



MEETING PARTICIPATION NOTICE

This meeting will be conducted utilizing teleconference communications and will be recorded for live streaming. In accordance with the State of California Executive Order N-29-20 dated March 17, 2020, all City of Beaumont public meetings will be solely 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](https://www.beaumontca.gov/Livestream)

Public comments will be accepted via email and will be read aloud during the corresponding item of the meeting. Public comments shall not exceed (3) minutes unless otherwise authorized by the Committee. 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

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.



FINANCE AND AUDIT COMMITTEE MEETING

550 E. 6th Street, Beaumont, CA

Monday, May 11, 2020 - 6:00 PM

AGENDA

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

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 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:

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 March 2, 2020.

2. Formal Approval to Modify the Reoccurring Meeting Date of the Finance and Audit Committee to the Second Monday of the Month

Recommended Action:

Modify the reoccurring meeting date of the Finance and Audit Committee to be the second Monday of the month.

3. FY 2020 General Fund and Wastewater Fund update through March 2020

Recommended Action:

It is recommended the Finance and Audit Committee receive and file the updated financial schedules.

4. Independent Auditor Selection

Recommended Action:

It is recommended that the Finance and Audit Committee recommend that the City Council select RAMS as the next independent auditor for the City of Beaumont beginning with the audit of FY 2020.

5. FY 2020-21 Budget Preparation Status

Recommended Action:

No action required, this is an informational item to provide an update to the Committee.

SUB-COMMITTEE UPDATES

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, June 8, 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, March 09, 2020 - 6:00 PM

MINUTES

REGULAR SESSION

6:00 PM

CALL TO ORDER at 6:00 p.m.

Present 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: **None.**

Pledge of Allegiance

Approval/Adjustments to Agenda: **Request to pull Item 3 and continue to the next meeting.**

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.

No speakers

ACTION ITEMS / PUBLIC HEARINGS / REQUESTS

1. Approval of Minutes

Motion by Vice Chair Bennecke

Second by Member Parks

To approve the minutes with the amendment to Minutes of Feb 10, 2020.

Approved by a unanimous vote.

2. FY 2019-20 Review of Financials

Motion by Vice Chair Bennecke

Second by Member Cooley

To receive and file.

Approved by a unanimous vote.

SUB-COMMITTEE UPDATES

- 3. Fraud Training Audit
No discussion.

FUTURE AGENDA ITEMS

- **Presentation to explain WWTP Fund**
- **Formal item to change the meeting dates of the committee**
- **ACH Policy review**
- **Review of survey responses**

MEETING REVIEW - TREASURER

FINANCE DIRECTOR'S COMMENTS

Discussed the RFP status for an audit firm for FY 19-20.

ADJOURNMENT at 6:45 p.m.

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



Staff Report

TO: Finance and Audit Committee Members
FROM: Name, Title
DATE May 11, 2020
SUBJECT: **Formal Approval to Modify the Reoccurring Meeting Date of the Finance and Audit Committee to the Second Monday of the Month**

Background and Analysis:

Staff has requested that the Finance and Audit Committee Meeting consider the adjustment to the reoccurring meeting date from the first Monday of the month, to the second Monday of the month. This motion will ratify a previous consensus to do so.

Recommended Action:

Modify the reoccurring meeting date of the Finance and Audit Committee to be the second Monday of the month.



Staff Report

TO: Finance and Audit Committee
FROM: Jeff Mohlenkamp, Finance Director
DATE May 11, 2020
SUBJECT: FY 2020 General Fund and Wastewater Fund update through March 2020

Background and Analysis:

Staff have updated the General Fund and Wastewater Fund budget to actual for activity through March 31, 2020. This constitutes 9 months of activity.

The summary schedules and analysis of budget to actual activity is included as Attachments A (General Fund) and Attachment B (Wastewater Fund) to this report.

Fiscal Impact:

There is no fiscal impact associated with this item.

Recommended Action:

It is recommended the Finance and Audit Committee receive and file the updated financial schedules.

Attachments:

- A. FY 2019-20 General Fund Summary – budget to actual through March 2020
- B. FY 2019-20 Wastewater Fund Summary – budget to actual through March 2020



Budget Comparison Report

General Fund - 9 months through March 31

Item No.3.

SubCategory	2017-2018 YTD Activity Through Per	2018-2019 YTD Activity Through Per	2019-2020 YTD Activity Through Per	FY 2019-20 Budget	% of Budget	Notes
Fund: 100 - GENERAL FUND						
Revenue						
Category: 40 - TAXES						
400 - Real Property Taxes	\$ 2,947,130	\$ 3,171,203	\$ 3,313,501	\$ 4,823,562	68.7%	Tracking to exceed budget as 40% of this revenue is collected in the last quarter of the year reporting \$5 million one time retention fee and \$2.1 million solid waste franchise fee included here Generally 40% of sales tax is collected in the last quarter/ however, significant reductions are anticipated due to Covid-19 Motor Vehicle in lieu in largest portion of this and is collected in two payments. Second payment will occur in May/June.
403 - Personal Property Taxes	\$ -	\$ -	\$ 254,416	\$ 228,000	111.6%	
406 - Franchise Fees	\$ 236,827	\$ 246,119	\$ 7,395,475	\$ 7,953,875	93.0%	
409 - Sales Taxes	\$ 3,210,503	\$ 3,375,550	\$ 3,511,126	\$ 5,436,227	64.6%	
420 - Other Taxes	\$ 3,299,751	\$ 3,546,281	\$ 3,780,262	\$ 6,896,381	54.8%	
Total Category: 40 - TAXES:	\$ 9,694,211	\$ 10,339,153	\$ 18,254,781	\$ 25,338,045	72.0%	
Category: 41 - LICENSES						
430 - Business Licenses	\$ 61,418	\$ 95,881	\$ 150,586	\$ 214,221		70.3%
Total Category: 41 - LICENSES:	\$ 61,418	\$ 95,881	\$ 150,586	\$ 214,221		
Category: 42 - PERMITS						
450 - Building Permits	\$ 942,677	\$ 3,384,439	\$ 1,744,890	\$ 3,349,500	52.1%	Tracking well below budget/ unlikely to meet budget targets
453 - Inspections	\$ 1,179,773	\$ 236,808	\$ 145,670	\$ 1,080,100	13.5%	
456 - Other Permits	\$ 458,619	\$ 467,594	\$ 405,180	\$ 738,285		
515 - Public Works	\$ 1,110	\$ 263	\$ (72,380)	\$ -		
Total Category: 42 - PERMITS:	\$ 2,582,179	\$ 4,089,103	\$ 2,223,359	\$ 5,167,885	43.0%	
Category: 45 - INTERGOVERNMENTAL						
465 - State	\$ 7,288	\$ 20,062	\$ -	\$ 21,288		12.0%
470 - Local	\$ -	\$ 9,257	\$ 2,550	\$ -		
Total Category: 45 - INTERGOVERNMENTAL:	\$ 7,288	\$ 29,319	\$ 2,550	\$ 21,288		
Category: 47 - CHARGES FOR SERVICE						
500 - Sanitation	\$ 4,967,520	\$ 5,512,318	\$ 118,761	\$ -		Residual collections from FY 2019
505 - Animal Control	\$ 106,485	\$ 73,670	\$ 72,691	\$ 118,000		
510 - Community Development	\$ 3,483	\$ 4,786	\$ 4,672	\$ 5,000		
515 - Public Works	\$ 41,490	\$ 9,166	\$ 7,848	\$ 13,000		
525 - Abatements	\$ 36,936	\$ 20,904	\$ 40,412	\$ 66,000		
530 - Public Safety	\$ 169,036	\$ 199,018	\$ 180,305	\$ 259,460		
535 - Facilities	\$ 141,488	\$ 147,538	\$ 93,000	\$ 125,000		
540 - Programs	\$ 96,230	\$ 92,315	\$ 77,000	\$ 110,500		

545 - Other	\$ 35,951	\$ 84,424	\$ 135,361	\$ 68,450	
Total Category: 47 - CHARGES FOR SERVICE:	\$ 5,598,620	\$ 6,144,140	\$ 731,416	\$ 765,410	95.6%
Category: 50 - FINES AND FORFEITURES					
555 - Vehicle	\$ 68,186	\$ 48,453	\$ 57,012	\$ 111,780	
557 - Other	\$ 1,841	\$ 19,051	\$ 25,160	\$ 22,070	
Total Category: 50 - FINES AND FORFEITURES:	\$ 70,027	\$ 67,504	\$ 82,172	\$ 133,850	61.4%
Category: 53 - COST RECOVERY					
465 - State	\$ -	\$ 8,139	\$ 24,854	\$ -	
565 - Other Income	\$ 245,561	\$ 376,492	\$ 384,055	\$ -	
Total Category: 53 - COST RECOVERY:	\$ 245,561	\$ 384,631	\$ 408,909	\$ -	
Category: 54 - MISCELLANEOUS REVENUES					
560 - Investment Earnings	\$ (126,999)	\$ 484	\$ 76,675	\$ 1,000	
565 - Other Income	\$ 24,637	\$ 14,752	\$ 156,415	\$ 146,500	
Total Category: 54 - MISCELLANEOUS REVENUES:	\$ (102,362)	\$ 15,237	\$ 233,090	\$ 147,500	158.0%
Category: 58 - OTHER FINANCING SOURCES					
595 - Sale of Assets	\$ -	\$ 16,649	\$ 26,203	\$ 5,000	
599 - Other	\$ -	\$ 7,500	\$ -	\$ -	
Total Category: 58 - OTHER FINANCING SOURCES:	\$ -	\$ 24,149	\$ 26,203	\$ 5,000	
Category: 90 - TRANSFERS					
900 - Transfers	\$ (21,611)	\$ 129,892	\$ 1,302,712	\$ 6,121,237	
Total Category: 90 - TRANSFERS:	\$ (21,611)	\$ 129,892	\$ 1,302,712	\$ 6,121,237	21.3% budgeted transfers will be made

Total Revenue: \$ 18,135,331 \$ 21,319,010 \$ 23,415,778 \$ 37,914,436 61.8% On an overall basis revenues are tracking close to budget/ property taxes are higher than budgeted, while sales tax and development related fees are expected to be under budget

Expense

Category: 60 - PERSONNEL SERVICES					
600 - SALARIES AND WAGES	\$ 7,075,083	\$ 8,134,337	\$ 8,834,785	\$ 12,724,112	
610 - BENEFITS	\$ 3,150,182	\$ 3,873,325	\$ 4,559,596	\$ 6,559,431	
615 - OTHER	\$ 318,719	\$ 550,300	\$ 628,489	\$ 469,089	
Total Category: 60 - PERSONNEL SERVICES:	\$ 10,543,984	\$ 12,557,962	\$ 14,022,870	\$ 19,752,632	71.0% tracking below budget/ savings expected
Category: 65 - OPERATING COSTS					
650 - UTILITIES	\$ 1,069,752	\$ 1,244,653	\$ 1,235,965	\$ 2,014,300	
655 - ADMINISTRATIVE	\$ 264,862	\$ 270,188	\$ 307,690	\$ 370,237	
660 - FLEET COSTS	\$ 293,661	\$ 245,081	\$ 267,155	\$ 364,062	
665 - PROGRAM COSTS	\$ 386,204	\$ 388,732	\$ 469,723	\$ 493,200	
670 - REPAIRS AND MAINTENANCE	\$ 254,941	\$ 222,454	\$ 255,621	\$ 538,039	
675 - SUPPLIES	\$ 219,552	\$ 245,183	\$ 233,019	\$ 524,183	
680 - SPECIAL SERVICES	\$ 4,292,969	\$ 5,390,518	\$ 582,309	\$ 1,061,000	
690 - CONTRACTUAL SERVICES	\$ 2,454,614	\$ 3,059,589	\$ 2,729,303	\$ 6,529,503	
697 - ADMIN OVERHEAD	\$ (525,000)	\$ (534,000)	\$ (375,000)	\$ (750,000)	
699 - OTHER	\$ 796,916	\$ 962,921	\$ 1,188,813	\$ 1,347,311	
Total Category: 65 - OPERATING COSTS:	\$ 9,508,471	\$ 11,495,318	\$ 6,894,598	\$ 12,491,835	55.2% tracking well below budget/ operating expenses are higher in the last two months of the fiscal year/ still expected to produce savings.

Category: 70 - CAPITAL IMPROVEMENTS

700 - EQUIPMENT	\$ 75,224	\$ 166,187	\$ 409	\$ 110,950	
-----------------	-----------	------------	--------	------------	--

703 - FURNITURE	\$ 18,610	\$ -	\$ 7,612	\$ 6,038	
705 - VEHICLE	\$ 426,135	\$ 79,236	\$ 239,251	\$ 351,020	
710 - STRUCTURE	\$ -	\$ -	\$ -	\$ -	
750 - OTHER	\$ -	\$ -	\$ -	\$ -	
Total Category: 70 - CAPITAL IMPROVEMENTS:	\$ 519,970	\$ 245,423	\$ 287,005	\$ 468,009	61.3%
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:	\$ -	\$ -	\$ -	\$ -	
Category: 90 - TRANSFERS					
900 - Transfers	\$ -	\$ 18,985	\$ 5,528	\$ 154,000	
Total Category: 90 - TRANSFERS:	\$ -	\$ 18,985	\$ 5,528	\$ 154,000	3.6%
Total Expense:	\$ 20,572,425	\$ 24,317,688	\$ 21,210,000	\$ 32,914,436	64.4% Total expenses are tracking below budget and are expected to end the year under budget
Total Fund: 100 - GENERAL FUND:	\$ (2,437,095)	\$ (2,998,678)	\$ 2,205,778	\$ 5,000,000	
Report Total:	\$ (2,437,095)	\$ (2,998,678)	\$ 2,205,778	\$ 5,000,000	

Overall Analysis - The General Fund is tracking to have a surplus (revenues exceeding expenses) of \$5.7 to \$6.7 million. This is due largely to the one-time \$5 million solid waste retention receipt and augmented by expenses being less than budget. Excluding the one-time revenue, other revenues are expected to track close to budget overall.



Budget Comparison Report

FY 2020-21 Wastewater Fund through March

SubCategory	2017-2018 YTD Activity Through Per	2018-2019 YTD Activity Through Per	2019-2020 YTD Activity Through Per	FY 2020-21 Budget	% of Budget
Fund: 700 - WASTEWATER FUND					
Revenue					
Category: 50 - FINES AND FORFEITURES					
557 - Other	\$ -	\$ 9,000	\$ 1,000	\$ -	
Total Category: 50 - FINES AND FORFEITURES:	\$ -	\$ 9,000	\$ 1,000	\$ -	
Category: 53 - COST RECOVERY					
565 - Other Income	\$ 11,312	\$ -	\$ 6,236	\$ -	
Total Category: 53 - COST RECOVERY:	\$ 11,312	\$ -	\$ 6,236	\$ -	
Category: 54 - MISCELLANEOUS REVENUES					
560 - Investment Earnings	\$ -	\$ 24,678	\$ 26,907	\$ 75,000	
Total Category: 54 - MISCELLANEOUS REVENUES:	\$ -	\$ 24,678	\$ 26,907	\$ 75,000	35.9%
Category: 56 - PROPRIETARY REVENUES					
570 - WasteWater	\$ 5,348,042	\$ 5,820,976	\$ 6,721,658	\$ 9,862,625	
Total Category: 56 - PROPRIETARY REVENUES:	\$ 5,348,042	\$ 5,820,976	\$ 6,721,658	\$ 9,862,625	68.2% Tracking very close to budget/ 4 of 6 payments received to date
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:	\$ 1,634,249	\$ 5,756,120	\$ 6,756,581	\$ 9,937,625	68.0%
Expense					
Category: 60 - PERSONNEL SERVICES					
600 - SALARIES AND WAGES	\$ 131,668	\$ 393,742	\$ 783,733	\$ 1,313,356	
610 - BENEFITS	\$ 57,169	\$ 139,901	\$ 235,695	\$ 543,485	
615 - OTHER	\$ 2,105	\$ 6,734	\$ 12,971	\$ 38,528	
Total Category: 60 - PERSONNEL SERVICES:	\$ 190,942	\$ 540,376	\$ 1,032,399	\$ 1,895,369	54.5% Tracking below budget
Category: 65 - OPERATING COSTS					
650 - UTILITIES	\$ 469,199	\$ 603,450	\$ 596,718	\$ 827,618	
655 - ADMINISTRATIVE	\$ 96,304	\$ 114,084	\$ 101,590	\$ 90,946	
660 - FLEET COSTS	\$ 4,207	\$ 7,208	\$ 20,713	\$ 36,880	
670 - REPAIRS AND MAINTENANCE	\$ 15,820	\$ 30,703	\$ 43,681	\$ 115,500	
675 - SUPPLIES	\$ 134,213	\$ 168,056	\$ 142,897	\$ 321,610	
690 - CONTRACTUAL SERVICES	\$ 931,593	\$ 959,394	\$ 551,652	\$ 1,147,140	
697 - ADMIN OVERHEAD	\$ 450,000	\$ 459,000	\$ 325,000	\$ 650,000	
699 - OTHER	\$ 10,257	\$ 38,521	\$ 92,000	\$ 233,304	

Total Category: 65 - OPERATING COSTS:	\$ 2,111,593	\$ 2,380,416	\$ 1,874,972	\$ 3,422,998	54.8%	Tracking below budget - higher expenses expected in last quarter
Category: 70 - CAPITAL IMPROVEMENTS						
700 - EQUIPMENT	\$ -	\$ 1,832	\$ 29,498	\$ 10,000		
750 - OTHER	\$ -	\$ -	\$ -	\$ 500,000		This will be mostly spent in the next two months - emergency projects
Total Category: 70 - CAPITAL IMPROVEMENTS:	\$ -	\$ 1,832	\$ 29,498	\$ 510,000	5.8%	
Category: 90 - TRANSFERS						
900 - Transfers	\$ -	\$ -	\$ 3,013,215	\$ 4,732,326		Expected to be fully spent by fiscal year end
Total Category: 90 - TRANSFERS:	\$ -	\$ -	\$ 3,013,215	\$ 4,732,326	63.7%	Includes debt service and capital projects/ transfer to wastewater capital fund
Total Expense:	\$ 2,302,535	\$ 2,922,624	\$ 5,950,084	\$ 10,560,693	56.3%	
Total Fund: 700 - WASTEWATER FUND:	\$ (668,286)	\$ 2,833,497	\$ 806,497	\$ (623,068)		

Evaluation - Revenues are tracking very close to budget, expenses are tracking somewhat below budget. Capital improvements and unplanned expenses will likely create a budget deficit of (\$100,000 to \$200,000)



Staff Report

TO: Finance and Audit Committee
FROM: Jeff Mohlenkamp, Finance Director
DATE: May 11, 2020
SUBJECT: Independent Auditor Selection

Background and Analysis:

The City Council has assigned the Finance and Audit Committee the responsibility to prepare a request for proposal (RFP) and to recommend an auditor for the City's financial statements.

For the past three years, the City has contracted with the Pun Group, LLP to perform both the independent audit of the City financial statements and to complete the review of internal controls and a single audit report. While the contract provides the option for two 1-year extensions, best practice for governmental entities is to secure competitive bids.

The Finance and Audit Committee assigned two members Baron Ginnetti (Chair) and Steve Cooley (Member) to work with staff on the preparation of an RFP and evaluation of responses. The other two members of the RFP committee were Jeff Mohlenkamp, Finance Director and Lisa Leach, Senior Accountant. The City issued an RFP on March 6, 2020. The RFP is included as Attachment A. Three CPA firms responded to the RFP as follows:

- Rogers, Anderson, Malody and Scott, LLP (RAMS)
- Eadie and Payne, LLP (Eadie and Payne)
- The PUN Group, LLP

After review and scoring of the RFP submissions, RAMS and Eadie and Payne were selected to move forward to an interview. Interviews were conducted on May 7, 2020. After deliberation, the RFP committee is recommending RAMS be selected as the next independent auditor for the City.

Contributing factors to the recommendation that RAMS be selected include the following:

- RAMS has direct expertise with many cities that are similar in size to Beaumont
- RAMS has strong local connections with headquarters in San Bernardino and many clients in the Inland Empire and surrounding areas.

- RAMS has a clear focus on governmental auditing and consulting with this constituting over 80% of their business activity
- RAMS was able to demonstrate a strong background in community financing districts, development impact fees and other areas very important to our City.
- RAMS provided the lowest bid price

While the other proposals were also solid and the firms very capable, the review Committee recommends RAMS as the selection for our next auditor.

Fiscal Impact:

There is no fiscal impact associated with this item.

Recommended Action:

It is recommended that the Finance and Audit Committee recommend that the City Council select RAMS as the next independent auditor for the City of Beaumont beginning with the audit of FY 2020.

Attachments:

- A. RFP for City Audit Services issued on March 6, 2020.



CITY OF BEAUMONT

550 E. Sixth Street, Beaumont, CA 92223
Phone: (951) 572-3236 Fax: (951) 769-8526

Item No.4.

REQUEST FOR PROPOSAL

PROFESSIONAL AUDITING SERVICES

CITY OF BEAUMONT FINANCE DEPARTMENT

Jeff Mohlenkamp, Director of Finance
550 E. 6th Street - Beaumont, California 92223

(951) 572-3236
e-mail address: jmohlenkamp@beaumontca.gov

Proposals Due By:

12:00 Noon
Friday, April 3, 2020

RFP Available online at:
Public Purchase, CSMFO, GFOA and
www.ci.beaumont.ca.us

Table of Contents

Request for Proposal

Introduction.....2

Background.....2

Project Schedule.....2

Response Submittal.....4

General Requirements.....4

Proposal Requirements.....5

Overview and Scope of Services.....6

Selection Process.....6

Attachment I

Contract Services Agreement.....8-16

Attachment II

Contract Services Agreement.....17-20

Attachment III

Cost Summary.....21

CITY OF BEAUMONT REQUEST FOR PROPOSAL PROFESSIONAL AUDITING SERVICES

INTRODUCTION

The City of Beaumont is requesting qualified public accounting firms to submit proposals to audit the City’s financial statements for the three (3) fiscal years beginning with the year ending June 30, 2020, with the option of extending the contract for two (2) additional one-year periods, at the City’s sole discretion. These audits are to be performed in accordance with generally accepted auditing standards, *Governmental Auditing Standards* issued by the Comptroller General of the United States, and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Additional information is found in the Scopes of Services (Attachment II).

Background Information

The City of Beaumont is a general law city incorporated in 1912 currently serving a population of approximately 49,000, located in Western Riverside County. The City operates under a council-manager format of government which consists of a Mayor, Mayor Pro-Tem, three Councilmembers and the City Manager. The positions of Mayor and Mayor Pro-Tem are rotated among the elected Councilmembers. A City Clerk and Treasurer are elected positions, each for a four-year term.

In addition to its function as the governing body of the City, the City Council acts as the governing body for other separate entities: Beaumont Financing Authority, Beaumont Transit System, and Beaumont Utility Authority. The City’s management also has custodial, accounting and financial reporting responsibilities for the Successor Agency to the City of Beaumont Redevelopment Agency. There is no requirement for separate financial reporting for these separate entities with one exception (Beaumont Transit System).

Official accounting records are on-site in the Finance Department, while some supporting information may be located in other departments within the City. Beaumont uses the Tyler Incode 10 accounting software and Tyler Incode 9 centralized cashiering system for receipts and sewer utility billing. Payroll is processed through Paychex. We are in the process of upgrading the cashiering system to Incode 10 and should be complete by June 30, 2020.

Relevant operational detail for conducting the independent financial audit is provided as follows:

1. The Finance Department consists of the Finance Director, and five (5) staff members responsible for accounting and financial reporting, budgeting, payroll, accounts payable, revenue recording, banking and treasury investment, purchase order and project accounting tracking. Revenues are collected at various locations throughout the City and recorded into Tyler Incode 9 by non-finance department personnel.

2. City Funds and Account Groups are as follows:
 - a. General Fund (1)
 - b. Internal Service Funds (2)
 - c. Special Revenue Funds (9)
 - d. Debt Service Fund (1)
 - e. Capital Project Funds (17)
 - f. Enterprise Funds (7)
 - g. Agency Funds (4)

3. The City, organized into eight departments (Administration, Finance and Budget, IT, Risk and Human Resources, Community Development, Community Services, Public Safety, Public Works), provides a full range of municipal services. In addition, the City has component units including the Successor Agency, Beaumont Utility Authority, Beaumont Financing Authority, and Beaumont Transit System. Public Safety Fire services are contracted with Cal Fire, but Animal Control, Code Enforcement, Police and Dispatch are performed by City employees.

4. The City’s total expected payroll for the year ended June 30, 2020 is approximately \$18 million, covering 143 budgeted full-time and part-time positions. The total municipal budget for the 2019-20 fiscal year is approximately \$60 million.

For further information, City’s past two years AFRs’ and current and last year adopted budget are located on the City’s website at: <https://beaumontca.gov/921/Audits-and-Reports>

The PUN Group, LLC served as the City’s auditor in the past years.

Project Schedule

RFP Issued	Friday, March 6, 2020
Questions Due	Friday, March 20, 2020
Responses to questions provided by	Friday, March 27, 2020
Submittals Due	Friday, April 3, 2020, 12:00 p.m.
Staff Review	April 6, 2020 to April 10, 2020
Presentations/Interview	Week of April 20,2020
City Council review/approval	Tuesday, May 19, 2020
Implementation begins	Monday, July 06, 2020

Response Submittal

Interested firms shall submit three (3) copies of the proposal **no later than April 3, 2020 at 12:00p.m.** No late submittals will be accepted. “City of Beaumont 2020 Professional Auditing Services RFP” must be clearly marked on the outside of the envelope:

Submit Proposal to:
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

Additionally, one electronic copy of the proposal shall be sent to finance@beaumontca.gov by 12:00p.m. on April 3, 2020 for a proposal to be considered.

Any requests for clarification or other questions concerning this RFP must be submitted via email to Lisa Leach (as shown below) no later than March 20, 2020. Responses to all questions will be provided to all know interested parties by March 27, 2020.

Lisa Leach, CPA, Senior Accountant
Email:lleach@beaumontca.gov

General Requirements

The City of Beaumont reserves the right to reject any or all responses, to waive any informality in any responses, and to select the vendor that best meets the City’s needs.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.) unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and will be disregarded.

All property rights, including publication rights of all reports produced by respondents in connection with services performed under this agreement will be vested in the City. In addition, respondents will not publish or release any of the results of its examination without the express written permission of the City.

Responses must be submitted no later than the date and time stated on this RFP. Responses shall be reviewed and rated as set forth in the Selection Process section of this RFP. The City will then determine which firm best meets the City’s requirements.

During the evaluation process, the City reserves the right (where it may serve the City’s best interest) to request additional information or clarification from respondents. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal as submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right to negotiate final pricing with the most qualified firm. The City may invite selected firms to meet with the evaluation team on or around the week of April 20, 2020, at no additional cost to the City.

The City’s standard Contract Services Agreement is included as Attachment I. Upon award of the contract, it is expected that the successful proposer will accept the Agreement terms and conditions “as is” without modification. Any contract modifications are to be stated upfront, at the time of submittal.

Any costs incurred in the preparation of the response, presentation to the City, travel in conjunction with such presentations, or samples of items shall be the responsibility of the respondent. The City assumes no responsibility and no liability for costs incurred by respondents prior to issuance of a contract.

The proposer shall furnish the City with such additional information as the City may reasonably require.

PROPOSAL REQUIREMENTS

The City requests responses be organized in a logical format that is relevant to these services. The responses shall also be concise, excluding excessive or irrelevant material.

Personnel - This section shall identify the Partner, Manager, and other key personnel and any subconsultants assigned to the services. Provide information on the training, government auditing experience, and specialized skills of each person.

Company Background - Firms must provide the following information regarding the organization:

- Name
- Street Address
- City, State, Zip Code
- Corporate Structure
- State/Country of Incorporation
- Website
- License #
- Contact Information

In addition, please include the size of the firm, the size of the firm’s governmental audit staff, and the location of the office from which the work on this engagement will be performed.

Firms should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office’s Government Auditing Standards. Firms should provide an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in California.

Firms shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm with state regulatory bodies or professional organizations, as well as any pending or settled litigation, during the past three years.

Peer Review - Firms shall submit a copy of its most recent quality control review. Quality control reviews older than 3 years will not be considered.

Audit Approach - The proposal should set forth a detailed work plan, including an explanation of the audit methodology for providing the services required in this RFP. Include a proposed timeline for the fiscal year 2019-20 audit.

Specific Expertise Desired –The City has extensive use of Community Facility Districts (CFDs), Development Impact Fees (DIFs) and land secured bond issuances. Direct expertise in these areas is desired. Please provide your experience and knowledge in these areas.

References - For the firm’s office that will be assigned responsibility for the audit, provide a list of the most significant engagements performed in the last five years that are similar to the engagement described in this Request for Proposal. Indicate the scope of work, dates, engagement partners, total hours and contact information for the client.

Cost Summary - The Cost Summary should contain, itemized pricing for each of the five potential fiscal years. The total maximum annual price should contain all direct and indirect costs, including out-of-pocket expenses. Please use the Cost Summary (Attachment III) to submit pricing. In your proposal, please indicate any specific costing elements such as footnote disclosures that impact the overall cost, such as preparation of GASB 68 reporting.

The proposal should include the anticipated number of hours and distribution by staff classification. The proposal should also include a schedule of rates by professional staff classifications for audit services and consulting services. Please indicate if your proposal includes a “not to exceed” quote.

Signature - The response shall be signed by an official authorized to bind the firm and shall contain a statement to the effect that the proposal is valid for ninety (90) days.

Overview and Scope of Services

The request for Proposals is for Professional Auditing Services as set forth in Attachment II – Scope of Services.

Selection Process

Staff will review the proposals and make a recommendation to the City Council for review (tentatively scheduled for May 19, 2020). The City intends to evaluate the proposals based upon the data presented in response to the RFP. The following general selection criteria will be used to evaluate each proposal:

1. Ability to meet service requirements; understanding the needs and requirements of the City; scope and services offered.
2. Experience, qualifications and knowledge of key personnel; references for similar work completed within the last three years. (Particular emphasis will be placed in the area of customer support.)
3. Proposed pricing.
4. Completeness of responses to the Request for Proposals

Attachment I

AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR
Error!
Bookmark not defined.

THIS AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR is made and effective as of the _____ day of _____, 2019, by and between the CITY OF BEAUMONT (“CITY”) whose address is 550 E. 6th Street, Beaumont, California 92223 and _____ whose address is _____ (“CONTRACTOR”).

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the parties to this Agreement:

A. CITY desires to engage CONTRACTOR to provide _____; and

B. CONTRACTOR has made a proposal (“Proposal”) to the CITY to provide such professional services, which Proposal is attached hereto as Exhibit “A”; and

C. CONTRACTOR agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement, and represents and warrants to CITY that CONTRACTOR possesses the necessary skills, licenses, certifications, qualifications, personnel and equipment to provide such services.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, CITY and CONTRACTOR agree as follows:

1. Term of Agreement. This Agreement is effective as of the date first above written and shall continue until terminated as provided for herein. Notwithstanding anything in this Agreement to the contrary, this Agreement shall automatically terminate after three (3) years unless extended by the parties with the approval of the City Council of the CITY up to an additional two (2) years.

2. Services to be Performed. CONTRACTOR agrees to provide the services (“Services”) as follows: _____ per Exhibit “A” and any other services which the City may request in writing. All Services shall be performed in the manner and according to the timeframe set forth in the Proposal. CONTRACTOR designates Ming Guan as CONTRACTOR’S professional responsible for overseeing the Services provided by CONTRACTOR.

3. Associates and Subcontractors. CONTRACTOR may, at CONTRACTOR's sole cost and expense, employ such competent and qualified independent associates, subcontractors and consultants as CONTRACTOR deems necessary to perform the Services; provided, however, that CONTRACTOR shall not subcontract any of the Services without the written consent of CITY.

4. Compensation.

4.01 CONTRACTOR shall be paid at the rates set forth in the Proposal and shall not increase any rate without the prior written consent of the CITY. Notwithstanding anything in this Agreement to the contrary, total fees and charges paid by CITY to CONTRACTOR under this Agreement shall not exceed _____.

4.02 CONTRACTOR shall not be compensated for any Services rendered nor reimbursed for any expenses incurred in excess of those authorized unless approved in advance by the CITY, in writing.

4.03 CONTRACTOR shall submit to CITY, on or before the fifteenth (15th) of each month, itemized invoices for the Services rendered in the previous month. The CITY shall not be obligated to pay any invoice that is submitted more than sixty (60) days after the due date of such invoice. CITY shall have the right to review and audit all invoices prior to or after payment to CONTRACTOR. This review and audit may include, but not be limited to CITY's:

- a. Determination that any hourly fee charged is consistent with this Agreement's approved hourly rate schedule;
- b. Determination that the multiplication of the hours billed times the approved rate schedule dollars is correct;
- c. Determination that each item charged is the usual, customary, and reasonable charge for the particular item. If CITY determines an item charged is greater than usual, customary, or reasonable, or is duplicative, ambiguous, excessive, or inappropriate, CITY shall either return the bill to CONTRACTOR with a request for explanation or adjust the payment accordingly, and give notice to CONTRACTOR of the adjustment.

4.04 If the work is satisfactorily completed, CITY shall pay such invoice within thirty (30) days of its receipt. Should CITY dispute any portion of any invoice, CITY shall pay the undisputed portion within the time stated above, and at the same time advise CONTRACTOR in writing of the disputed portion.

5. Obligations of CONTRACTOR.

5.01 CONTRACTOR agrees to perform all Services in accordance with the terms and conditions of this Agreement and the Proposal. In the event that the terms of the Proposal shall conflict with the terms of this Agreement, or contain additional terms other than the Services to be rendered and the price for the Services, the terms of this Agreement shall govern and said additional or conflicting terms shall be of no force or effect.

5.02 Except as otherwise agreed by the parties, CONTRACTOR will supply all personnel, materials and equipment required to perform the Services. CONTRACTOR shall provide its own offices, telephones, vehicles and computers and set its own work hours. CONTRACTOR will determine the method, details, and means of performing the Services under this Agreement.

5.03 CONTRACTOR shall keep CITY informed as to the progress of the Services by means of regular and frequent consultations. Additionally, when requested by CITY, CONTRACTOR shall prepare written status reports.

5.04 CONTRACTOR is responsible for paying, when due, all income and other taxes, fees and withholding, including withholding state and federal taxes, social security, unemployment and worker’s compensation, incurred as a result of the compensation paid under this Agreement. CONTRACTOR agrees to indemnify, defend and hold harmless CITY for any claims, costs, losses, fees, penalties, interest, or damages suffered by CITY resulting from CONTRACTOR’s failure to comply with this provision.

5.05 In the event CONTRACTOR is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished in conformance with local, state and federal laws, rules and regulations.

5.06 CONTRACTOR represents that it possesses all required licenses necessary or applicable to the performance of Services under this Agreement and the Proposal and shall obtain and keep in full force and effect all permits and approvals required to perform the Services herein. In the event CITY is required to obtain an approval or permit from another governmental entity, CONTRACTOR shall provide all necessary supporting documents to be filed with such entity.

5.07 CONTRACTOR shall be solely responsible for obtaining Employment Eligibility Verification information from CONTRACTOR’s employees, in compliance with the Immigration Reform and Control Act of 1986, Pub. L. 99-603 (8 U.S.C. 1324a), and shall ensure that CONTRACTOR’s employees are eligible to work in the United States.

5.08 In the event that CONTRACTOR employs, contracts with, or otherwise utilizes any CalPers retirees in completing any of the Services performed hereunder, such instances shall be disclosed in advance to the CITY and shall be subject to the CITY’s advance written approval.

5.09 Drug-free Workplace Certification. By signing this Agreement, the CONTRACTOR hereby certifies under penalty of perjury under the laws of the State of California that the CONTRACTOR will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code, Section 8350 et seq.) and will provide a drug-free workplace.

5.10 CONTRACTOR shall comply with all applicable local, state and federal laws, rules, regulations, entitlements and/or permits applicable to, or governing the Services authorized hereunder.

6. Insurance. CONTRACTOR hereby agrees to be solely responsible for the health and safety of its employees and agents in performing the Services under this Agreement and shall comply with all laws applicable to worker safety including but not limited to Cal-OSHA. Therefore, throughout the duration of this Agreement, CONTRACTOR hereby covenants and agrees to maintain insurance in conformance with the requirements set forth below. Attached hereto as **Exhibit “B”** are copies of Certificates of Insurance and endorsements as required by Section 7.02. If existing coverage does not meet the requirements set forth herein, CONTRACTOR agrees to amend, supplement or endorse the existing coverage to do so. CONTRACTOR shall provide the following types and amounts of insurance:

6.01 Commercial general liability insurance in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; CONTRACTOR agrees to have its insurer endorse the general liability coverage required herein to include as additional insured’s CITY, its officials, employees and agents. CONTRACTOR also agrees to require all contractors and subcontractors to provide the same coverage required under this Section 6.

6.02 Business Auto Coverage in an amount no less than \$1 million per accident. If CONTRACTOR or CONTRACTOR’s employees will use personal autos in performance of the Services hereunder, CONTRACTOR shall provide evidence of personal auto liability coverage for each such person.

6.03 Workers’ Compensation coverage for any of CONTRACTOR’s employees that will be providing any Services hereunder. CONTRACTOR will have a state-approved policy form providing statutory benefits as required by California law. The provisions of any workers’ compensation will not limit the obligations of CONTRACTOR under this Agreement. CONTRACTOR expressly agrees not to use any statutory immunity defenses under such laws with respect to CITY, its employees, officials and agents.

6.04 Optional Insurance Coverage. Choose and check one: Required X /Not Required ; Errors and omissions insurance in a minimum amount of \$2 million per occurrence to cover any negligent acts or omissions committed by CONTRACTOR, its employees and/or agents in the performance of any Services for CITY.

7. General Conditions pertaining to Insurance Coverage

7.01 No liability insurance coverage provided shall prohibit CONTRACTOR from waiving the right of subrogation prior to a loss. CONTRACTOR waives all rights of subrogation against CITY regardless of the applicability of insurance proceeds and shall require all contractors and subcontractors to do likewise.

7.02. Prior to beginning the Services under this Agreement, CONTRACTOR shall furnish CITY with certificates of insurance, endorsements, and upon request, complete copies of all policies, including complete copies of all endorsements. All copies of policies and endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf.

7.03. All required policies shall be issued by a highly rated insurer with a minimum A.M.

Best rating of “A:VII”). The insurer(s) shall be admitted and licensed to do business in California. The certificates of insurance hereunder shall state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to CITY.

7.04 Self-insurance does not comply with these insurance specifications. CONTRACTOR acknowledges and agrees that that all insurance coverage required to be provided by CONTRACTOR or any subcontractor, shall apply first and on a primary, non-contributing basis in relation to any other insurance, indemnity or self-insurance available to CITY.

7.05 All coverage types and limits required are subject to approval, modification and additional requirements by CITY, as the need arises. CONTRACTOR shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect CITY’s protection without CITY’s prior written consent.

7.06 CONTRACTOR agrees to provide immediate notice to CITY of any claim or loss against CONTRACTOR or arising out of the Services performed under this Agreement. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.

8. Indemnification.

8.01 CONTRACTOR and CITY agree that CITY, its employees, agents and officials should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys’ fees, litigation costs, defense costs, court costs or any other costs arising out of or in any way related to the performance of this Agreement by CONTRACTOR or any subcontractor or agent of either as set forth herein. Accordingly, the provisions of this indemnity are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to CITY. CONTRACTOR acknowledges that CITY would not enter into this Agreement in the absence of the commitment of CONTRACTOR to indemnify and protect CITY as set forth herein.

a. To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify and hold harmless CITY, its employees, agents and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses, damages or costs of any kind, whether actual, alleged or threatened, actual attorneys’ fees incurred by CITY, court costs, interest, defense costs, including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of, or in any way attributable actually, allegedly or impliedly, in whole or in part to the performance of this Agreement. CONTRACTOR’s obligation to defend, indemnify and hold harmless shall include any and all claims, suits and proceedings in which CONTRACTOR (and/or CONTRACTOR’s agents and/or employees) is alleged to be an employee of CITY. All obligations under this provision are to be paid by CONTRACTOR as they are incurred by CITY.

b. Without affecting the rights of CITY under any provision of this Agreement or this Section, CONTRACTOR shall not be required to indemnify and hold harmless CITY as set forth above for liability attributable solely to the fault of CITY, provided such fault is determined by agreement between the parties or the findings of a court of competent jurisdiction.

9. Additional Services, Changes and Deletions.

9.01 In the event CONTRACTOR performs additional or different services than those described herein without the prior written approval of the City Manager and/or City Council of CITY, CONTRACTOR shall not be compensated for such services. CONTRACTOR expressly waives any right to be compensated for services and materials not covered by the scope of this Agreement or authorized by the CITY in writing.

9.02 CONTRACTOR shall promptly advise the City Manager and Finance Director of CITY as soon as reasonably practicable upon gaining knowledge of a condition, event or accumulation of events which may affect the scope and/or cost of Services. All proposed changes, modifications, deletions and/or requests for additional services shall be reduced to writing for review and approval by the CITY and/or City Council.

10. Termination of Agreement.

10.01 Notwithstanding any other provision of this Agreement, CITY, at its sole option, may terminate this Agreement with or without cause, or for no cause, at any time by giving twenty (20) days' written notice to CONTRACTOR.

10.02 In the event of termination, the payment of monies due CONTRACTOR for undisputed Services performed prior to the effective date of such termination shall be paid within thirty (30) business days after receipt of an invoice as provided in this Agreement. Immediately upon termination, CONTRACTOR agrees to promptly provide and deliver to CITY all original documents, reports, studies, plans, specifications and the like which are in the possession or control of CONTRACTOR and pertain to CITY.

11. Status of CONTRACTOR.

11.01 CONTRACTOR shall perform the Services in CONTRACTOR's own way as an independent contractor, and in pursuit of CONTRACTOR's independent calling, and not as an employee of CITY. However, CONTRACTOR shall regularly confer with CITY's City Manager as provided for in this Agreement.

11.02 CONTRACTOR agrees that it is not entitled to the rights and benefits afforded to CITY's employees, including disability or unemployment insurance, workers' compensation, retirement, CalPers, medical insurance, sick leave, or any other employment benefit. CONTRACTOR is responsible for providing, at its own expense, disability, unemployment, workers' compensation and other insurance, training, permits, and licenses for itself and its

employees and subcontractors.

11.03 CONTRACTOR hereby specifically represents and warrants to CITY that it possesses the qualifications and skills necessary to perform the Services under this Agreement in a competent, professional manner, without the advice or direction of CITY and that the Services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional rendering the same or similar services in the same geographic area where the CITY is located. Further, CONTRACTOR represents and warrants that the individual signing this Agreement on behalf of CONTRACTOR has the full authority to bind CONTRACTOR to this Agreement.

12. Ownership of Documents; Audit.

12.01 All draft and final reports, plans, drawings, studies, maps, photographs, specifications, data, notes, manuals, warranties and all other documents of any kind or nature prepared, developed or obtained by CONTRACTOR in connection with the performance of Services performed for the CITY shall become the sole property of CITY, and CONTRACTOR shall promptly deliver all such materials to CITY upon request. At the CITY's sole discretion, CONTRACTOR may be permitted to retain original documents, and furnish reproductions to CITY upon request, at no cost to CITY.

12.02 Subject to applicable federal and state laws, rules and regulations, CITY shall hold all intellectual property rights to any materials developed pursuant to this Agreement. CONTRACTOR shall not such use data or documents for purposes other than the performance of this Agreement, nor shall CONTRACTOR release, reproduce, distribute, publish, adapt for future use or any other purposes, or otherwise use, any data or other materials first produced in the performance of this Agreement, nor authorize others to do so, without the prior written consent of CITY.

12.03 CONTRACTOR shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records and vouchers and all other records with respect to all matters concerning Services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as CITY may deem necessary, CONTRACTOR shall make available to CITY's agents for examination all of such records and shall permit CITY's agents to audit, examine and reproduce such records.

13. Miscellaneous Provisions.

13.01 This Agreement, which includes all attached exhibits, supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of Services by CONTRACTOR for CITY and contains all of the covenants and agreements between the parties with respect to the rendering of such Services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

13.02 CONTRACTOR shall not assign or otherwise transfer any rights or interest in this

Agreement without the prior written consent of CITY. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

13.03 CONTRACTOR shall timely file FPPC Form 700 Conflict of Interest Statements with CITY if required by California law and/or the CITY's conflict of interest policy.

13.04 If any legal action or proceeding, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs, in addition to any other relief to which that party may be entitled.

13.05 This Agreement is made, entered into and shall be performed in the County of Riverside in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California.

13.06 CONTRACTOR covenants that neither it nor any officer or principal of its firm has any interest, nor shall they acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of their Services hereunder. CONTRACTOR further covenants that in the performance of this Agreement, no person having such interest shall be employed by it as an officer, employee, agent, or subcontractor.

13.07 CONTRACTOR has read and is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflicts of interest of public officers and employees. CONTRACTOR agrees that they are unaware of any financial or economic interest of any public officer or employee of the CITY relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the CITY may immediately terminate this Agreement by giving notice thereof. CONTRACTOR shall comply with the requirements of Government Code section 87100 et seq. and section 1090 in the performance of and during the term of this Agreement.

13.08 Improper Consideration. CONTRACTOR shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, services, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the CITY in an attempt to secure favorable treatment regarding this Agreement or any contract awarded by CITY. The CITY, by notice, may immediately terminate this Agreement if it determines that any improper consideration as described in the preceding sentence was offered to any officer, employee or agent of the CITY with respect to the proposal and award process of this Agreement or any CITY contract. This prohibition shall apply to any amendment, extension or evaluation process once this Agreement or any CITY contract has been awarded. CONTRACTOR shall immediately report any attempt by any CITY officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from CONTRACTOR.

13.09 Severability. If any portion of this Agreement is declared invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, the entire balance of this

Agreement not so affected shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereby have made and executed this Agreement to be effective as of the day and year first above-written.

CITY:

CITY OF BEAUMONT

By: _____
Rey Santos, Mayor

CONTRACTOR:

By: _____

Print Name: _____

Title: _____

Attachment II

Scope of Services

The City's goal is to provide the public and its constituents with a financial statement that gives complete, accurate and understandable information about the City's financial condition. The selected independent auditor will be required to perform the following tasks:

1. Annual Financial Report - Audit the Basic Financial Statements of the City to obtain reasonable assurance about whether the financial statements are free from material misstatement. Express an opinion on the fair presentation of the City's governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in conformity with generally accepted accounting principles. The Auditor shall also be responsible for performing certain limited procedures involving management's discussion and analysis (MD&A) and the required supplementary information (RSI) required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
2. Single Audit Act Report (if required) – The audit firm will perform a single audit on the expenditures of federal grants in accordance with the provisions of the Single Audit Act Amendments of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and render the appropriate audit reports on Internal Control over Finance Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, and internal Control over Compliance. The single audit report prepared and publish by the audit firm will include appropriate schedule of expenditures and material weaknesses and follow up on prior audit findings where required. If the City does not meet the minimum requirements to necessitate a single audit, the fees shall be adjusted accordingly. Additionally, the audit firm will submit the required information to the Federal Audit Clearinghouse.
3. GASB 68 – The firm selected is expected to provide templates and/or journal entries required to comply with Governmental Accounting Standards Board Statement No. 68.
4. Management Letter – The firm will issue a separate “management letter” that includes recommendations for improvement in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. The management letter shall be addressed to the City Manager. Prior to its release, City staff shall be given an opportunity to review and comment.
5. Updates – The firm selected is expected to keep the City abreast of new developments affecting municipal finance and reporting, Government Accounting Standards Board pronouncements, procedural changes for grants, etc. The firm is also expected to provide advice to City staff related to the proper accounting treatment for transactions as needed and without additional costs.

6. Other – The firm selected will prepare the Comprehensive Annual Financial Report (CAFR) and the statistical sections as well as the Single Audit Report (if needed). The firm will also be asked to prepare the Cities State Controller’s Office Financial Transaction Report (FTR). The firm selected may also be asked to examine other reports or perform other services as required. The scope and compensation for any such request would be negotiated between the City and the Auditor.

Auditing Standards to be Followed

To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants
- The standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States
- The provisions of the Federal Single Audit Act
- The provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

Reports to be Issued

Following completion of the audit and preparation of the fiscal year’s financial statements and special purpose audits, the Auditor shall issue:

1. Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below: a. Basic Financial Statements for the City; b. Single Audit Report
2. A report based on the internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. A report on the compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Circular A-133 and on the schedule of expenditures of federal awards. Also included would be a schedule of findings and questioned costs associated with federal awards.
4. A Management Letter setting forth recommendations (as applicable) for improvements in the City’s internal control, accounting procedures, and any other significant observations.
5. Reports to and communication with those charged with governance, as required by auditing standards.

- 6. Auditors shall be required to make immediate, written notification to the City Council, City Manager, and City Attorney of all irregularities and illegal acts or indications of illegal acts of which they become aware.
- 7. Any other reports that may become required as a result of a change in accounting standards or new pronouncements that become effective during the term of the engagement.

Other Communications

The Auditor shall make all communications to the City required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

- The Auditor’s responsibility under generally accepted auditing standards.
- Significant accounting policies.
- Management judgment and accounting estimates.
- Significant audit adjustments.
- Other information in documents containing audited financial statements.
- Disagreements with management.
- Management consultation with other accountants.
- Major issues discussed with management prior to retention.
- Difficulties encountered in performing the audit.
- Errors, irregularities, and illegal acts.

The Auditor must be available to present the audit plan prior to beginning field work. In addition, the Auditor must be available to present all final reports to City management, Audit and Finance Committee and the City Council as requested at no additional costs.

Working Paper Retention and Access to Working Papers

All work papers and reports must be retained, at the auditor’s expense, for a minimum of five years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the City of the need to extend the retention period. The work papers are subject to review by Federal and state agencies and other individuals designated by the City. Accordingly, the work papers will be made available upon request.

In addition, the firm will respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

Journal Entries

All adjusting journal entries made by the independent auditors must be discussed and explained to the designated Finance Department personnel prior to recording. They should be in a format that shows the lowest level of posting detail needed for data entry in the general ledger system.

Attachment III

Cost Summary

NOT TO EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE

In accordance with the Request for Proposal for Audit Services issued by City of Beaumont, the firm referenced below hereby submits the following cost proposal:

	Year Ended June 30th				
	2020	2021	2022	2023	2024
Basic Reports to Be Issued					
City Audit, including AFR and Related Reports					
Total					
Additional Audit Reports To Be Requested At City Option					
Single Audit and Related Reports					
Annual Report of City Financial Transactions to State Controller					
Total					

Please include an hourly fee quotation and hours proposed for all positions to be assigned to the audit:

	Hours Billing Rate	Estimated Number of Hours	Estimated Charges
Partners			
Mangers			
Senior Accountant			
Staff Accountant			
Clerical/Support Staff			
Other			

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected, authorized to sign a contract with the City, for the services identified in the Request for Proposals.

Firm Name: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____



Staff Report

TO: Finance and Audit Committee
FROM: Jeff Mohlenkamp, Finance Director
DATE May 11, 2020
SUBJECT: FY 2020-21 Budget Preparation Status

Background and Analysis:

The City Council met on April 21, 2020, to receive an overview of the City’s financial condition and the projected budget deficit for the upcoming fiscal year 2020-21. At that meeting the Council agreed with staff’s plan to prepare budget reductions to balance the General Fund and Wastewater Fund budgets with a goal to limit the use of reserves.

On May 5, 2020, the City Council reviewed the FY 2020-21 budget that included the necessary budget reductions to balance the budgets. The Council agreed with the proposed reductions and directed staff to move forward with finalization of the budget for Council consideration and possible approval at the June 2, 2020, meeting.

Attached is the staff report and summary attachments that were considered by the City Council at the May 5, 2020, meeting.

Fiscal Impact:

There is no fiscal impact associated with this item.

Recommended Action:

No action required, this is an informational item to provide an update to the Committee.

Attachments:

- A. May 5, 2020 Staff Report
- B. General Fund Summary – FY 2020-21
- C. Waste Water Fund Summary – FY 2020-21



Staff Report

TO: Mayor and City Council Members
FROM: Jeff Mohlenkamp, Finance Director
DATE: May 5, 2020
SUBJECT: **FY 2020-21 Budget Discussion**

Background and Analysis:

On April 21, 2020, the City Council reviewed the initial estimates of the General Fund and Wastewater Fund budgets for FY 2020-21. City Council affirmed basic assumptions regarding the negative impacts of the COVID-19 pandemic that should be incorporated into the revenue projections and directed that appropriate budgeting adjustments be made to achieve a balanced budget. City Council also affirmed that existing unobligated revenue balances remain untouched due to the fact that the full effects of the COVID-19 pandemic are unknown.

Attached to this report is a draft balanced budget which provides the City Council an initial review of reductions and their impacts.

General Fund Budget Adjustments

The projected General Fund deficit presented to City Council on April 21, 2020, for FY 2020-21 was \$2.8 million. Since that time, staff refined budget assumptions and cost recovery estimates and have revised that projected deficit to \$2.6 million. Management has developed a package of both personnel cost reductions and operating cost reductions that eliminate the \$2.6 million projected deficit as follows:

- Personnel Cost reductions - \$ 1.6 million
- Operating Cost reductions - \$ 1.0 million
- Total Reductions \$ 2.6 million

Personnel Cost Reductions

Management’s overall objective was to maintain existing service levels to the greatest extent possible at the maximum level possible while minimizing the need to implement significant furloughs and lay-offs. In order to achieve this objective, the following strategies are recommended:

- Hold position vacancies:
 - Full Time (6 FTE):
 - Police Officers (4),
 - Maintenance Workers (2), and
 - Part Time (7.5 PTE):
 - Lifeguards (all part-time/seasonal).

These vacancies provide estimated annual savings of approximately **\$934,000**. It should be noted that sustaining vacancies in the Police Department where 4 of 29 officer positions are vacant, is a short-term solution designed to keep costs low while the City evaluates the breadth and depth of this economic recession.

- Reduce wage increases – this entails reducing or freezing cost of living increases for staff – resulting in estimated savings of **\$239,000**,
- Build in a health cost savings factor. Typically, the health cost budget assumes that each employee uses the maximum possible allocation (including spouse and children). This adjustment budgets at the actual estimated cost based upon true usage of health care plus 10%. The budgeted cost adjustment from this change is approximately **\$416,000**. Note this does not produce any actual savings, but instead is a budget balancing tool, and
- Staff is currently eligible for a reimbursement of \$50 per month for health related costs (gym memberships, etc.). Similar to the health insurance costs above, Staff has determined the savings resulting from the percentage of staff that do not use this benefit. While not a true cost savings, this lowers this portion of the budget by **\$50,000**.

Total budgeted expense reductions from personnel cost adjustments is **\$1,639,000**. This provides for essentially a flat personnel budget for the General Fund.

Operating Cost Reductions

Each department reviewed its operating budget to identify reductions that could be completed with the least impact on service delivery. The City Manager placed an

emphasis on reductions that would not immediately degrade the ability to perform the existing duties and responsibilities. Reductions vary by department as each department head evaluated options carefully and made specific recommendations based upon their individual service delivery model.

Overall operating cost reductions are approximately 6.5% of the initial budget submission. The reductions total **\$923,000**.

While care has been taken to recommend reductions that will have the least impact on service delivery, it is impossible to make expense reductions at this level without incurring service reductions or delays. A high-level summary of the budget that demonstrates the impacts of expense reductions on the General Fund is included as Attachment A.

Operating cost reductions focus primarily on 4 major areas:

- **Reduction in use of contractual services** – this involves having staff perform some functions currently performed by outside contractors and the reduction of some service levels.
- **Reduction in plan check and inspection costs** – this represents a reduction in the need for outside parties to assist the City in performing inspections and plan checks related to development activity. Part of this reduction results from projected reduction in development activity. The other part of this is the City’s intention to complete more of this work internally and rely less on outside vendors.
- **Reduction in utilities** – staff is projecting lower utility costs. This is driven by lower usage of facilities in the first quarter of FY 2021 and in estimated decreases in fuel costs.
- **Travel/ training** – staff has reduced training and travel and will rely almost exclusively on training that is provided online and cheaper alternatives.

A summary schedule for each department demonstrating the operating cost reductions is included as Attachment B.

The reductions made to personnel and operating costs are sufficient to address the projected budget deficit. If these reductions are completed, General Fund reserves will not be required to balance the budget.

Wastewater Fund Budget Adjustments

After further evaluation, Staff has adjusted expected sewer rate fees up from \$10.2 million to \$10.8 million. This is due to growth incurred during the second half of FY 2020 and growth (residential and commercial) expected during FY 2021. Due to this adjustment, staff has added in capital costs estimated at \$200,000 that had been deleted from the initial budget submission. This will allow for completion of the first phase of the Inflow and Infiltration Rehabilitation Project that has become necessary and is included as a project within the proposed capital improvement project budget.

The estimated transfer from development impact fees to support debt service payments has been reduced from \$700,000 to \$280,000. This is a positive development as programmed use of DIF for debt service has been significantly reduced.

A revised budget summary for the Wastewater Fund is included as Attachment C.

Fiscal Impact:

There is no fiscal impact associated with this item.

Recommended Action:

- Review the revised budgets for the General Fund and the Wastewater Fund
- Provide guidance to Staff regarding proposed budget reductions
- Identify any changes required in the General Fund and Wastewater Fund budget prior to finalization.

Attachments:

- A. FY 2020-21 General Fund Summary – reflecting cost reductions
- B. FY 2020-21 General Fund – Department Summaries – reflecting cost reductions
- C. FY 2020-21 Wastewater Fund Summary - Adjusted

FY 2020-21 GENERAL FUND BUDGET

City of Beaumont, CA

Budget Reductions Included



	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 BUDGET	FY 2019-20 Estimated Results	FY 2020-21 Draft Budget	Proposed Budget Reductions/ Modifications	FY 2020-21 Revised Budget to Reflect Expense Reductions
REVENUES							
Taxes							
Property Tax	\$ 5,199,098	\$ 5,656,662	\$ 5,051,562	\$ 5,849,278	\$ 6,141,742		\$ 6,141,742
Sales Tax	\$ 5,029,443	\$ 5,558,667	\$ 5,436,227	\$ 4,869,306	\$ 4,333,682	\$ (150,000)	\$ 4,183,682
Motor Vehicle in Lieu	\$ 4,125,662	\$ 4,517,090	\$ 5,002,506	\$ 4,997,852	\$ 5,247,745		\$ 5,247,745
Utility Users Tax	\$ 1,524,158	\$ 1,584,224	\$ 1,604,250	\$ 1,584,020	\$ 1,600,000		\$ 1,600,000
Franchise Fees	\$ 876,551	\$ 912,924	\$ 853,875	\$ 915,627	\$ 869,846		\$ 869,846
Franchise Fees - Waste Management	\$ -	\$ -	\$ 2,100,000	\$ 2,100,000	\$ 2,100,000		\$ 2,100,000
One time franchise fee	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -		\$ -
Transient Occupancy Tax	\$ 363,868	\$ 335,304	\$ 268,925	\$ 251,215	\$ 245,000	\$ (24,000)	\$ 221,000
Other Taxes	\$ -	\$ 23,154	\$ 20,700	\$ 38,307	\$ 40,000		\$ 40,000
Total Taxes	\$ 17,118,780	\$ 18,588,024	\$ 25,338,045	\$ 25,605,605	\$ 20,578,015	\$ (174,000)	\$ 20,404,015
Business License	\$ 242,634	\$ 287,908	\$ 214,221	\$ 257,405	\$ 290,000	\$ (40,000)	\$ 250,000
Permits							
Building Permits	\$ 2,076,224	\$ 3,122,755	\$ 2,324,500	\$ 1,847,635	\$ 1,800,000		\$ 1,800,000
Public Works Inspection	\$ 1,263,922	\$ 519,597	\$ 900,000	\$ 150,819	\$ 150,000		\$ 150,000
Develop Service Plan Check	\$ 237,744	\$ 945,230	\$ 1,025,000	\$ 435,214	\$ 400,000		\$ 400,000
All other permits	\$ 966,629	\$ 958,443	\$ 918,385	\$ 476,123	\$ 417,500		\$ 417,500
Total Permits	\$ 4,544,519	\$ 5,546,026	\$ 5,167,885	\$ 2,909,791	\$ 2,767,500	\$ -	\$ 2,767,500
Charges for Services	\$ 8,792,761	\$ 9,160,139	\$ 877,950	\$ 880,086	\$ 797,349	\$ 295,650	\$ 1,092,999
Other Revenues	\$ 824,438	\$ 1,077,341	\$ 409,319	\$ 881,098	\$ 858,700		\$ 858,700
Transfers In (CFD and Gas)	\$ 4,299,392	\$ 5,450,787	\$ 6,121,237	\$ 6,121,237	\$ 7,041,029	\$ 122,983	\$ 7,164,012
Transfers In (admin coverage)					\$ 750,000		\$ 750,000
Total Revenue	\$ 35,822,524	\$ 40,110,225	\$ 37,914,436	\$ 36,655,222	\$ 33,082,593	\$ 204,633	\$ 33,287,226
Expenses							
Personnel							
Salaries	\$ 9,590,672	\$ 10,965,713	\$ 11,959,929	\$ 11,027,086	\$ 12,570,270	\$ (912,214)	\$ 11,658,056
Health Insurance	\$ 1,384,031	\$ 1,585,813	\$ 2,272,646	\$ 1,890,325	\$ 2,520,750	\$ (416,523)	\$ 2,104,227
Workers Comp/Disability/Other Compensation	\$ 1,108,178	\$ 1,990,018	\$ 2,111,924	\$ 2,271,382	\$ 2,568,332	\$ (117,341)	\$ 2,450,991
Retirement	\$ 2,244,152	\$ 2,434,460	\$ 3,027,640	\$ 2,794,190	\$ 3,133,319	\$ (166,917)	\$ 2,966,402
Other Personnel Costs	\$ 143,485	\$ 240,681	\$ 342,493	\$ 242,124	\$ 369,749	\$ (25,899)	\$ 343,850
Total Personnel Services	\$ 14,470,518	\$ 17,216,685	\$ 19,714,632	\$ 18,225,107	\$ 21,162,420	\$ (1,638,894)	\$ 19,523,526
Operating							
CONTRACTUAL SERVICES	\$ 5,283,353	\$ 6,336,492	\$ 6,534,147	\$ 6,648,916	\$ 7,373,514	\$ (267,626)	\$ 7,105,888
UTILITIES	\$ 1,266,736	\$ 1,233,172	\$ 1,472,264	\$ 1,189,310	\$ 1,320,899	\$ (55,000)	\$ 1,265,899
INSURANCE	\$ 745,750	\$ 894,848	\$ 1,122,602	\$ 1,111,127	\$ 1,200,000	\$ 166,566	\$ 1,366,566
PLAN CHECK FEES	\$ 770,716	\$ 1,008,345	\$ 750,000	\$ 469,681	\$ 500,000	\$ (145,000)	\$ 355,000
INSPECTIONS	\$ 646,948	\$ 521,630	\$ 300,000	\$ 353,369	\$ 200,000	\$ (169,000)	\$ 31,000
Other Operating Costs	\$ 6,650,238	\$ 8,251,324	\$ 2,536,283	\$ 2,246,121	\$ 3,637,924	\$ (370,393)	\$ 3,267,531
Total Operating Costs	\$ 15,363,741	\$ 18,245,810	\$ 12,715,296	\$ 12,018,524	\$ 14,232,337	\$ (840,453)	\$ 13,391,884
Capital Costs							
Equipment and Furniture	\$ 96,772	\$ 447,740	\$ 116,988	\$ 116,934	\$ 98,000	\$ -	\$ 98,000
Vehicles	\$ 602,312	\$ 209,275	\$ 351,020	\$ 466,169	\$ 356,586	\$ (82,770)	\$ 273,816
Total Capital Costs	\$ 720,632	\$ 670,831	\$ 468,008	\$ 583,103	\$ 454,586	\$ (82,770)	\$ 371,816
Total Expenses	\$ 30,554,891	\$ 36,133,326	\$ 32,897,936	\$ 30,826,734	\$ 35,849,343	\$ (2,562,117)	\$ 33,287,226
Operating Surplus/(Deficit)	\$ 5,267,633	\$ 3,976,899	\$ 5,016,500	\$ 5,828,488	\$ (2,766,750)	\$ 2,766,750	\$ (0)

Notes: Solid Waste revenues and expenses eliminated/ Measure A eliminated/Admin overhead converted to transfer
The \$5 million solid waste retention fee is eliminated from com

FY 2020-21 WASTEWATER FUND BUDGET
2nd Draft for Council Review



	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 BUDGET	FY 2019-20 Estimated Results	FY 2020-21 Draft Budget	
REVENUES						
Sewer Service Fees	\$ 7,967,757	\$ 8,779,252	\$ 9,851,375	\$ 9,743,722	\$ 10,833,000	11.2%
Interest	\$ -	\$ 118,335	\$ 75,000	\$ 86,907	\$ 38,500	-55.7%
Sewer Permits/ Application Fees	\$ 15,993	\$ 20,892	\$ 11,250	\$ 12,636	\$ 16,000	26.6%
Cost Recovery	\$ 11,312	\$ -	\$ -	\$ 6,236	\$ 6,300	1.0%
Sewer Connection/ Standby Fees	\$ 63,126	\$ 2,773	\$ -	\$ -	\$ -	
Transfer In	\$ (3,855,106)	\$ 221,047	\$ -	\$ -	\$ -	
Miscellaneous Revenues	\$ -	\$ 10,465	\$ -	\$ 1,780	\$ -	
Total Revenue	\$ 4,203,082	\$ 9,152,764	\$ 9,937,625	\$ 9,851,281	\$ 10,893,800	10.6%
Expenses						
Personnel						
Salaries	\$ 205,802	\$ 667,531	\$ 1,208,132	\$ 1,038,441	\$ 1,106,592	-8.4%
Health Insurance	\$ 27,771	\$ 77,053	\$ 248,100	\$ 105,238	\$ 152,199	-38.7%
Workers Comp/Disability/Other Compensation	\$ 8,794	\$ 39,603	\$ 97,702	\$ 86,696	\$ 99,236	1.6%
Retirement	\$ 42,202	\$ 124,612	\$ 236,073	\$ 175,797	\$ 238,165	0.9%
Other Personnel Costs	\$ 3,141	\$ 32,197	\$ 104,212	\$ 39,396	\$ 67,161	-35.6%
Total Personnel Services	\$ 287,710	\$ 940,996	\$ 1,894,219	\$ 1,445,568	\$ 1,663,353	-12.2%
Operating						
Contractual Services	\$ 1,493,716	\$ 1,376,890	\$ 1,147,140	\$ 1,129,352	\$ 1,062,563	-7.4%
Utilities	\$ 666,975	\$ 770,280	\$ 819,450	\$ 764,774	\$ 819,653	0.0%
Admin Overhead	\$ 600,000	\$ 612,000	\$ 650,000	\$ 650,000	\$ 650,000	0.0%
License Permits and Fees	\$ 99,600	\$ 71,726	\$ 62,474	\$ 111,945	\$ 263,018	321.0%
Special Dept Supplies	\$ 292,219	\$ 276,232	\$ 316,000	\$ 290,341	\$ 374,000	18.4%
Other Operating Costs	\$ 142,147	\$ 370,965	\$ 939,084	\$ 876,836	\$ 914,785	-2.6%
Total Operating Costs	\$ 3,294,657	\$ 3,478,093	\$ 3,934,148	\$ 3,823,248	\$ 4,084,019	3.8%
Capital Costs						
Debt Service Payment	\$ -	\$ -	\$ 3,738,688	\$ 3,738,688	\$ 4,791,787	28.2%
Wastewater Equipment			\$ 198,637	\$ 218,189	\$ 153,638	
Capital Projects			\$ 795,000	\$ 795,000	\$ 201,000	
Total Expenses	\$ 3,582,367	\$ 4,419,089	\$ 10,560,692	\$ 10,020,693	\$ 10,893,797	3.2%
Operating Surplus/(Deficit)	\$ 620,715	\$ 4,733,675	\$ (623,067)	\$ (169,412)	\$ 3	

The Wastewater operating fund is a relatively new operation to the City as it was contracted out in the past. Capital costs and repairs have been significant and the true costs of operating the system are still being determined. The budget and actual for FY 2020 provides that \$1 million of debt service was paid using development impact fees (DIF). This process will be followed again for FY 2021, with the transfer for debt service payments reduced to the amount of \$180,000. Without this transfer the fund would have a deficit of approximately (\$180K). The City plans to re-evaluate rates and will have a better understanding of operating costs by the end of FY 2021. This will allow the development of a plan to move away from using DIF to support debt payments, which is not sustainable in the long term.