurement Requirements/Purchasing Policy

Motion by Treasurer Ginnetti

Second by Council Member Santos

To review and discuss changes to the purchasing policy and recommend modifications or recommend moving forward to City Council for approval.

Approved by a 5-0 vote

4. Fiscal Year 2021-22 Fourth Quarter Budget Update and Financial Status Report

Motion by Treasurer Ginnetti

Second by Member Garcia

To receive and file report.

Approved by a 5-0 vote.

5. Fiscal Year 2021-2022 Fourth Quarter Investment Report

Motion by Member Garcia

Second by Treasurer

To receive and file report.

Approved by a 5-0 vote.

SUB-COMMITTEE UPDATES

- Internal Control Committee - **Completed.**
- Financial Training Committee - **Completed.**
- CFD Training and FAQ Committee - **on hold for GIS needs.**
- Reserve Policy Committee
- CalPERS Liability Committee
- Long-Term Financial Sustainability
- Bond Accountability
- RFP Committee - **On going.**

FUTURE AGENDA ITEMS

None

MEETING REVIEW - TREASURER

FINANCE DIRECTOR'S COMMENTS

Update of the transition to Wells Fargo for banking.

Rey Santos announced the State of the City event on September 22 and asked the Finance and Audit Committee to attend.

ADJOURNMENT at 7:38 p.m.

The next regular meeting of the Finance and Audit Committee Meeting is scheduled for Monday, September 12, 2022, at 6:00 p.m.



Staff Report

TO: Finance and Audit Committee Members
FROM: Lisa Leach, Assistant Finance Director
DATE: September 12, 2022
SUBJECT: Nvoicepay – Six Month Update

Background and Analysis:

In March 2022, Finance staff presented to Finance Committee the Nvoicepay third party payment service. During the presentation and discussion, a request was made to bring back an update on the cost savings of the service after six months.

From December 2021 through July 31, 2022 Nvoicepay processed \$18.47 million and generated \$585.42 in rebates to the City. Through August 31, 2022, the quantity of automated payments processed by Nvoicepay was 2,131, resulting in check processing cost savings of \$6,393 to the City.

Type	Spend	Cost	Rebate	Due to Client
ACH	\$4.29M	\$77.28		
Check	\$13.22M	\$1,462.25		
Card	\$.96M	\$0	\$2,124.95	
Total	\$18.47M	\$1,539.53	\$2,124.95	\$585.42

Recommended Action:

It is recommended that the Finance and Audit Committee file and receive.



Staff Report

TO: Finance and Audit Committee Members
FROM: Jennifer Ustation, Finance Director
DATE: September 12, 2022
SUBJECT: FY2022-23 August Budget Update and Financial Status Report

Background and Analysis:

The Fiscal Year 2022-23 August Financials provide an update to the City's financial position relative to the FY 2022-23 budget.

Summary of Cash Balances

The City has multiple bank accounts for purposes of fund segregation. The table below provides a summary of cash balances within these accounts for the month of July 2022 and August 2022.

Bank Name	Beginning Bank Balance July 1, 2022	Deposits	Payments	Ending Bank Balance July 31, 2022
Citibank Checking (Pooled Cash)	5,232,350.32	7,778,789.51	7,478,784.86	5,532,354.97
Bank of Hemet - Payroll	2,018,189.25	401.54	1,188,013.34	830,577.45
Bank of Hemet - Gas Tax	3,870,010.52	200,556.72	-	4,070,567.24
Bank of Hemet - Evidence and Seizure Fund	342,252.19	27.19	3,525.00	342,279.38
Bank of Hemet - Construction	4,704,269.44	373.76	-	4,704,643.20
Grand Total	16,167,071.72	7,980,148.72	8,670,323.20	15,480,422.24

Bank Name	Beginning Bank Balance August 1, 2022	Deposits	Payments	Ending Bank Balance August 31, 2022
Citibank Checking (Pooled Cash)	5,532,354.97	32,225,480.23	31,868,815.99	5,889,019.21
Wells Fargo Checking	-	-	-	-
Bank of Hemet - Payroll	830,577.45	2,000,000.00	1,325,220.06	1,505,357.39
Bank of Hemet - Gas Tax	4,070,567.24	320,631.81	1,043,045.60	3,348,153.45
Bank of Hemet - Evidence and Seizure Fund	342,279.38	30.95	-	342,310.33
Bank of Hemet - Construction	4,704,643.20	3,766,463.07	-	8,471,106.27
Grand Total	15,480,422.24	38,312,606.06	34,237,081.65	19,555,946.65

Significant transactions include the following:

- \$22M funds transferred from LAIF to Citibank
- \$17.3M transferred to Wilmington Trust for 9/1 debt service payments
- \$3.7M transferred to Bank of Hemet Construction account for segregation of unspent SLFRF funds

A summary of cash balances for the 1st quarter including investment accounts are provided in the table below. The liquidity fund with US Bank was opened in June to have a liquid investment vehicle option while keeping the general checking account balance at a minimum through the transition of the general checking account implementation to a different bank. All funds deposited into the liquidity fund are available for operations.

BANK BALANCES 1st QTR FY 22-23				
CITIBANK ACCOUNTS	#	July -23	August - 23	September - 23
GENERAL	8965	\$ 5,532,354.97	\$ 5,889,019.21	\$ -
Wells Fargo				
GENERAL		\$ -	\$ -	
BANK OF HEMET				
PAYROLL	50301	\$ 830,577.45	\$ 1,505,357.39	
GAS TAX	21901	\$ 4,070,567.24	\$ 3,348,153.45	
EVIDENCE AND SEIZURE FUND	20042	\$ 342,279.38	\$ 342,310.33	
CONSTRUCTION	20048	\$ 4,704,643.20	\$ 8,471,106.27	
		\$ 9,948,067.27	\$ 13,666,927.44	\$ -
US BANK				
INVESTMENT PORTFOLIO	10770	\$ 44,636,988.87	\$ 45,028,174.78	
LIQUIDITY FUND	13574	\$ 35,008,582.86	\$ 35,043,546.52	
		\$ 79,645,571.73	\$ 80,071,721.30	\$ -
LAIF				
	3-056	\$ 72,391,245.86	\$ 50,391,245.86	
PARS				
		\$ 2,453,499.20		

Budget Control and Monitoring

The City of Beaumont Budget Policy provides that the Finance Department will maintain a system of tools for departments to manage their budgets and for financial monitoring and control of the City's budget during the fiscal year. This system will provide the departments and City Council with information on revenue, expenditures, and budget performance at both the department and fund level.

General Fund Summary

Most of the General Fund revenue budget is from taxes. Property tax is usually recorded in December and May. Sales tax will start to be received in September in monthly advanced payments and then a quarterly clean up payment. Other taxes include Motor Vehicle In-Lieu, which is received in February and June, as well as Utility Users tax which is received monthly. As most revenues are received throughout the year, actual expenditures exceed revenues by \$5.6M. Bank balances are monitored to ensure that funds are available to pay operating needs until revenues are received to cover costs.

General Fund Revenues

As of August 31, 2022, the City has collected 3% of the FY 2023 budgeted revenues. Below is a table for General Fund Revenues as of August 31, 2022.

	GENERAL FUND		
	BUDGET FY2022/23	ACTUAL FY2022/23	%
Taxes	41,542,397.00	14,311.64	0%
Licenses	410,687.00	91,738.13	22%
Permits	4,574,641.00	608,573.94	13%
Franchise Fees	3,248,286.00	525,000.00	16%
Charges for Services	1,273,780.00	42,244.97	3%
Fines and Forfeitures	131,545.00	8,767.68	7%
Cost Recovery	498,587.00	79,573.04	16%
Miscellaneous	296,068.00	568,338.40	192%
Other Financing Sources	5,000.00	3,892.00	78%
Transfers	8,687,711.00	-	0%
TOTAL REVENUES	60,668,702.00	1,942,439.80	3%

General Fund Departments

The table below provides for an overview of the general fund department budgets through August 31, 2022.

DEPARTMENT	FY 2023 BUDGET	FY 2023 ACTUAL	%
Non-Departmental	7,932,671.00	-	0.0%
City Council	51,131.00	4,075.17	8.0%
City Clerk	343,242.00	32,769.74	9.5%
Administration	1,435,070.00	156,412.22	10.9%
Finance	1,520,471.00	242,148.40	15.9%
IT	1,606,874.00	407,075.23	25.3%
Economic Development	1,320,718.00	28,019.97	2.1%
Risk and HR	2,626,205.00	2,239,436.83	85.3%
Legal	1,500,000.00	66,427.60	4.4%
Community Development	783,600.00	79,870.90	10.2%
Community Services	1,131,722.00	166,799.05	14.7%
Animal Control	335,394.00	50,633.07	15.1%
Community Enhancement	337,866.00	41,481.28	12.3%
OES	162,200.00	-	0.0%
Police	13,982,847.00	2,552,361.12	18.3%
K-9	9,600.00	331.78	3.5%
Police Support	2,538,188.00	308,929.07	12.2%
Fire	4,670,961.00	14,278.55	0.3%
Building and Safety	1,542,266.00	156,117.15	10.1%
Public Works	1,797,804.00	196,698.59	10.9%
Street Maintenance	2,330,115.00	270,612.12	11.6%
Building Maintenance	1,148,673.00	121,372.69	10.6%
Parks and Grounds	4,182,002.00	445,259.64	10.6%
TOTAL EXPENDITURES	53,289,620.00	7,581,110.17	14.2%

FY2023 encumbrances have a current balance of approximately \$6.65M. Departments are working on budget carryover forms and are requesting purchase orders from FY2022 to rollover into FY2023. Staff will bring a re-appropriation item to Council in September for these items.

The table below provides for expenditures by type. Personnel costs make up 54.5% of the actuals to date. Operating costs are 43.67% of actuals followed by capital at 1.8%. The Other line is currently over budget by 9%. This is caused by the liability and

property insurance premium having an unanticipated 20% increase. A future budget amendment will be brought to Council for this item.

	EXPENSE TYPE	FY 2023 BUDGET	FY 2023 ACTUAL	%
Personnel				
	Salaries and Wages	17,712,879.00	1,976,262.24	11%
	Benefits	7,376,316.00	2,113,725.01	29%
	Other	702,633.00	41,615.45	6%
	TOTAL PERSONNEL	25,791,828.00	4,131,602.70	16%
Operating				
	Utilities	1,787,000.00	242,939.60	14%
	Administration	888,818.00	115,586.00	13%
	Fleet Costs	664,280.00	68,402.88	10%
	Program Costs	904,870.00	116,107.10	13%
	Repairs & Maintenance	1,062,630.00	382,775.46	36%
	Supplies	1,217,830.00	91,589.05	8%
	Special Services	517,075.00	21,552.46	4%
	Contractual Services	8,959,125.00	128,431.40	1%
	Other	1,967,700.00	2,143,216.82	109%
	TOTAL OPERATING	17,969,328.00	3,310,600.77	18%
Capital				
	Equipment	249,952.00	7,453.88	3%
	Furniture	-	332.92	#DIV/0!
	Vehicle	884,854.00	131,307.03	15%
	Structure	310,987.00	-	0%
	TOTAL CAPITAL	1,445,793.00	139,093.83	10%
Contngency				
	CONTINGENCY	150,000.00	(187.13)	0%
Transfers				
	TRANSFERS	7,932,671.00	-	0%
Total Expenditures		53,289,620.00	7,581,110.17	14%

Wastewater Fund Summary

Revenues

Wastewater revenues are collected in arrears. The July billing is accrued back to prior FY, so the first billing for FY23 will be collected in September. Billing is completed bi-monthly. Revenues to date include sewer permit fees and billing adjustments.

	WASTEWATER REVENUES		
	BUDGET FY2022/23	ACTUAL FY2022/23	%
Permits	-	-	0
Fines and Forfeitures	3,000.00	-	0%
Cost Recovery	3,500.00	-	0%
Miscellaneous	30,000.00	-	0%
Proprietary Revenues	12,821,501.00	9,609.30	0%
Other Financing Sources	-	1,392.00	0%
TOTAL REVENUES	12,858,001.00	11,001.30	0%

Expenses

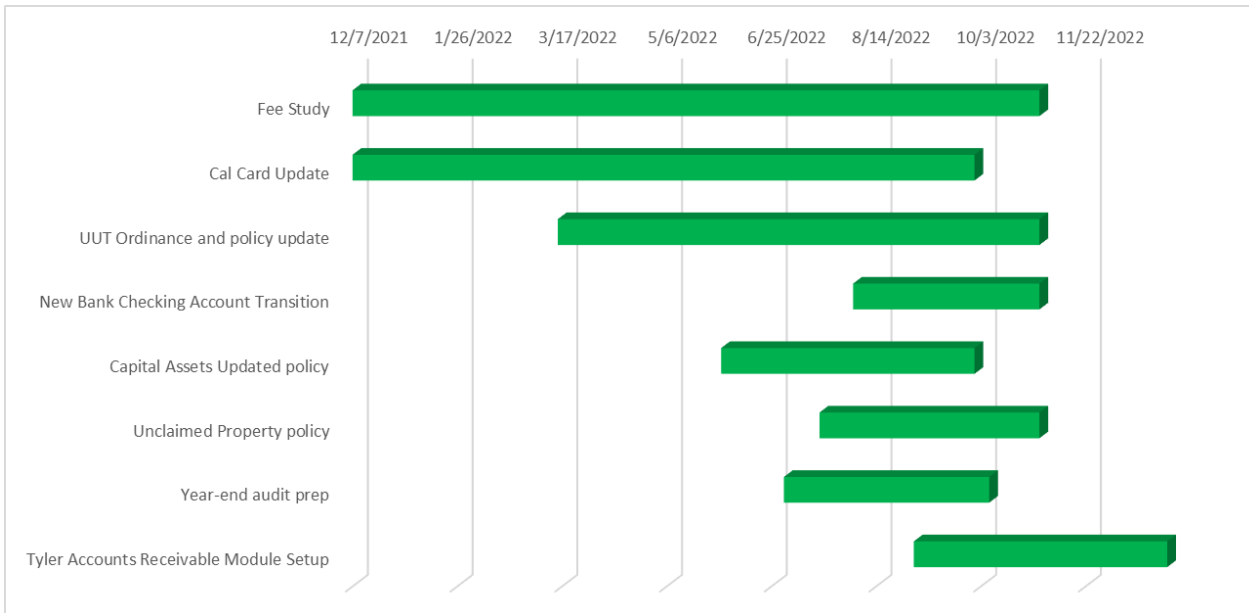
Wastewater expenses as of August 31, 2022, total \$866,495.07 which is 6% of the FY2023 budget. Personnel costs make up 44.95% of the budget, operating costs make up 31.99% of the budget and capital costs make up the remaining 23.06% of the budget.

The Wastewater vehicle line item is currently over budget. There are two reasons for this. First, a vehicle that was budgeted in FY2022, but due to supply issues was not received until the current FY. An item will be going to Council to re-appropriate the FY2022 funds to the current budget to cover this item. Second, the City Council approved the payoff of the vactor truck on August 16, 2022. A future budget amendment will be brought to the City Council to address the payoff of \$157,335.34.

Wastewater Expenses				
	EXPENSE TYPE	FY 2023 BUDGET	FY 2023 ACTUAL	%
Personnel				
	Salaries and Wages	1,831,289.00	214,301.57	12%
	Benefits	674,094.00	171,172.29	25%
	Other	40,032.00	4,000.11	10%
	TOTAL PERSONNEL	2,545,415.00	389,473.97	15%
Operating				
	Utilities	928,228.00	170,853.28	18%
	Administration	227,805.00	6,756.28	3%
	Fleet Costs	44,420.00	5,613.18	13%
	Repairs & Maintenance	116,200.00	6,430.93	6%
	Supplies	585,700.00	22,004.10	4%
	Contractual Services	1,397,360.00	60,755.23	4%
	Other	755,872.00	4,821.80	1%
	TOTAL OPERATING	4,055,585.00	277,234.80	7%
Capital				
	Equipment	109,000.00	8,875.00	8%
	Vehicle	-	190,911.30	#DIV/0!
	Other	-	-	0%
	TOTAL CAPITAL	109,000.00	199,786.30	183%
Contingency				
	CONTINGENCY	200,000.00	-	0%
Transfers				
	TRANSFERS	7,585,213.00	-	0%
Total Expenses		14,495,213.00	866,495.07	6%

Update on Finance Department Projects

The Finance Department is working on multiple projects currently. The fee study has been on-going, and the first look of the final report will be taken to the City Council at the September 20th meeting. Currently, Cal Card approvals are done by paper and sent to Finance for approval and processing. The Finance Department has been working with US Bank to streamline this process electronically through their online platform. This will result in time-savings for all users. All policies are currently under review and will be brought forward to the FAC for recommendation to City Council for approval of updates. Year-end audit prep is underway as Finance is working to close FY22. City auditors are scheduled for fieldwork the second week of October. The FY23 budget contained an enhancement request to purchase and implement the Tyler AR Accounts Receivable module. We expect to start that project by the end of the month.



Recommended Action:

Receive and file report

Attachments:

A. Governmental Funds Activity

B. Proprietary Funds Activity

	Beginning Fund Balance	FY 2023 Estimated Revenues	FYTD 2023 Actual Revenues	%	FY 2023 Budgeted Expenditures	FYTD 2023 Actual Expenditures	%	T/D Ending Fund Balance
GOVERNMENTAL FUNDS								
100 GENERAL FUND	40,274,166.85	60,668,702.00	2,044,992.31	3%	53,289,620.00	7,592,506.98	14%	34,726,652.18
120 SELF INSURANCE	2,154,151.97	-	-	0%	-	25,000.00	#DIV/0!	2,129,151.97
200 GAS TAX	380,310.50	1,459,493.00	229,734.46	16%	1,459,493.00	25.00	0%	610,019.96
201 SB1	2,499,179.67	1,168,504.00	91,189.39	8%	892,435.00	-	0%	2,590,369.06
202 MEASURE A	3,189,454.68	605,900.00	-	0%	604,800.00	-	0%	3,189,454.68
205 AQMD	379,940.71	71,130.00	-	0%	201,145.00	-	0%	379,940.71
210 PEG	27,756.97	22,595.00	-	0%	12,000.00	-	0%	27,756.97
215 CDBG/GRANTS	3,370,453.77	62,000.00	134.55	0%	292,000.00	-	0%	3,370,588.32
220 COPS	463,314.72	150,751.00	-	0%	88,182.00	-	0%	463,314.72
225 ASSET SEIZURES (STATE)	295,024.16	2,956.00	22.57	1%	-	-	0%	295,046.73
230 ASSET SEIZURES (FEDERAL)	6,036.38	-	0.54	0%	-	-	0%	6,036.92
240 OTHER FUNDS	321,084.80	78,776.00	2,663.15	3%	72,200.00	1,269.52	2%	322,478.43
250 CFD-ADMIN	1,407,534.32	1,908,931.00	-	0%	1,908,931.00	-	0%	1,407,534.32
255 CFD-MAINT SVCS	2,702,370.38	3,858,848.00	-	0%	3,858,848.00	-	0%	2,702,370.38
260 CFD-PUBLIC SAFETY	719,027.16	911,768.00	-	0%	911,768.00	-	0%	719,027.16
505 EQUIPMENT REPLACEMENT	-	-	-	0%	-	-	#DIV/0!	-
552 BASIC SERVICES DIF	1,371,207.72	325,677.00	34,325.22	11%	-	-	0%	1,405,532.94
554 GENERAL PLAN DIF	102,458.95	27,183.00	4,010.00	15%	-	-	0%	106,468.95
555 RECREATIONAL FACILITIES DIF	1,902,958.44	359,663.00	54,599.85	15%	-	-	0%	1,957,558.29
556 TRAFFIC IMPACT DIF	1,718,604.33	163,895.00	21,444.98	13%	150,000.00	-	0%	1,740,049.31
558 RAILROAD CROSSING DIF	2,603,804.09	178,606.00	23,045.48	13%	-	-	0%	2,626,849.57
559 POLICE FACILITIES DIF	1,455,697.79	274,163.00	40,262.21	15%	1,450,000.00	-	0%	1,495,960.00
560 FIRE STATION DIF	5,083,305.95	325,677.00	30,932.12	9%	-	-	0%	5,114,238.07
562 ROAD AND BRIDGE DIF	10,127,410.60	1,513,156.00	195,246.03	13%	2,250,000.00	-	0%	10,322,656.63
566 EMERGENCY PREPAREDNESS DIF	(97,266.00)	346,593.00	56,665.51	16%	-	-	0%	(40,600.49)
567 COMMUNITY PARK DIF	1,891,663.55	588,630.00	250,123.20	42%	-	-	0%	2,141,786.75
568 REGIONAL PARK DIF	1,945,796.94	-	-	#DIV/0!	-	-	0%	1,945,796.94
569 NEIGHBORHOOD PARK DIF	2,432,037.74	712,342.00	302,691.35	42%	-	-	0%	2,734,729.09
TOTALS		75,785,939.00	3,382,082.92	4%	67,441,422.00	7,618,801.50	11%	84,490,768.56

	Beginning Fund Balance	FY 2023 Estimated Revenues	FYTD 2023 Actual Revenues	%	FY 2023 Budgeted Expenditures	FYTD 2023 Actual Expenditures	%	T/D Ending Fund Balance
PROPRIETARY/ENTERPRISE FUNDS								
564 RECYCLED WATER DIF	4,230,411.43	361,067.00	67,293.81	19%	-	-	0%	4,297,705.24
600 INTERNAL SERVICE FUND	7,007,755.86	1,217,354.00	-	0%	1,544,936.00	50,590.17	3%	6,957,165.69
700 WASTEWATER	7,027,575.77	12,858,001.00	11,001.30	0%	14,495,213.00	866,495.07	6%	6,172,082.00
705 WASTEWATER DIF	7,256,183.23	2,718,679.00	788,021.79	29%	3,650,000.00	-	0%	8,044,205.02
750 TRANSIT	366,216.11	2,771,617.00	662,484.32	24%	2,771,617.00	444,152.11	16%	584,548.32
TOTALS	25,888,142.40	19,926,718.00	1,528,801.22	8%	22,461,766.00	1,361,237.35	6%	26,055,706.27