

City of Willows

Fiscal Year 2021-22 Budget Update



Presentation to City Council

January 12, 2022



FY 2021-22 Budget Update - Discussion Outline -

1. Overview of Initial Observations – Budget / Fiscal Practices
2. Citywide Budget – All Funds Approach
3. General Fund Updates
4. Enterprise Funds Updates
5. Special Revenue Funds Updates
6. Budget Calendar / Next Steps
7. Questions

FY 2021-22 Budget Update

- Initial Observations -

Budget Development / Fiscal Practices:

- Current budget primary focus on departments versus a fund approach
- Citywide operating funds other than the General Fund and Sewer Fund are not presented
- Wide array of funds are used to account for fiscal activity
- Revenues / Fund Balances for Special Revenue funds not discussed
- Accounting changes included in updated budget – One-time accrual increases / transfers / debt service payments
- Limit use of “Restricted Revenue” category for multitude of revenues – create specific revenue types
- Create authorized staffing matrix and review applicability for charging staff costs to other funds

FY 2021-22 Budget Update

- Citywide Budget -

-----FY 2021-22 Updated Budget-----					
Fund(s)	Revenues	Expenditures	Excess / (Deficit)	Ending Fund Balance	Total Capital
General Fund	\$ 4,694,385	4,558,149	136,236	2,100,396	\$ 5,000
Sewer Enterprise Fund	\$ 1,829,734	1,163,470	666,264	1,526,833	\$ -
Water Enterprise Fund	7,500	6,192	1,308	7,772	-
Transportation SR Funds	\$ 359,450	321,930	37,520	923,578	\$ 230,000
Library SR Funds	177,010	181,306	(4,296)	45,953	-
Misc. Operational SR Funds	60,500	106,032	(45,532)	107,097	-
CDBG / Housing SR Funds	23,100	23,100		2,331	-
Project SR Funds	978,048	909,901	68,147	(247,031)	121,499
Impact Fees SR Funds	2,292	65,938	(63,646)	1,298,029	\$ -
Total Updated Budget:	\$ 8,132,019	7,336,018	796,001	5,764,958	\$ 356,499

FY 2021-22 Budget Update

- Citywide Budget -

Citywide Staffing - Full Time Positions (Funded)	
Department	FTE
10 - City Council	5.00
30 - City Manager	1.00
50 - Finance	1.00
70 - General Office	1.00
90 - Building	1.00
120 - Library	1.00
138 - Parks & Public Works	5.00
150 - Fire	3.00
Wastewater / Water Enterprises	0.00
Citywide Funded FTE:	18.00
<p>City also funds part-time and temporary employees:</p> <ul style="list-style-type: none"> -Custodial / Libraries / Parks & Public Works / Recreation - Fire / Swimming Pool 	

FY 2021-22 Staffing

- **18.0 FTE Vacant Positions Funded**
 - *5.0 City Council Members*
 - *City Manager*
 - *Administrative Analyst*
 - *City Clerk*
 - *Community Dvlpmt Technician*
 - *Library Technician*
 - *Fleet Mechanic*
 - *3.0 Parks / PW Maintenance Workers*
 - *Parks / PW Superintendent*
 - *Fire Chief*
 - *2.0 Firefighter / Engineers*

- **Part-time / temporary employees in certain department**

- **Contract assistance with Public Works / Library / Finance**

FY 2021-22 Budget Update - General Fund Overview -

FY 2021-22 Updated Budget

	FY 2020-21 Preliminary	FY 2021-22 Adopted	FY 2021-22 Updated
General Fund Revenues	\$ 5,394,560	\$ 4,186,176	\$ 4,694,385
General Fund Expenditures	\$ 4,541,842	\$ 4,575,938	\$ 4,558,149
Fund Balance Impact – Surplus/(Deficit)	\$ 852,718	(\$ 389,762)	\$ 136,236

- *FY 2020-21 Surplus Results from:*
 - *One-time recognition of 1-month of sales tax revenue (Aug 2021)*
 - *One-time recognition of transient occupancy tax accrual (for Apr-Jun 2021)*
 - *One-time revenue associated with sale of Rule 20-A funds*
 - *Transfers in from County Library Fund surplus and Gap Loan repayment to General Fund*

FY 2021-22 Budget Update

- General Fund Overview -

FY 2021-22 Updated Budget

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Fund Balance Impact – Surplus/(Deficit)	\$ 852,718	(\$ 389,762)	\$ 136,236

- *FY 2021-22 Revenue Estimates increased by \$508,000:*
 - *Property Tax / MVLF In Lieu - \$62,000*
 - *Garbage Franchise - \$73,000*
 - *Transient Occupancy Tax - \$65,000*
 - *SLESF Police Funding - \$156,000*
 - *Residual Transfers in From Library, Gas Tax Admin, SLESF - \$119,000*
- *ARPA Funding not included in budget (specific use to be identified)*

FY 2021-22 Budget Update

- General Fund Overview -

General Fund Budget – Reserves

	Actual FY 2019-20	Prelim Actual FY 2020-21	Cur. Budget FY 2021-22	Updated Bud. FY 2021-22
General Fund Surplus / (Deficit):	\$ (182,859)	\$ 852,718	\$ (389,762)	\$ 136,236
Reserve Amount - End of Year	\$ 1,111,442	\$ 1,964,160	\$ 1,574,398	\$ 2,100,396
% of General Fund Expenditures	21.1%	39.0%	28.0%	31.1%

FY 2021-22 Budget Update

- Enterprise Funds Overview -

Sewer Funds:	FY 2019-20 ACTUAL	FY 2020-21 PRELIM ACTUAL	FY 2021-22 BUDGET CURRENT	FY 2021-22 BUDGET UPDATED
Revenues:	\$ 1,572,508	\$ 1,689,308	\$ 1,809,734	\$ 1,829,734
Expenditures:	1,879,070	1,603,935	1,727,874	1,163,470
Prior Period Adjustment:	-	-		
Change in Fund Balance:	\$ (306,562) ▲	\$ 85,373	\$ 81,860	\$ 666,264
Ending Working Capital:	\$ 775,196	\$ 860,569	\$ 942,429	\$ 1,526,833

Sewer Funds Notes:

- Revenues higher due to addition of impact fees, connection fees and interest
- Expenditures lower due to:
 - Refunding of USDA debt (first debt payment in FY 2022-23)
 - Lower staff costs due to contracting out of operations (staff moved to Parks / PW)

FY 2021-22 Budget Update

- Enterprise Funds Overview -

Water Fund:	FY 2019-20	FY 2020-21	FY 2021-22	FY 2021-22
	ACTUAL	PRELIM ACTUAL	BUDGET	BUDGET
			CURRENT	UPDATED
Revenues:	\$ 7,265	\$ 4,266	\$ 7,500	\$ 7,500
Expenditures:	10,241	4,974	6,192	6,192
Prior Period Adjustment:	-	-		
Change in Fund Balance:	\$ (2,976) ▲	\$ (708)	\$ 1,308	\$ 1,308
Ending Working Capital:	\$ 7,172	\$ 6,464	\$ 7,772	\$ 7,772

Water Funds Notes:

- No changes to budget
- Very small enterprise for City

FY 2021-22 Budget Update

- Special Revenue Funds Overview -

Transportation Funds:			FY 2021-22	FY 2021-22
<i>- Gas Tax / - RMRA</i>	FY 2019-20	FY 2020-21	BUDGET	BUDGET
<i>- RSTP</i>	ACTUAL	PRELIM ACTUAL	CURRENT	UPDATED
Revenues:	\$ 346,068	\$ 340,143	\$ -	\$ 359,450
Expenditures:	98,003	44,807	251,980	321,930
Prior Period Adjustment:	-	-		
Change in Fund Balance:	\$ 248,065	\$ 295,336	\$ (251,980)	\$ 37,520
Ending Working Capital:	\$ 590,722	\$ 886,058	\$ 634,078	\$ 923,578

Transportation Funds Notes:

- Funds available for streets and transportation programs / capital
- Appropriations include \$230,000 towards streets maintenance, resurfacing projects, sidewalk reconstruction
- Determine potential of allocating staff charges to appropriate funds (i.e. Gas Tax)
- Fund balance at end of FY 2021-22 expected to be high - \$923,578

FY 2021-22 Budget Update

- Special Revenue Funds Overview -

County Library Funds:			FY 2021-22	FY 2021-22
<i>- County Library / - Literacy</i>	FY 2019-20	FY 2020-21	BUDGET	BUDGET
<i>- ZIP Books / - Northnet / - CLSA</i>	ACTUAL	PRELIM ACTUAL	CURRENT	UPDATED
Revenues:	\$ 171,035	\$ 147,502	\$ 53,100	\$ 177,010
Expenditures:	146,297	191,440	149,400	181,306
Prior Period Adjustment:	-	-		
Change in Fund Balance:	<u>\$ 24,738</u>	<u>\$ (43,938)</u>	<u>\$ (96,300)</u>	<u>\$ (4,296)</u>
Ending Working Capital:	<u>\$ 94,187</u>	<u>\$ 50,249</u>	<u>\$ (46,051)</u>	<u>\$ 45,953</u>

County Library Funds Notes:

- Revenue sources include allocation from Glenn County (\$98,000), Literacy contribution (\$50,000), ZIP books funding, CLSA Northnet funding
- Expenditures are for two County libraries (Bayliss / Elk Creek) and library programs having specific funding allocations (Literacy / Broadband / ZIP Books)
- Portion of funding allocated by Glenn County not needed for two County libraries is transferred to General Fund to offset City's Library program cost (\$80,000 in FY 2021-22)
- FY 2021-22 net discretionary cost of Library Program in General Fund = \$151,427

FY 2021-22 Budget Update

- Special Revenue Funds Overview -

Miscellaneous Operational Funds:

Certified Access (ADA) -	Fund Balance @ June 30, 2022 - \$9,231 Used for any ADA-related improvements for City
Willows Lighting & Landscaping -	Fund Balance @ June 30, 2022 - \$33,750 Used for specific purposes outlined in annual Engineering Report
Recreation Reimbursement -	Fund Balance @ June 30, 2022 – (\$3,884) Funds used for recreation purposes – transfer activity to General Fund
Recreation Cultural -	Fund Balance @ June 30, 2022 - \$744 Funds used for recreation purposes – transfer activity to General Fund
Community Discretionary -	Fund Balance @ June 30, 2022 - \$43,883 Funds used for LAFCO, EDC, Three Core; Community Promotion
Mall Maintenance -	Fund Balance @ June 30, 2022 - \$14,404 Funds used for maintenance for defined area of City
State Recycling Grant -	Fund Balance @ June 30, 2022 - \$8,969 Funds used for any recycling purpose citywide

FY 2021-22 Budget Update

- Special Revenue Funds Overview -

CDBG / Housing Funds:

CDBG / Housing - Fund Balance @ June 30, 2022 - \$ -
Loan payments received are defederalized to Comm. Discretionary Fund

HOME Program Income - Fund Balance @ June 30, 2022 - \$2,331
Loan payments received are used to pay for loan monitoring activities

Project Funds:

USDA Biomass
CDBG Over-the-Counter
Basin Street
EDA Grant
SB-2 Grant
CDBG HOME Grant

These funds are used to track fiscal activity for specific projects typically funded by grants or other dedicated funding sources. These funds will remain open until closed out once project is deemed completed.

FY 2021-22 Budget Update

- Special Revenue Funds Overview -

Impact Fees Funds:			FY 2021-22	FY 2021-22
<i>- Fire / - Police / - Storm Drain</i>	FY 2019-20	FY 2020-21	BUDGET	BUDGET
<i>- Streets / - Parks / - I-5 / - Libr.</i>	ACTUAL	PRELIM ACTUAL	CURRENT	UPDATED
Revenues:	\$ 65,064	\$ 382,482	\$ -	\$ 2,292
Expenditures:	175,259	99,793	65,938	65,938
Prior Period Adjustment:	-	-		
Change in Fund Balance:	<u>\$ (110,195)</u>	<u>\$ 282,689</u>	<u>\$ (65,938)</u>	<u>\$ (63,646)</u>
Ending Working Capital:	<u>\$ 1,078,986</u>	<u>\$ 1,361,675</u>	<u>\$ 1,295,737</u>	<u>\$ 1,298,029</u>

Impact Fees Fund Notes:

- Impact fee revenues are collected for certain development / permit activities
- Funds in each impact fee fund can only be used for specific purposes
- Fund balance for all impact fee funds expected to be ~ \$1,298,029 at June 30, 2022



FY 2021-22 Budget Update


- Budget Calendar / Next Steps -

Budget Calendar

- | | |
|-----------------------|---|
| February / March 2022 | - FY 2021-22 Mid-Year update to City Council |
| April 2022 | - Develop Base Budget for FY 2022-23
- 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
- Develop multi-year forecast for City's General Fund to determine long-term sustainability



FY 2021-22 Budget Update

- Questions -

Questions