



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT May 12, 2021

SUBJECT: FISCAL YEAR 2021-2022 PROPOSED OPERATING BUDGET, REQUEST FOR INPUT AND DIRECTION

PREPARED BY: Susan Mahoney, Finance Director

Recommendation

Provide input and direction to staff regarding the proposed Fiscal Year (FY) 2021-2022 Operating Budget. Direct staff to bring back a final proposed budget for adoption at the June 8, 2021 City Council meeting.

Background/Discussion

The City Council adopts an annual budget for City government operations no later than June 30th for the upcoming fiscal year that begins on July 1st. The attached proposed FY 2021-2022 Operating Budget has been prepared with input from all City Departments and the City Manager.

In developing the budget, staff analyzed existing service levels and potential services, considering priorities and financial constraints, and made modifications accordingly. The budget includes all City funds except for fiduciary funds that the City holds as a trustee and cannot be used to fund City programs.

General Fund

The proposed General Fund budget projects a Net Income \$38,786. There are no anticipated capital purchases. Service levels will remain at FY 2020-2021 levels. A transfer of \$60,000 from the General Fund to the Gas Tax Fund will provide additional funding for road maintenance projects. Transfers to the City's two Landscape and Lighting Districts fulfills the City's requirement to fund a portion of the maintenance costs.

The Economic Uncertainty (rainy day) Reserve has been increased from 25% to 40% of budgeted expenses. A portion of the available Contingent Sales Tax Reserve was used for this increase. The remaining available Contingent Sales Tax Reserve is included in the Unreserved amount. Projected FY 2021-2022 General Fund reserves are:

	FY 2020-2021	FY 2021-2022
Insurance Reserve	\$30,000	\$30,000
Contingent Sales Tax Reserve	1,000,000	333,333
Economic Uncertainty Reserve	577,501	977,468
Unreserved	13,114	332,381
TOTAL	\$1,620,615	\$1,673,182

In FY 2021-2022 it is projected that 74% of total General Fund revenue will be from taxes, and of this amount, 92% comes from property tax and sales tax. Property tax revenue is expected to increase 4% in FY 2021-2022 and sales tax is projected to increase 3%.

Personnel

A merit increase for all eligible employees has been included in the budget. A two percent increase for all employees (to be paid as salary or deferred compensation) has also been included in the budget as a placeholder as the City has not reached an agreement for a successor memorandum of understanding with any of the employee units.

The Police Department is proposing to increase its Reserve Officer staffing from 1.00 FTE (full time equivalent) to 1.25 FTE. This represents five part-time Reserve Officers.

Special Revenue Funds

The Street Maintenance (Gas Tax) Fund and the Transportation Development (TDA) Fund will be used for street projects that will be brought to Council at a later date. The Economic Development Fund includes \$32,500 for ongoing economic development consulting.

The Lighting and Landscape Districts and the Community Facility District Funds reflect normal operating revenue and expenses. Pumpkin Farm revenue is projected to be less than FY 2021 to account for the effects of COVID-19 on consumer spending during the 2020 harvest season.

There are no revenues projected in the City's Impact Fee Funds due to the uncertainty of future building activity. All other Special Revenue Funds have minimal revenues and expenses.

Enterprise Funds

The net position of the Water Fund is projected to increase \$61,310 in FY 2021-2022 to \$684,987. This will provide a small amount of funding to replace aging equipment and facilities. The Wastewater Fund continues to reflect a decrease in net position and there are no funds to repair or replace aging equipment and facilities.

Alternatives

Direct staff to modify the proposed budget.

Fiscal Impact

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

Attachments

1. Draft FY 2021-2022 Operating Budget