

**City of Willows**  
**Fiscal Year 2021-22**  
**Mid-Year Financial Status Report**



**Presentation to City Council**


**March 22, 2022**



# FY 2021-22 Mid-Year Status Report - Discussion Outline -

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1. Overview of Mid-Year Budget Review Process
2. General Fund Revenues and Expenditures
3. General Fund Financial Forecast Overview
4. Enterprise Funds Updates
5. Other Fund Groups / Special Revenue Funds Updates
6. Staffing Matrix
7. Fiscal Year 2022-23 Budget Development
8. Questions



# FY 2021-22 Mid-Year Status Report - Mid-Year Budget Review Process -

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## *Mid-Year Budget Review Process:*

- Review and update of FY 2020-21 financial activity (trial balances preliminarily audited) – develop estimates for year-end activity / fund balance carryovers
- Meet with staff as required to obtain updated baseline budget information for FY 2021-22
- Streamlined cost reconciliation considered (i.e. CalPERS UAL / General Liability Insurance / Workers Compensation Insurance)
- Review revenue trends and forecasts



# FY 2021-22 Mid-Year Status Report - General Fund -

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	<u>Revenues</u>	<u>Expenditures</u>
<b>FY 2021-22 Adopted Budget</b>	<b>\$ 4,186,176</b>	<b>\$ 4,575,938</b>
<b>Estimated Amounts @ 6/30/22</b>	<b>\$ 4,925,148</b>	<b>\$ 4,749,242</b>
<b>Recommended Adjustment</b>	<b>\$ 738,972</b>	<b>\$ 173,304</b>

# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Revenue Changes

### *INCREASE IN REVENUE FORECASTED = \$ 768,972*

•Property Taxes	\$ 175,000
•Property Taxes in Lieu - MVLF	\$ 50,320
•Sales Taxes	\$ 8,000
•Transient Occupancy Tax	\$ 110,000
•Real Property Transfer Tax	(\$ 4,000)
•Franchise Fees – Gas & Electric	\$ 6,500
•Franchise Fees – Cable TV	\$ 3,000
•Franchise Fees - Garbage	\$ 73,000
•Building Permits	\$ 15,000

# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Revenue Changes

### *INCREASE IN REVENUE FORECASTED = \$ 768,972*

•Building Rents & Leases	\$ 16,000
•Prop 172 Sales Tax	\$ 9,250
•SLESF Funding	\$ 156,000
•Plan Check Fees	(\$ 5,000)
•Real Property Transfer Tax	(\$ 4,000)
•Planning & Zoning Fees	\$ 6,000
•Fire Department Fees	\$ 5,000
•Franchise Fees - Garbage	\$ 73,000
•Swimming Pool Fees	(\$ 12,000)



# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Revenue Changes

**INCREASE IN REVENUE FORECASTED = \$ 768,972**

•Other Revenues	\$	40,943
•Transfers In	\$	85,176

# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Appropriation Changes

### **INCREASE IN APPROPRIATIONS RECOMMENDED = \$173,304**

- City Attorney \$ 160,000
  - ☞ Increased usage of legal services
  - ☞ General Counsel / Abatement / Fiscal Policy & Review
- City Manager (\$ 56,801)
  - ☞ Salary savings – timing of hire / original budget
  - ☞ Increased workers comp costs – allocation methodology
- Finance (\$ 64,990)
  - ☞ Salary savings – no Finance Director
  - ☞ Increase to contractual costs for fiscal activities



# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Appropriation Changes

### **INCREASE IN APPROPRIATIONS RECOMMENDED = \$173,304**

•Planning \$ 50,043

☞ Principal Planner contractual services increase - Wildan

•General Office \$ 88,052

☞ UAL reduction based on debt service (\$40,439)

☞ General Liability cost centralization - \$131,669

•Civic Center \$ 5,055

☞ Higher utilities / building maintenance costs

•Building (\$ 17,536)

☞ Reduction in personnel costs from original budget

# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Appropriation Changes

### **INCREASE IN APPROPRIATIONS RECOMMENDED = \$173,304**

- Police (\$ 310,140)
  - ☞ Elimination of CalPERS UAL costs (new debt)
- Engineering \$ 10,000
  - ☞ Higher consulting costs incurred to date
- Library \$ 5,055
  - ☞ Personnel costs higher – staffing reconciliation
  - ☞ Lower allocation of General Liability costs - combined

# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Appropriation Changes

### *INCREASE IN APPROPRIATIONS RECOMMENDED = \$173,304*

- Recreation (\$ 83,567)
  - ☞ Salary savings – full-time position budgeted not filled
  - ☞ Personnel costs include part-time staff only
- Public Works (\$ 100,080)
  - ☞ Salary savings – staff vacancies
  - ☞ Adopted budget for CalPERS / benefits too high
  - ☞ Increase in fuel budget due to gas prices
- Parks Maintenance (\$ 5,882)
  - ☞ Centralized allocation of General Liability insurance

# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Appropriation Changes

### **INCREASE IN APPROPRIATIONS RECOMMENDED = \$173,304**

- Mall Maintenance \$ 12,100
  - ☞ Budget for Mall Maintenance not originally considered
  
- Fire (\$ 159,721)
  - ☞ Reduction in CalPERS UAL (centralized debt service)
  - ☞ Includes recommended additional FF/Engineer FTE
  - ☞ Increased training allocation - \$8,000 additional
  - ☞ Added contracted weed abatement costs - \$17,000

# FY 2021-22 Mid-Year Status Report - General Fund Changes -

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## General Fund Budget – Recommended Appropriation Changes

### **INCREASE IN APPROPRIATIONS RECOMMENDED = \$173,304**

- Public Works / Streets (\$ 20,795)
  - ☞ Centralization of General Liability costs
- Non-Departmental \$ 651,958
  - ☞ Addition of debt service for CalPERS bonds -\$596,958
  - ☞ Increase in capital outlay – Financial System set-aside

# FY 2021-22 Mid-Year Status Report - General Fund Reserves -

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## General Fund Budget – Recommended Reserves

### Recommended Reserve Levels:

• Working Capital Reserve	\$ 200,000
• Capital Projects Reserve	5,000
• Unobligated Fund Balance	1,992,313

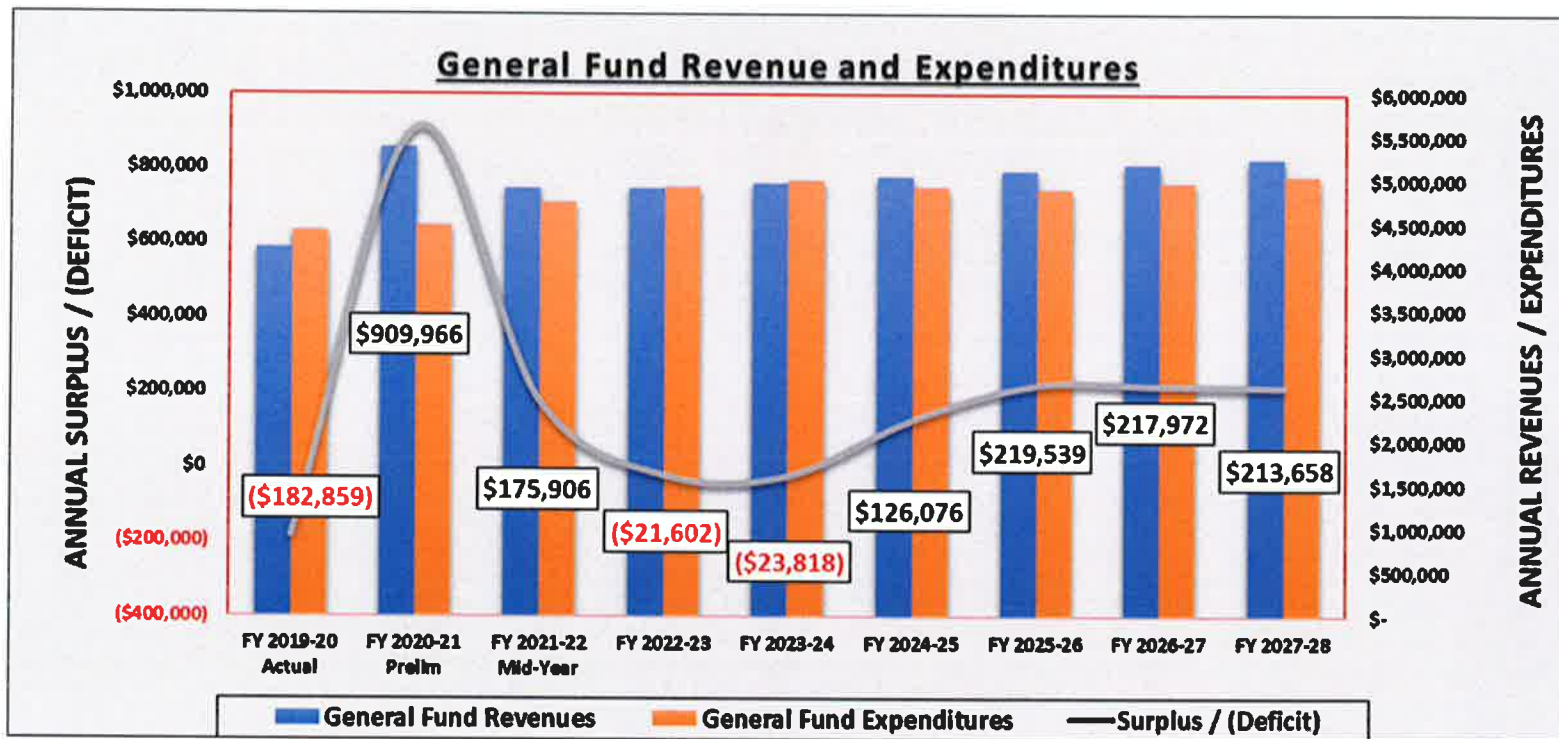
Total General Fund Reserves – June 30, 2022      \$ 2,197,313 \*\*

**\*\* - Total Reserves represents 46.3% of FY 2021-22 updated expenditures**

# FY 2021-22 Mid-Year Status Report

## - General Fund Financial Forecast-

### Financial Status - General Fund Forecast



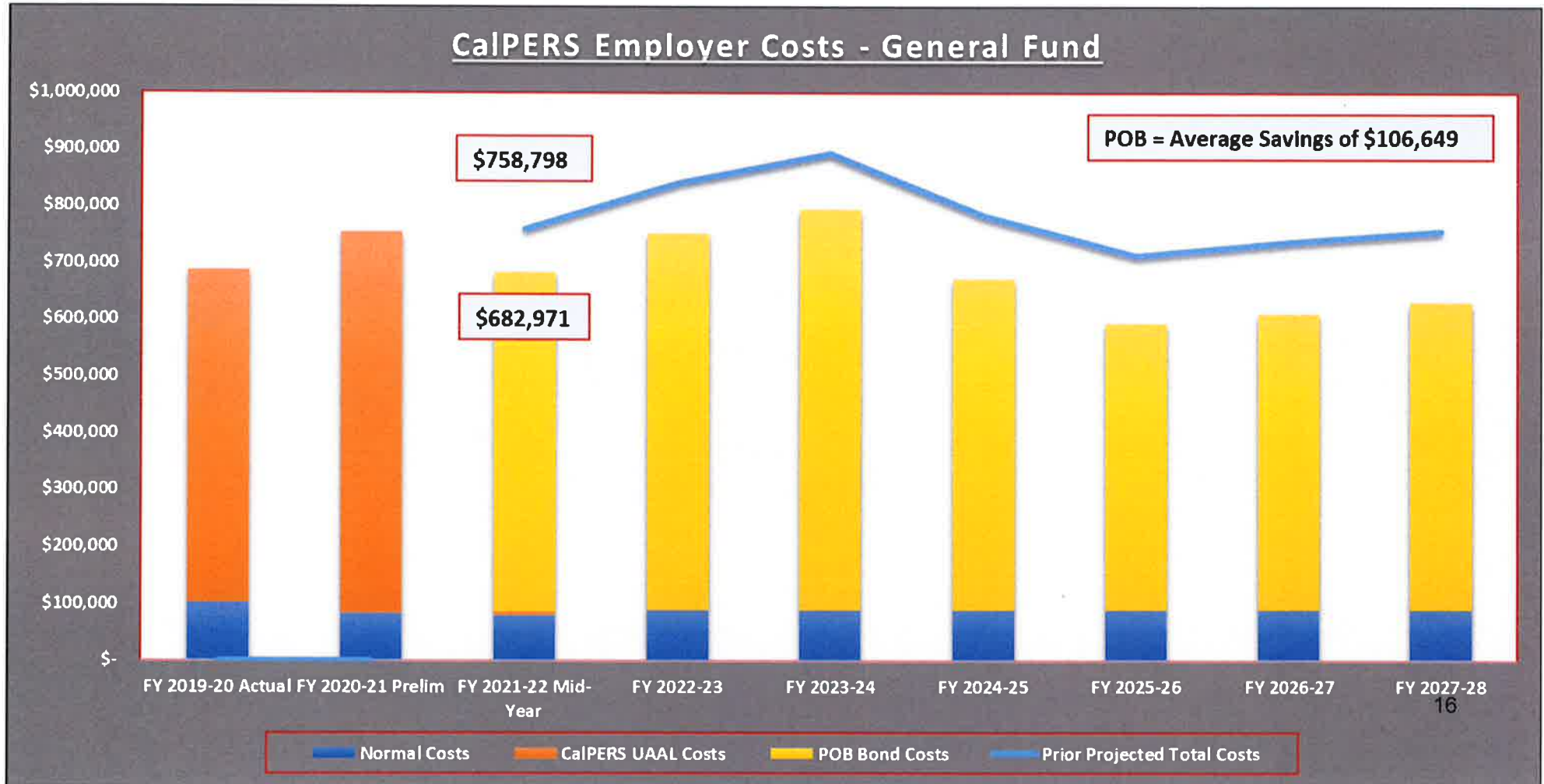
**Notes:**

- Forecast based on "Base Budget" concept
- All positions currently authorized assumed filled as of March 2022 and forward
- Model only includes negotiated salary increases
- Slight deficits due to CalPERS UAL Bond debt service schedule (normalizes in FY 2024-25)
- Does not include any American Rescue Plan Act (ARPA) impacts

# FY 2021-22 Mid-Year Status Report

## - General Fund Financial Forecast -

### General Fund CalPERS Employer Costs:

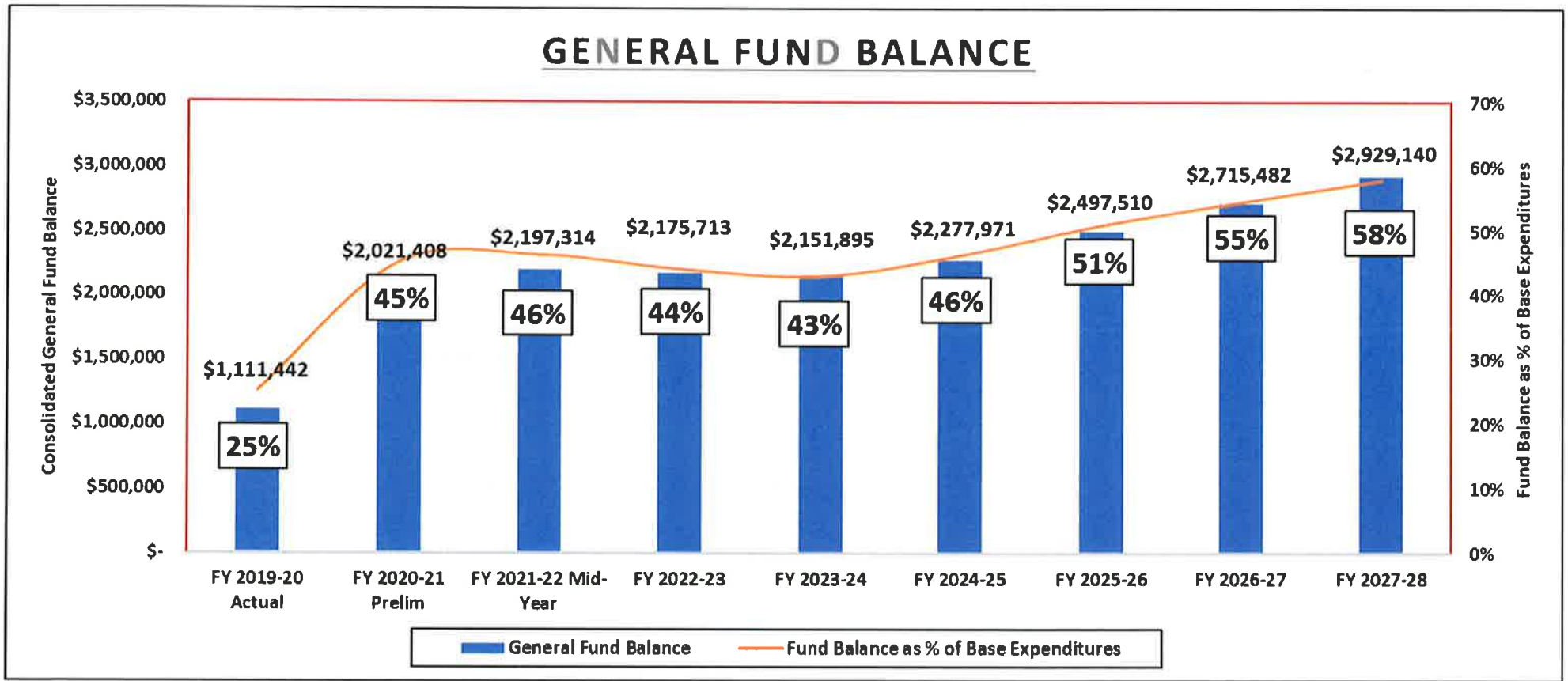




# FY 2021-22 Mid-Year Status Report

## - General Fund Financial Forecast -

### General Fund Balance:



# FY 2021-22 Mid-Year Status Report

## - Enterprise Funds -

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### **Sewer Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2021-22 Adopted Budget	\$ 1,806,734	\$ 1,727,874
Estimated Amounts – 06/30/22	1,839,734	1,163,470
Recommended Adjustment	\$ 30,000	(\$ 564,404)

Projected Sewer Fund Balance @ 6/30/22: \$ 1,539,691

### **Recommendations:**

- Increase in impact fees, connection fees, interest and an administrative reimbursement for issuance of debt
- Lower personnel costs due to restructuring of program (moved to Public Works)
- Elimination of a debt service payment based on issuance of debt (starts 2022-23)
- Currently no capital activity budgeted in Sewer Fund

# FY 2021-22 Mid-Year Status Report - Enterprise Funds -

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## Water Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2021-22 Adopted Budget	\$ 7,500	\$ 6,192
Estimated Amounts – 06/30/22	7,500	10,000
Recommended Adjustment	\$ -	\$ 3,808

Projected Water Fund Balance @ 6/30/22: \$ 3,964

### Recommendations:

- Increase in utilities, testing, engineering and SWRCB costs
- Currently no capital activity budgeted in Water Fund
- Review sustainability of fund

# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Transportation -

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## Gas Tax Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2021-22 Adopted Budget	\$ -	\$ 151,980
Estimated Amounts – 06/30/22	164,680	154,450
Recommended Adjustment	\$ 164,680	\$ 2,470

Projected Gas Tax Fund Balance @ 6/30/22: \$ 399,129

### Recommendations:

- Revenues not originally budgeted
- Expenditures slightly higher to account for minor adjustments to certain costs
- Capital allocation = \$70,000 – Streets Maintenance / Streets Reconstruction
- Fund balance high given only fund only earns ~ \$165,000 per year

# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Transportation -

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## RMRA / SB-1 Funds

	<u>Revenues</u>	<u>Expenditures</u>
FY 2021-22 Adopted Budget	\$ -	\$ 100,000
Estimated Amounts – 06/30/22	130,101	100,000
 Recommended Adjustment	 \$ 130,101	 \$ -

Projected RMRA / SB-1 Fund Balance @ 6/30/22: \$ 252,505

### **Recommendations:**

- Revenues not originally budgeted
- Capital allocation = \$100,000 – Streets / Sidewalk Reconstruction
- Fund balance high given only fund only earns ~ \$130,000 per year

# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Transportation -

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## RSTP Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2021-22 Adopted Budget	\$ -	\$ -
Estimated Amounts – 06/30/22	87,195	60,000
Recommended Adjustment	\$ 87,195	\$ 60,000

Projected RSTP Fund Balance @ 6/30/22: \$ 301,950

### Recommendations:

- Revenues and expenditures not originally budgeted
- Capital allocation = \$60,000 – Streets Resurfacing Projects
- **Note: \$950,000 available for streets- / transportation-related needs**

# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Library -

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## County Library / Literacy Pass-Through Funds

	<u>Revenues</u>	<u>Expenditures</u>
FY 2021-22 Adopted Budget	\$ 50,000	\$ 123,500
Estimated Amounts – 06/30/22	144,215	144,515
Recommended Adjustment	\$ 94,215	\$ 21,015

Projected County Library / LPT Fund Balance @ 6/30/22: \$ 5,106

### **Recommendations:**

- Revenues updated to include \$98,000 received from County towards libraries
- Literacy grant updated to account for actual amounts received
- Willows branch costs moved to the General Fund (offset by transfer out of residual County contribution not needed for Bayliss and Elk Creek branches)

# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Library -

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## **Other Library-related Funds:**

Zip Books Fund -	Fund Balance @ June 30, 2022 - \$1,883 Funds not originally budgeted Revenues received from the State used for applicable expenditures
Northnet Training Fund -	Fund Balance @ June 30, 2022 - \$4,768 No budgeted activity for FY 2021-22
CLSA Delivery Fund-	Fund Balance @ June 30, 2022 – \$15,871 E-Rate revenues used for applicable expenditures Revenues not originally budgeted

***NOTE: Consider moving all Library activity to single fund when budget is prepared for FY 2022-23***





# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Miscellaneous -

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## **Miscellaneous Operating Funds:**

Certified ADA Access Fund -	Fund Balance @ June 30, 2022 - \$9,231 Revenues not originally budgeted Portion of business license fees for ADA upgrades
Willows Lighting / Landscp. Fund -	Fund Balance @ June 30, 2022 - \$33,750 Revenues not originally budgeted Used towards expenditures consistent with Engineer's Report
Recreation Reimbursement Fund-	Fund Balance @ June 30, 2022 – \$116 Used for recreation program purposes Move activity to General Fund for FY 2022-23
Recreation Cultural Fund -	Fund Balance @ June 30, 2022 - \$744 Used for recreation program purposes Move activity to General Fund for FY 2022-23
Community Discretionary Fund -	Fund Balance @ June 30, 2022 – \$32,533 Revenues include defederalized CDBG program income loan payments Expenditures updated to include residual Housing Element costs



# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Miscellaneous -

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## **Miscellaneous Operating Funds:**

Mall Maintenance Fund -

Fund Balance @ June 30, 2022 - \$14,404

No changes to fund

Consider moving to General Fund Mall Maintenance Department – 2022-23

State Recycling Grant Fund-

Fund Balance @ June 30, 2022 - \$8,969

No activity budgeted for fund

May be used for recycling-related activities



# FY 2021-22 Mid-Year Status Report - Special Revenue Funds – CDBG/Housing -

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## **CDBG / Housing Funds:**

CDBG Housing Fund -

Fund Balance @ June 30, 2022 - \$0

No changes to fund

Receives program income and transfers to Community Discretionary Fund

HOME Program Income Fund -

Fund Balance @ June 30, 2022 - \$2,331

Appropriation for administrative costs associated with HOME Program

# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Projects -

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## Projects Operating Funds:

USDA Biomass Fund -	Fund Balance @ June 30, 2022 - \$0 Fund to be closed out in FY 2022-23 – No activity
CDBG OTC Grant / Loan Fund -	Fund Balance @ June 30, 2022 - \$0 Revenues and expenditures updated consistent with expected activity Fund used to account for Rumiano Cheese Company grant / loan
Basin Street Fund-	Fund Balance @ June 30, 2022 – \$0 Fund accounts for upgrades to Basin Street funded by CDBG Grant Fund will need to be reconciled at end of FY 2021-22
EDA Grant Fund -	Fund Balance @ June 30, 2022 – <b>(\$129,520)</b> Fund accounts for South Willows Project infrastructure - completed Anticipated revenues include final reimbursements from EDA Fund will need to be reconciled at end of FY 2021-22



# FY 2021-22 Mid-Year Status Report - Special Revenue Funds - Projects -

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## **Projects Operating Funds:**

SB-2 Grant Fund -

Fund Balance @ June 30, 2022 – \$0  
Fund accounts for Planning grant activity  
Fund to closed out in FY 2022-23

HOME Grant Fund -

Fund Balance @ June 30, 2022 - \$0  
Fund accounts for Sycamore Street Apartments project  
Fund will need to be reconciled at end of FY 2021-22



# FY 2021-22 Mid-Year Status Report - Special Revenue Funds – Impact Fees -

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## **Impact Fees Operating Funds:**

### **Anticipated Fund Balances @ June 30, 2022:**

- **Fire - \$ 64,850**
- **Police - \$ 60,666**
- **Storm Drain - \$ 143,475**
- **Library - \$ 141,490**
- **Streets - \$ 181,561**
- **Parks - \$ 333,153**
- **I-5 Interchange - \$ 387,770**

**Funds may be used towards any nexus-based project / expenditure**

# FY 2021-22 Mid-Year Status Report

## - Staffing Matrix -

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### **Recommended Staffing Matrix:**

**Full-time positions – 24.0 FTE (includes full FTE for elected / appointed officials):**

#### Full-Time Positions

Dept 10 – City Council	- 5.0 FTE City Councilmember
Dept 30 – City Manager	- 1.0 FTE City Manager
Dept 50 – Finance	- 1.0 FTE Administrative Analyst
Dept 60 – Planning	- 5.0 FTE Planning Commissioners
Dept 70 – General Office	- 1.0 FTE City Clerk
Dept 90 – Building	- 1.0 FTE Community Development Technician
Dept 120 – Library	- 1.0 FTE Library Technician
Dept 138 – Parks / Public Works	- 1.0 FTE Fleet Mechanic / 1.0 FTE PW Superintendent - 3.0 FTE Maintenance Workers
Dept 150 – Fire	- 1.0 FTE Fire Chief / 3.0 FTE Firefighter/Engineers



# FY 2021-22 Mid-Year Status Report - FY 2022-23 Budget Development -

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## **Factors to consider for FY 2022-23 budget (and beyond):**

- Economy – Recovery from COVID Environment
- Use of ARPA funding - \$1,452,551
- Geo-political concerns – inflationary impacts
- Staffing needs / recruitment and retention of staff
- Continued update of General Fund Multi-Year Forecast to assure maintenance of long-term fiscal sustainability





# FY 2021-22 Mid-Year Status Report - Budget Calendar / Next Steps -

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## **Budget Calendar**

- |                       |   |
|-----------------------|---|
| February / March 2022 | - FY 2021-22 Mid-Year update to City Council<br>- Capital Improvement Plan Overview                       |
| April 2022            | - Develop Base Budget for FY 2022-23<br>- Work with departments to determine operational / staffing needs |
| May 2022              | - FY 2022-23 Base Budget workshop with City Council   |
| June 2022             | - Adopt FY 2022-23 Proposed Budget  |

## **Next Steps**

- Complete FY 2020-21 Audit (in process)
- Develop Base Budget for FY 2022-23



# FY 2021-22 Mid-Year Status Update

## - Questions -

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*Questions*