

City of Willows

Fiscal Year 2023-24

Mid-Year Financial Status / General Fund Forecast Update



Presentation to City Council

January 17, 2024



FY 2023-24 Mid-Year / Forecast Update - Discussion Outline -

1. Overview of Mid-Year Budget Review Process
2. General Fund Revenues and Expenditures
3. General Fund Financial Forecast Overview
4. General Fund Deficit Mitigation
5. Enterprise Funds Updates
6. Other Fund Groups / Special Revenue Funds Updates
7. Questions



FY 2023-24 Mid-Year / Forecast Update - Mid-Year Budget Review Process -

Mid-Year Budget Review Process:

- Review and update of FY 2022-23 financial activity (preliminarily audited) – develop estimates for year-end activity / fund balance carryovers
- Meet with staff as required to obtain updated baseline budget information for FY 2023-24
- Incorporate new developments to budget (i.e. Public Safety Contract / Grant Carryovers)
- Review revenue trends and forecasts impacting budgeted funds

FY 2023-24 Mid-Year / Forecast Update - General Fund -

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 5,621,401	\$ 6,315,323
Estimated Amounts @ 6/30/24	\$ 5,886,831	\$ 6,840,602
Recommended Adjustment	\$ 265,430	\$ 525,279

Adopted Budget Use of Reserves – (\$693,922)

Mid-Year Budget Use of Reserves – (\$953,771)

FY 2023-24 Mid-Year / Forecast Update

- General Fund Changes -

General Fund Budget – Recommended Revenue Changes

INCREASE IN REVENUE FORECASTED = \$ 265,430

•Property Taxes	\$ 23,800
•Property Taxes in Lieu - MVLF	\$ 3,663
•Encroachment Permits	\$ 10,000
•Interest Earnings	\$ 5,000
•Grant Funding – USDA Public Works	\$ 139,500
•ARPA Funding Transfers	(\$ 170,000)
•MVLF Residual Payment	\$ 6,500
•Sewer Admin Fees / Transfers	\$ 109,967
•Weed Abatement	\$ 5,000
•Transfers In	\$ 135,000

FY 2023-24 Mid-Year / Forecast Update

- General Fund Changes -

Sewer Administrative Cost Transfers - Updated

SEWER FUND COST ALLOCATIONS - FY 2023-24			
	Budget	Percentage	Allocation
Staff:			
- City Manager	\$ 188,154	15%	\$ 28,223
- Community Development Director	\$ 169,827	20%	\$ 33,965
- Development Technician	\$ 72,243	5%	\$ 3,612
- Accounting Manager	\$ 129,202	15%	\$ 19,380
- Finance Analyst	\$ 74,328	15%	\$ 11,149
- City Clerk	\$ 82,147	7%	\$ 5,750
- Fire Chief	\$ 172,431	4%	\$ 6,897
- Public Works Employee Costs (Actual Time Only)	\$ 460,860	25%	\$ 115,215
Other:			
- Finance Consultant	\$ 65,000	10%	\$ 6,500
- Audit Cost	\$ 35,000	15%	\$ 5,250
- City Hall Utilities / Building Maintenance	\$ 51,195	15%	\$ 7,679
- Legal	\$ 130,000	10%	\$ 13,000
- Information Technology (M&I)	\$ 50,000	10%	\$ 5,000
Total:			\$ 261,622

FY 2023-24 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$525,279

•City Manager \$ 84,938

☞ Transfer budget for City Clerk position from Finance

•Finance (\$ 91,263)

☞ Transfer budget for City Clerk position to CMO

☞ Some salary savings resulting from vacant positions

☞ Increase in budget for potential additional consulting

•Planning (\$ 37,070)

☞ Salary savings due to vacancy early in fiscal year

FY 2023-24 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$525,279

- General Office - Citywide (\$ 3,361)
 - ☞ Addition of unbudgeted retiree health
 - ☞ Addition of Prop Tax Admin Fees / LCC costs
 - ☞ Lower General Liability / Worker’s Comp costs
- Civic Center \$ 11,899
 - ☞ Higher utilities costs
 - ☞ Elimination of part-time staffing (custodian position)
- Building \$ 560
 - ☞ Trued-up staffing costs (labor / benefits)

FY 2023-24 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$525,279

- Police \$ 378,001
 - ☞ Higher contractual costs with GCSO

- Engineering \$ 19,175
 - ☞ Higher costs (offset by revenues / review ability to charge out)

- Library \$ 26,083
 - ☞ Trued-up staffing costs (Children’s Librarian)
 - ☞ Additional allocation of \$19,000 for Print Materials (funded by grant)

FY 2023-24 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$525,279

- Parks / Recreation (\$ 56,168)
 - ☞ Elimination of full-time Recreation Manager position
- Swimming Pool (\$ 300,431)
 - ☞ Elimination of Swimming Pool Upgrade due to grant
 - ☞ Trued-up staffing costs
- Parks / Public Works \$ 11,829
 - ☞ Trued-up staffing costs
- Fire \$ 54,853
 - ☞ Weed Abatement overtime / Trued-up staffing costs

FY 2023-24 Mid-Year / Forecast Update - General Fund Changes -

General Fund Budget – Recommended Appropriation Changes

INCREASE IN APPROPRIATIONS RECOMMENDED = \$525,279

- Non-Departmental \$ 426,234
 - ☞ Addition of debt service for Fire Truck Lease (\$63,321)
 - ☞ Debt service for “Gap Loan” added (\$167,944)
 - ☞ Capital appropriations for Dump Truck (grant / ARPA) (\$150,000)
 - ☞ Transfer out to Fund 347 – CDBG HOME monitoring (\$4,469)

FY 2023-24 Mid-Year / Forecast Update - General Fund Reserves -

General Fund Budget – Recommended Reserves

Recommended Reserve Levels:

• Working Capital Reserve	\$ 200,000
• Capital Projects Reserve	5,000
• Unobligated Fund Balance	816,710

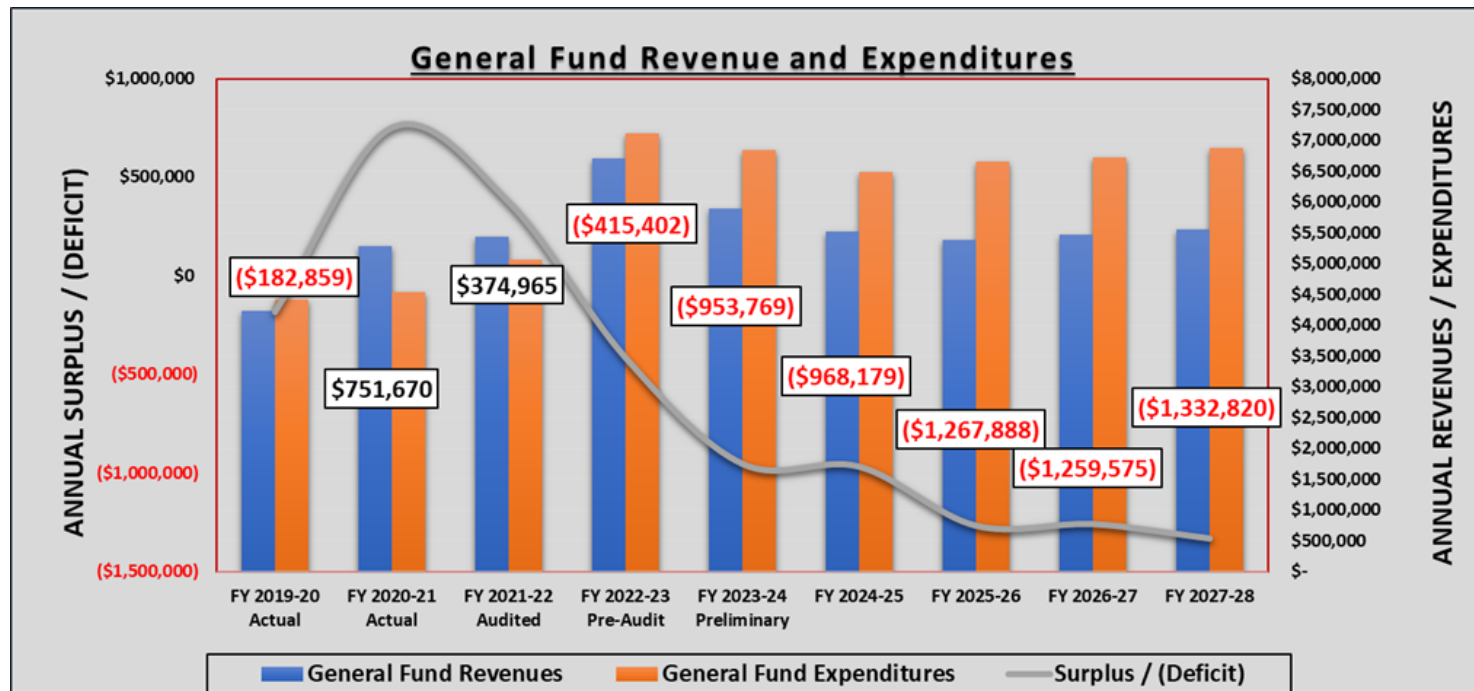
Total General Fund Reserves – June 30, 2024 \$ 1,021,710 **

**** - Total Reserves represents 14.9% of FY 2023-24 expenditures**

FY 2023-24 Mid-Year / Forecast Update

- General Fund Financial Forecast-

Financial Status - General Fund Forecast



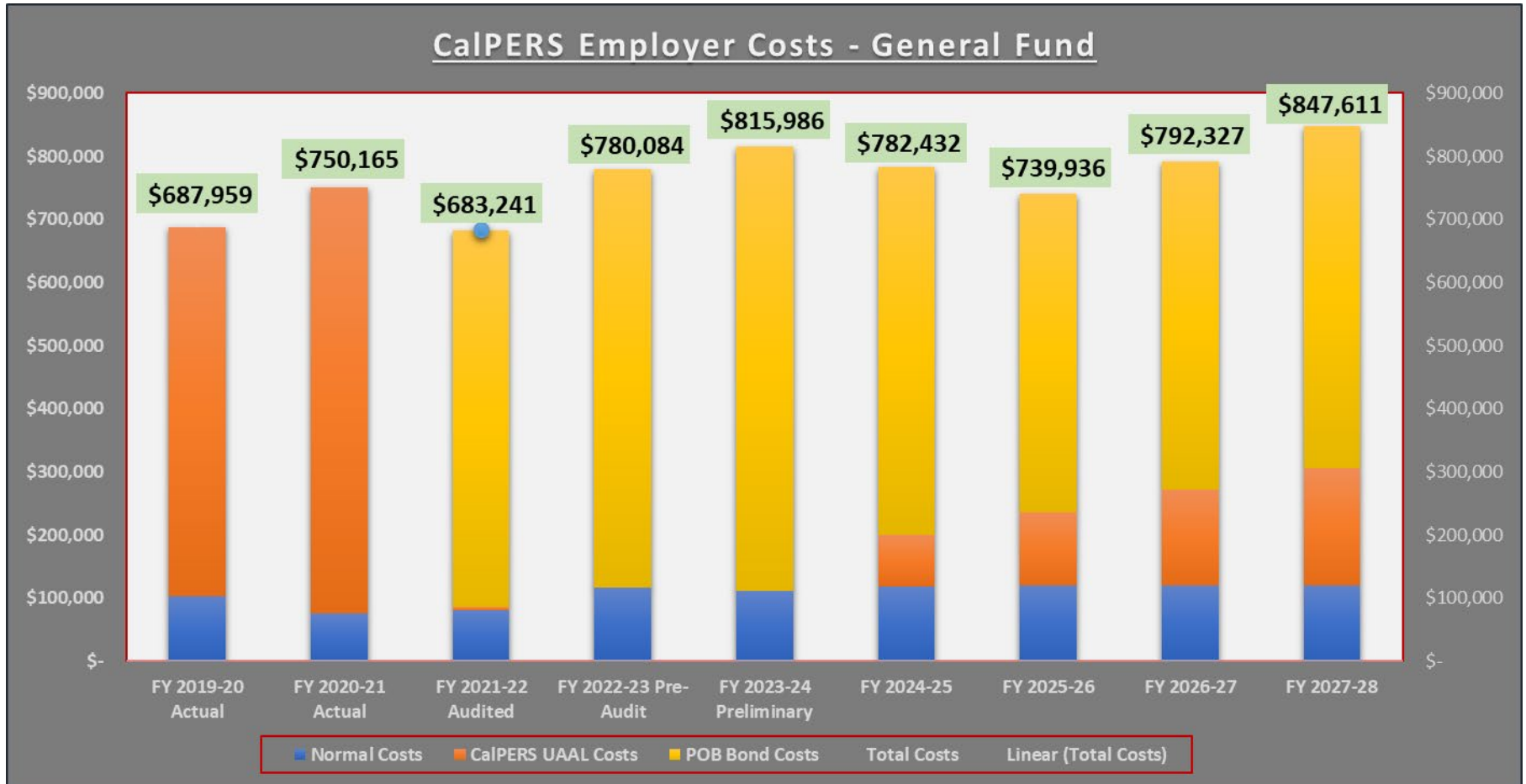
Notes:

- Forecast based on “Base Budget” concept
- All positions currently authorized assumed filled as of January 2024 and forward
- Model only includes negotiated salary increases
- Deficits grow due to further increases in Police Services Contract and CalPERS UAL costs
- Systemic issue of revenue base not keeping up with expenditure base

FY 2023-24 Mid-Year / Forecast Update

- General Fund Financial Forecast -

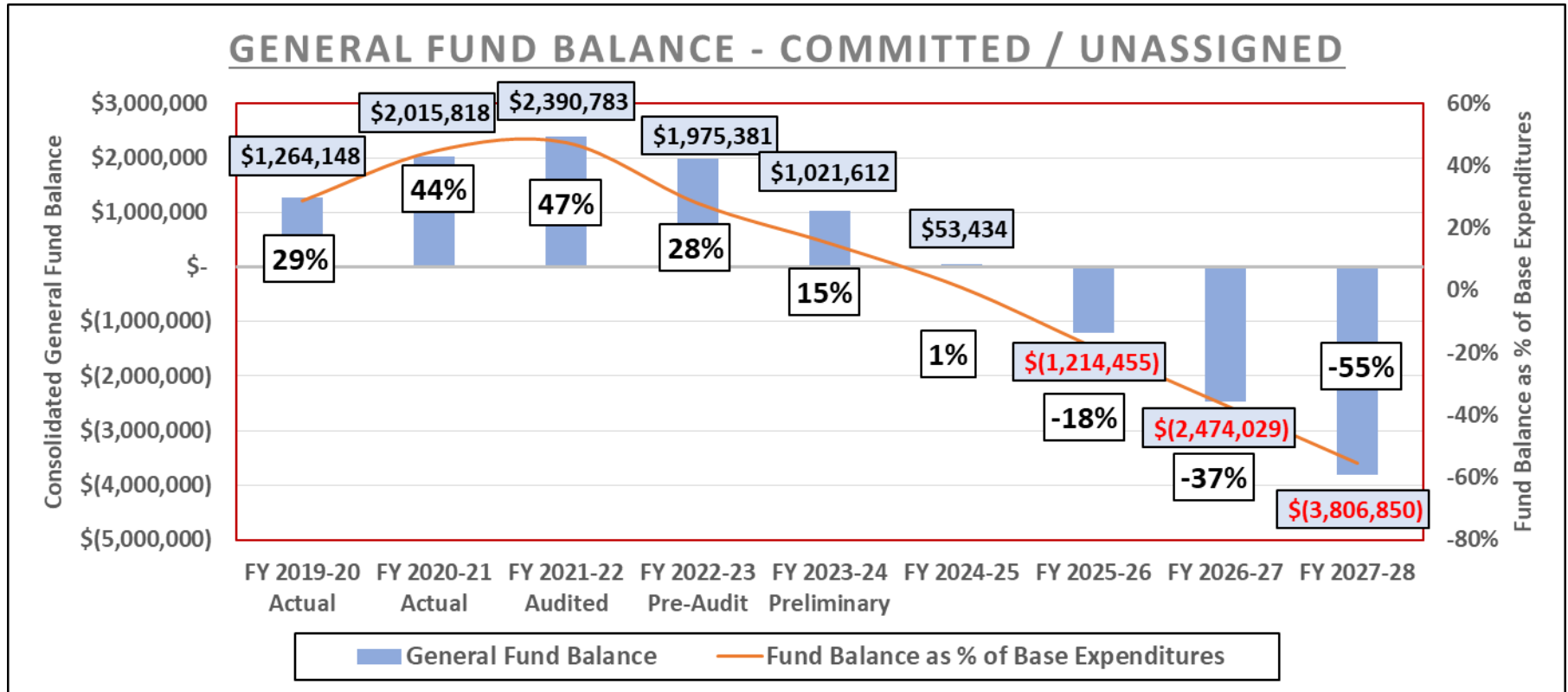
General Fund CalPERS Employer Costs:



FY 2023-24 Mid-Year / Forecast Update

- General Fund Financial Forecast -

General Fund Balance:



FY 2023-24 Mid-Year / Forecast Update - General Fund Deficit Mitigation -

General Fund Deficit Mitigation – Transactions Tax Impacts

TRANSACTIONS (SALES) TAX IMPACTS			
Revenue Generated (represents 90% of Hdl Forecast):			
<i>Starts April 2025</i>			
Rate	Amount		
1.00%	\$ 1,386,000		
1.25%	\$ 1,732,500		
1.50%	\$ 2,079,000		
1.75%	\$ 2,772,000		
<i>Surplus / Deficit (2% annual growth in tax)</i>			
	No Tax	1% Tax	1.5% Tax
FY 2024-25	(\$968,179)	\$ (621,679)	\$ (448,429)
FY 2025-26	(\$1,267,888)	\$ 145,832	\$ 852,692
FY 2026-27	(\$1,259,575)	\$ 182,420	\$ 903,417
FY 2027-28	(\$1,332,820)	\$ 80,901	\$ 873,431

FY 2023-24 Mid-Year / Forecast Update - Enterprise Funds -

Sewer Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 1,897,500	\$ 2,226,819
Estimated Amounts – 06/30/24	1,897,500	4,223,181
Recommended Adjustment	\$ -	\$ 1,996,362

Projected Sewer Fund Balance @ 6/30/24: \$ 2,672,717 (\$1,657,259 reserved)

Recommendations:

- Higher capital to align with Capital Improvement Plan (CIP) - \$2,374,395
- Unobligated working capital @ June 30, 2023 = \$1,015,458
- Net Margin (ongoing revenues less ongoing expenditures) = \$48,714

FY 2023-24 Mid-Year / Forecast Update

- Enterprise Funds -

Water Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 7,000	\$ 634,791
Estimated Amounts – 06/30/24	7,000	664,751
Recommended Adjustment	\$ -	\$ 29,960

Projected Water Fund Balance @ 6/30/24: \$ 6,000

Recommendations:

- Annually expected water fees unchanged
- Capital costs for Cal Water Main Tie-in Project – Funded by ARPA (\$627,791)
- Additional appropriation needed to offset negative fund balance (ARPA)
- Once Tie-In is complete, available funding to be transferred back to ARPA

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Transportation -

Gas Tax Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 173,169	\$ 377,000
Estimated Amounts – 06/30/24	173,169	321,653
Recommended Adjustment	\$ -	(\$ 55,347)

Projected Gas Tax Fund Balance @ 6/30/24: \$ 134,670

Recommendations:

- No change in revenue projections
- Expenditures slightly lower due to trued-up capital project costs outlined in CIP
- Capital allocation = \$139,653 – Streets Maintenance (\$30,000); Green Street Project (\$104,653); Pacific Avenue Project (\$5,000)
- Balance of expenditures for streetlight / street maintenance / staff costs

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Transportation -

RMRA / SB-1 Funds

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 157,236	\$ 60,000
Estimated Amounts – 06/30/24	157,236	511,466
Recommended Adjustment	\$ -	\$ 451,466

Projected RMRA / SB-1 Fund Balance @ 6/30/24: \$ 2,694

Recommendations:

- Revenues remain unchanged from original projections
- Capital allocations updated consistent with CIP
- Capital of \$511,466 includes Streets & Sidewalk Rehab (\$500,000); Pavement Management Program residual costs (\$4,150); Green Street residual costs (\$7,316)

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Transportation -

RSTP / STIP Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 112,000	\$ 170,000
Estimated Amounts – 06/30/24	362,658	110,901
Recommended Adjustment	\$ 250,658	(\$ 59,099)

Projected RSTP / STIP Fund Balance @ 6/30/24: \$ 215,513

Recommendations:

- Revenues higher due to receipt of STIP funding towards N. Lassen St Project
- Expenditures lower to account for CIP Projects – Annual Sidewalk Mtc (\$67,500); and residual costs for Pacific Avenue Project (\$43,401)

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Library -

County Library / Literacy Pass-Through Funds

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 121,980	\$ 121,980
Estimated Amounts – 06/30/24	273,138	320,016
Recommended Adjustment	\$ 151,158	\$ 198,036

Projected County Library / LPT Fund Balance @ 6/30/24: \$ -

Recommendations:

- Revenues updated to additional allocation received from County (\$35,000); grant from Health Dept (\$100,000); and additional Literacy funds received
- All literacy funds are transferred to Literacy Programs; and all Library funding is transferred to the offset net Library costs in the General Fund

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Library -

Other Library-related Funds:

Zip Books Fund -	Fund Balance @ June 30, 2024 - \$733 Appropriation increased to allow for expenditure of funds Revenues received from the State used for applicable expenditures
Northnet Training Fund -	Fund Balance @ June 30, 2024 - \$ - Appropriation increased to allow for expenditure of funds Revenues received from the State used for applicable expenditures
CLSA Delivery Fund-	Fund Balance @ June 30, 2024 – \$28,855 E-Rate revenues used for applicable expenditures Revenues amount updated to account for actual receipts to date

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Miscellaneous -

Miscellaneous Operating Funds:

Certified ADA Access Fund -	Fund Balance @ June 30, 2024 - \$13,667 No changes to original budget Portion of business license fees for ADA upgrades
Willows Lighting / Landscp. Fund -	Fund Balance @ June 30, 2024 - \$44,870 Final assessment incorporated use of fund balances, which were high Used towards expenditures consistent with Engineer's Report
Recreation Reimbursement Fund-	Fund Balance @ June 30, 2024 – \$ - Fund closed Moved activity to General Fund for FY 2023-24
Recreation Cultural Fund -	Fund Balance @ June 30, 2024 - \$ - Fund closed Moved activity to General Fund for FY 2023-24
Community Discretionary Fund -	Fund Balance @ June 30, 2024 – \$3,523 Revenues include defederalized CDBG program income loan payments Expenditures updated to account for lower revenue sources (lower loan payments)

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Miscellaneous -

Miscellaneous Operating Funds:

Mall Maintenance Fund -

Fund Balance @ June 30, 2024 - \$14,172

No changes to fund

Consider moving to General Fund Mall Maintenance Department?

State Recycling Grant Fund-

Fund Balance @ June 30, 2024 - \$8,969

No activity budgeted for fund

May be used for recycling-related activities

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds – CDBG/Housing -

CDBG / Housing Funds:

CDBG Housing Fund -

Fund Balance @ June 30, 2024 - \$0

Revenues / Expenditures updated to account for anticipated loan payments
Receives program income and transfers to Community Discretionary Fund

HOME Program Income Fund -

Fund Balance @ June 30, 2024 – \$ -

Receives program income to use towards admin expenses / future loans
Transfer in from General Fund to offset prior year monitoring costs

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Projects -

Projects Operating Funds:

- CDBG OTC Grant / Loan Fund - Fund Balance @ June 30, 2024 - \$235,401
Revenues and expenditures unchanged from Adopted Budget
Fund used to account for Rumiano Cheese Company grant / loan
Loan payments may be used for eligible loans consistent with Re-Use Plan
- Basin Street Fund- Fund Balance @ June 30, 2024 – \$ -
Fund previously accounted for Basin St. Project funded by CDBG Grant
Fund now accounts for monies available to pay down the “Gap Loan”
This fund will be closed in FY 2023-24 as all grant funds exhausted
- EDA Grant Fund - Fund Balance @ June 30, 2024 – \$ -
Fund previously accounted for South Willows Project infrastructure
This fund will be closed in FY 2023-24 as all grant funds exhausted

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds - Projects -

Projects Operating Funds:

SB-2 Grant Fund -	Fund Balance @ June 30, 2024 – \$ - Fund accounts for Planning grant activity Fund to closed out in FY 2023-24 as projects are completed
USDA RBDG Grant Fund -	Fund Balance @ June 30, 2023 - \$ - Fund accounts for USDA Grant activity Fund expected to closed and project activity winds down in FY 2023-24
HOME Grant Fund -	Fund Balance @ June 30, 2024 - \$16,826 Fund accounts for Sycamore Street Apartments project Funds may be used towards administrative expenditures / future loans

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds – Impact Fees -

Impact Fees Operating Funds:

Anticipated Fund Balances @ June 30, 2024:

- **Fire - \$ -**
- **Police - \$ 62,179 (Consider for GCSO contract payment?)**
- **Storm Drain - \$ 156,652**
- **Library - \$ 119,150 (\$25,000 appropriated via CIP)**
- **Streets - \$ 186,594**
- **Parks - \$ 339,104**
- **I-5 Interchange - \$ 396,151**

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

FY 2023-24 Mid-Year / Forecast Update - Special Revenue Funds – COVID 19 / ARPA -

COVID-19 / ARPA Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ 967,840
Estimated Amounts – 06/30/24	-	827,840
Recommended Adjustment	\$ -	(\$ 140,000)

Projected COVID-19 / ARPA Fund Balance @ 6/30/24: \$ 264,208

Recommendations:

- Revenues all received in prior two fiscal years
- Expenditures lowered to remove Swimming Pool Upgrade Project (now grant funded) - \$200,000
- Expenditures increased to account for additional Tyler System Upgrade costs (\$30,000) and Master Fee Study (\$30,000)



FY 2023-24 Mid-Year / Forecast Update

- Questions -

Questions