



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT February 27, 2024

SUBJECT: Fiscal Year 2023-24 Mid-Year Budget Report and Consideration and Adoption of Resolution Amending the Fiscal Year 2023-24 General Fund Budget

PREPARED BY: Steve Wong, Finance Director

Recommendation

Staff recommends that the Wheatland City Council review the information presented on the status of the Fiscal Year 2023-24 Budget and consider adoption of a resolution amending the Fiscal Year 2023-24 General Fund budget.

Background and Discussion

The Fiscal Year 2023-24 budget was adopted by the City Council on June 27, 2023. The City Budget, as originally adopted, anticipated total revenue of \$8,335,085 and expenditures of \$8,890,951 for all City funds. The current General Fund budget anticipates revenue of \$2,729,416, expenditures of \$2,673,215 and net inter-fund transfers of \$73,340 for a budgeted year-end surplus of \$129,541.

As part of the Mid-Year Budget Review process, staff has completed a thorough analysis of General Fund revenues and expenditures. This analysis also included a forecast of anticipated revenues and expenditures for the remaining five months of the fiscal year, based upon information currently available.

REVENUE

As of January 31, 2024, seven months into the fiscal year, General Fund revenues totaled \$1,556,049 or 57 percent of the annual budgeted amount. A summary of the General Fund revenues, including recommended adjustments is provided on the following page.

CITY OF WHEATLAND
Fiscal Year 2023-2024 Mid-Year Budget Review
General Fund Revenues

	Actual 2020/2021	Actual 2021/2022	Actual 2022/2023	Adopted Budget 2023/2024	Projected 2023/2024	Actual Through 1/31/2024	% Actual/ Budget	Proposed Budget Adjustment
TAX REVENUE								
Property Taxes	439,173	486,524	593,120	582,750	555,200	284,521	48.8%	(30,000)
Property Taxes in Lieu of MVL	375,881	387,286	316,018	357,000	347,236	173,619	48.6%	(10,000)
Sales Tax	366,482	330,985	389,766	378,525	370,000	165,233	43.7%	
Transactions Tax	559,196	561,059	713,730	588,000	708,901	332,454	56.5%	120,000
Franchise Fees	126,639	142,337	144,424	147,000	147,000	29,485	20.1%	
Business License Tax	15,758	11,191	11,989	12,000	12,000	5,630	46.9%	
Real Property Transfer Tax	19,055	23,846	19,300	13,000	13,000	7,163	55.1%	
Excise Tax	1,336	102,445	93,511	-	125,000	123,318	100.0%	125,000
Total Tax Revenue	1,903,520	2,045,673	2,261,858	2,078,275	2,278,337	1,121,423	54.0%	205,000
FEES, CHARGES, AND REIMBURSEMENTS								
Building Permits	5,939	9,104	3,615	3,615	9,901	9,901	273.9%	6,000
Plan Check	-	325	-	-	-	-	0.0%	
Encroachment Permits	18,573	16,000	13,500	12,500	28,000	28,000	224.0%	15,000
FOG Permits	2,832	2,940	3,430	3,500	3,500	3,341	95.5%	
Planning Fees	210	1,200	292	300	674	674	224.7%	
Admissions Fee - General Use	72,301	69,033	86,001	90,301	90,419	90,419	100.1%	
Fines	6,807	9,624	4,333	5,000	5,000	2,817	56.3%	
Police Miscellaneous Fees	842	596	2,879	1,000	1,000	453	45.3%	
POST Training Reimbursement	3,655	1,794	3,931	2,700	2,700	106	3.9%	
Proposition 172	13,550	17,882	19,056	19,000	19,000	11,730	61.7%	
Vehicle Abatement	2,150	2,263	1,809	1,400	1,400	791	56.5%	
Motor Vehicle in Lieu	2,670	4,170	3,813	7,000	7,000	-	0.0%	
Grant Revenue	-	-	-	38,000	39,927	39,927	100.0%	
Police Reimbursement	1,003	33,055	65,761	81,000	81,000	-	0.0%	
Sale of Property	45,421	235	3,585	-	-	-	0.0%	
Rents from City Property	51,557	56,602	49,784	53,100	53,100	27,285	51.4%	
Community Center & Parks Rent	(235)	14,255	11,801	11,000	11,000	10,720	97.5%	
Tow / Impound	900	3,100	3,625	3,125	3,250	3,250	104.0%	
Miscellaneous Income	22,554	30,333	8,452	3,500	3,500	1,863	53.2%	
Total Fees, Charges, Reimbursements	250,729	272,511	285,467	336,041	360,371	231,277	68.8%	21,000
INTEREST	10,810	5,662	36,877	30,000	65,000	35,364	117.9%	35,000
OTHER REVENUE								
General Fund - Cost allocation	259,442	295,326	295,326	325,500	325,500	166,100	51.0%	
Recovery of Labor & Benefits	38,748	10,887	10,887	20,600	20,600	1,885	9.2%	
Total Other Revenue	298,190	306,213	306,213	346,100	346,100	167,985	48.5%	-
Total General Fund Revenues	2,463,249	2,630,059	2,890,415	2,790,416	3,049,808	1,556,049	55.8%	261,000

Property Tax - Current year property tax revenue, including the distribution to the City from the countywide collections by Yuba County and the property tax allocated in lieu of the Motor Vehicle License tax is projected to be essentially the same as received in 2022-23. The 2023-24 Adopted Budget assumed a 5% increase in property tax revenues. With these current projections, a \$40,000 decrease in budgeted 2023-24 property tax revenue is proposed. Note that over half of the current year property tax revenue, including the supplemental roll, will not be received until after May of this fiscal year, therefore the final number for 2023-24 for property tax revenue is far from being final. As the result of a 2022 State audit of property tax distributions, the State notified the City of an overpayment in property taxes. Correction of this overpayment results in approximately \$50,000 per year in property tax revenue being reallocated, this correction will continue through FY 2027-28.

Sales Tax - Current year Sales Tax and Transaction and Use Taxes are projected to be essentially the same as received in 2022-23. Receipts that came in late in the 2022-23 fiscal year for these two revenue accounts were significantly greater than the amounts received in prior years (increase of approximately 25%) resulting in the 2023-24 Adopted Budget for sales tax revenue being underestimated. A \$120,000 increase to the FY 24 Transactions Tax revenue account is proposed. Reconciliations and quarterly cleanups for the last three quarters of the fiscal year must still be processed. Notice was received January 16, 2024 of a negative

\$104,000 adjustment to be processed by the California Department of Tax and Fee Administration and reallocated in future periods. The proposed budget increase recognized this reallocation.

Excise Tax, Building Permits and Encroachment Permits – These development driven taxes and fees were budgeted with minimal or zero revenues in 2023-24. As development has occurred this fiscal year, a budget adjustment is proposed to recognize the revenue that has so far been received. Budget adjustments to increase Excise Tax by \$125,000, increase Building Permits by \$6,000 and increase Encroachment Permits by \$15,000 are proposed.

Interest Income – Interest rates have been significantly higher in the past year than what was earned the previous two to three years. Expanding the investment portfolio has generated additional income. A \$35,000 increase to General Fund, Interest Income is proposed.

EXPENDITURES

General Fund expenditures, as of January 31st, totaled \$1,604,934 which represents 60.0 percent of the approved budget appropriations. The only recommended adjustment to the General Fund expenditure appropriations is for the Police Department.

A projection of Police department salaries and benefits indicates actual costs will exceed the 2023-24 Adopted Budget by \$40,000. Leave pay-outs, on-boarding and staffing transitions have resulted in overtime expenses exceeding budgeted expectations. The analysis of the department's time allocation is on-going and modifications will be made as appropriate. A \$10,000 increase is necessary for department supplies, for a total proposed \$50,000 increase to the Police Department appropriations.

With the exception of the Police Department, all other General Fund operating department expenses are in line with budget appropriations at this time.

A summary of the proposed General Fund budget adjustments is provided below.

- 1.) Decrease property tax revenue by \$40,000 to match current year receipts and recognize the overpayment of property taxes following a State audit of property tax distributions.
- 2.) Increase transactions sales tax revenue by \$120,000, as actual collections to-date have exceeded budget expectations.
- 3.) Increase Excise Tax revenue to \$125,000, increase Building Permits revenue by \$6,000, and Encroachment Permits revenue by \$15,000. These development driven taxes and fees were budgeted with minimal or zero revenues, this amendment recognizes the revenue actually received in these accounts so far in this fiscal year.
- 4.) Increase Interest Income by \$35,000 as actual and projected interest income is now expected to significantly exceed the interest income received in recent years.
- 5.) Increase the Police Department appropriations for salaries by \$30,000, benefits by \$10,000 and supplies by \$10,000, a total of \$50,000, adjustments necessary to recognize leave pay-outs, overtime and expenses to finish the fiscal year.

The chart below provides information on General Fund revenues and expenditures for the past three fiscal years as well as information on budget and projected General Fund activity for the current fiscal year.

CITY OF WHEATLAND
Fiscal Year 2023-2024 Mid-Year Budget Review
General Fund Summary

	Actual 2020/2021	Actual 2021/2022	Actual 2022/2023	Adopted Budget 2023/2024	Projected 2023/2024	Actual Through 1/31/2024	% Actual/ Budget
REVENUES							
Taxes	1,903,520	2,045,673	2,261,858	2,078,275	2,278,337	1,121,423	54.0%
Fees, Charges, and Reimbursements	250,729	272,511	285,467	298,041	359,371	231,277	77.6%
Interest Earnings	10,810	5,662	36,877	7,000	65,000	35,364	505.2%
Other Revenue	298,190	306,213	306,213	346,100	346,100	167,985	48.5%
Total Revenue	2,463,249	2,630,059	2,890,415	2,729,416	3,048,808	1,556,049	57.0%
EXPENSES							
BY DEPARTMENT							
City Council	10,714	8,091	14,117	14,400	14,400	4,344	30.2%
Administration	333,485	323,661	360,001	434,320	447,862	242,380	55.8%
Finance	150,479	159,419	108,002	142,561	142,561	68,628	48.1%
Community Development	161,024	209,837	199,304	216,446	218,779	118,667	54.8%
Building Inspection	1,747	254	-	-	-	-	0.0%
Police	1,395,237	1,329,614	1,468,891	1,468,891	1,518,318	892,907	60.8%
Fire	160,210	165,817	179,580	190,804	190,804	190,804	100.0%
Public Works	63,833	56,116	106,150	106,150	106,150	20,918	19.7%
Parks	77,250	74,018	78,999	99,644	100,519	66,286	66.5%
Total Expenses by Department	2,353,979	2,326,827	2,515,044	2,673,215	2,739,393	1,604,934	60.0%
Total Expenses	2,353,979	2,326,827	2,515,044	2,673,215	2,739,393	1,604,934	60.0%
Net Income before Capital Items	109,270	303,232	375,371	56,201	309,415	(48,885)	
Capital Items	85,000	-	-	-	-	-	
TRANSFERS IN/(OUT)							
Transfer In - SLES	211,546	-	310,000	170,000	170,000	-	
Transfer In - ARPA	-	-	227,221	-	-	-	
Transfer Out - Street Maintenance	(60,000)	-	(120,000)	(65,431)	(65,431)	-	
Transfer Out - Other	(7,336)	-	-	-	-	-	
Transfer Out - Landscape Districts	(29,000)	-	(52,156)	(31,229)	(31,229)	-	
Transfer Out - McDevitt Park	-	-	(60,537)	-	-	-	
Transfer Out - Little League Lights	-	-	-	-	-	-	
Total Transfers	115,210	0	304,528	73,340	73,340	0	
Total Increase (Decrease) to Fund	139,480	303,232	679,899	129,541	382,755	(48,885)	

Fiscal Impact

The proposed budget adjustments increase the Fiscal Year 2023-24 General Fund revenue budget by \$261,000 and expenditure budget by \$50,000.

Attachment

1. Resolution

RESOLUTION NO. 10-24

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHEATLAND
AMENDING THE FISCAL YEAR 2023-24 GENERAL FUND BUDGET**

WHEREAS, the Fiscal Year 2023-24 Annual Budget was adopted by the City Council on June 27, 2023; and

WHEREAS, based upon a review of revenues received and expenditures incurred to date as well as projected financial activity through the end of the current fiscal year, adjustments to General Fund revenue and expenditure appropriations are warranted.

NOW, THEREFORE BE IT RESOLVED AND DETERMINED by the City Council of the City of Wheatland that the Fiscal Year 2023-24 General Fund Budget is amended as follows:

- 1) Decrease Property Tax revenue by \$40,000;
- 2) Increase Transaction Tax revenue by \$120,000;
- 3) Increase Excise Tax revenue by \$125,000, Building Permits revenue by \$6,000 and Encroachment Permits revenue by \$15,000;
- 4) Increase Interest Income revenue by \$35,000;
- 5) Increase Police Department expenditure appropriations by \$50,000.

* * * * *

PASSED AND ADOPTED by the City Council of City of Wheatland on this 27th day of February 2024, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVED:

Rick West, Mayor

ATTEST:

Lisa Thomason, City Clerk