



# CITY OF WHEATLAND

## CITY COUNCIL MEETING STAFF REPORT June 27, 2023

**SUBJECT:** FISCAL YEAR 2023-2024 OPERATING BUDGET

**PREPARED BY:** Steve Wong, Finance Director

---

### **Recommendation**

Adopt Resolution 26-23 adopting the fiscal year (FY) 2023-2024 operating budget.

### **Background/Discussion**

At its June 13, 2023 meeting, the City Council reviewed and discussed the proposed FY 2023-2024 operating budget and provided staff with direction and comments.

The proposed FY 2023-2024 budget continues the existing level of service currently provided to City residents and adds a plant operator to the Public Works, Parks, Water and Wastewater team. Funding is appropriated for the City's Sesquicentennial planning and management, design of a regional sewer connection line to replace the existing wastewater treatment plant, the General Plan Update, continuation of economic development activities, completion of the Comprehensive Drinking Water project, Fire Station 1 improvements and completion of the 2023 Pavement Maintenance project.

Funding for employee merit pay increases and the amounts necessary for a cost-of-living increase and the increased costs associated with employee health insurance is included in the appropriate operating budgets.

Reserves for the self-insured insurance deductible, a contingency reserve for sales tax, a replacement reserve for vehicles and technology and an operating expense reserve are all funded at the desired levels. The proposed General Fund budget projects a Net Income of \$187,851.

As commented on in the City Manager's transmittal, revenues in the Water Fund cover maintenance and operation costs, annual debt service obligations and the maintenance of a prudent reserve. The Wastewater Fund continues to see a decline in Net Position and there is no reserve to pay for future infrastructure maintenance and replacement. It is anticipated that adoption of the currently in-process study of water and sewer rates

will provide the funding for the necessary infrastructure maintenance and replacement in these two funds. Due to the uncertainty of future building activity, no revenue is projected in the General Fund's excise tax revenue account and only interest income is projected in the Impact Fee funds. All approved capital projects and special projects are fully funded.

Resolution 26-23 includes the budget control policies adopted by Council each year as part of the budget process. In addition, Resolution 26-23 establishes the appropriations limit (Gann limit) as required by Article XIII B of the California Constitution.

**Fiscal Impact**

The proposed budget establishes appropriation limits for all operating funds of the City as shown in the budget document.

**Attachments**

1. FY 2023-2024 Operating Budget
2. Resolution 26-23

**RESOLUTION NO. 26-23**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHEATLAND ADOPTING THE ANNUAL BUDGET,  
CONTROL POLICIES AND APPROPRIATIONS LIMIT FOR FISCAL YEAR 2023-24**

**WHEREAS**, the City of Wheatland's Proposed Budget for fiscal year 2023-24 reflects the financial plan necessary to meet the City's needs in the coming year; and,

**WHEREAS**, the City Council of the City of Wheatland recognizes the need to continue to implement and enforce budget control policies.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Wheatland as follows:

1. That the foregoing statements are true and correct.
2. That the City of Wheatland's 2023-24 proposed budget is hereby adopted as the City's operating budget for fiscal year 2023-24.
3. That the following sums of money are hereby appropriated from the revenue of the City of Wheatland for activities of the City during the 2023-24 fiscal year.

General Fund	\$2,637,905
Enterprise Funds	2,660,475
Special Rev Funds	839,607
Project Funds	<u>2,752,964</u>
Total Budget	\$8,890,951
4. That the City will strive to maintain a balanced budget during fiscal year 2023-24. A balanced budget is defined as:
  - a. Operating revenues should equal or exceed operating expenditures and debt service obligations.
  - b. Ending fund balances (or net position in the enterprise funds) should meet or exceed minimum levels. For the General Fund, the minimum level has been established at 40% of operating expenditures. For the Water and Wastewater Funds, the goal is established at 25% of operating expenditures.
  - c. Expenditures can exceed revenues in a given year only when beginning fund resources are used to fund capital improvements or other "one-time," non-recurring expenditures.
5. The City Council may amend the budget at any time after its adoption by a majority vote of the Council members.
6. The City will prepare and issue interim financial reports on the City's fiscal condition to the City Council and staff as may be required or prudent.
7. Each City department manager is charged with monitoring budgets that are under his/her responsibilities and controlling and limiting costs to stay within adopted budget amounts. The adopted budget is to be administered on a "department total" basis and not a line-item basis. If for some reason City service levels cannot be maintained utilizing the adopted budget amounts, a budget amendment proposal to the City Council will be requested prior to a department manager exceeding the original adopted budget amount.
8. Interfund Transfers and Loans. The City has established various special revenue, capital project and agency funds to account for revenues and deposits whose use is restricted to certain activities. Each

fund exists as a separate accounting entity from other funds, with its own revenue sources, expenditures and fund equity.

Anticipated transfers between funds for operating purposes are defined in the adopted budget and can be made by City staff in accordance with the adopted budget. These transfers are distinctly different from interfund borrowings, which are usually made for temporary cash flow reasons. From time-to-time, interfund borrowings may be needed and are approved by the City Council as follows: The Director of Finance is authorized to approve temporary interfund borrowings for cash flow purposes whenever the cash shortfall is expected to be resolved within 60 days. A common example of interfund borrowing needs under this policy is for grant programs where costs are incurred on a reimbursement basis.

Any other interfund borrowings for cash flow or other purposes require case-by-case approval by the Council.

The funding of development entitlement processes will be from deposits received in advance of the City incurring costs. Both City staff and outside consultants are charged with coordinating the funding of these tasks to assure that deposits are received prior to incurring costs.

9. Assets acquired with a unit cost in excess of \$10,000 and a useful life of three or greater years will be capitalized as property or equipment.
10. Pursuant to Article XIIIB of the California Constitution, the appropriations limit for the City of Wheatland for fiscal year 2023-24 is hereby established as \$6,477,486. The factors used to calculate the 2023-24 appropriations limit are the percentage change in California per capita personal income of 4.44% and the percentage change in the City of Wheatland population of 4.55%.

**PASSED AND ADOPTED** by the City Council of the City of Wheatland on the 27<sup>th</sup> day of June 2023 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

ATTEST:

---

Rick West, Mayor

---

Lisa J. Thomason, City Clerk