



## Staff Report

**TO:** Mayor, and City Council Members  
**FROM:** Jeff Mohlenkamp, Finance Director  
**DATE:** June 2, 2020  
**SUBJECT:** **FY 2020-21 City-Wide Budget Review and Approval**

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### **Background and Analysis:**

On May 5, 2020, the City Council reviewed the General Fund and Wastewater Fund budgets for FY2020-21. Staff developed strategies with City Council review for cost reductions of both personnel and operating costs to build a balanced budget that meets the guidance provided by the City Council.

### Budget Overview

The City has three major operating funds (General Fund, Wastewater Fund and Transit Fund). Revenues and expenditures for FY 2020-21 for these three funds are as follows:

<b>Operating Fund</b>	<b>Revenues</b>	<b>Expenditures</b>
General Fund	\$ 33,018,793	\$ 33,018,793
Wastewater	\$ 10,892,800	\$ 10,892,800
Transit	\$ 3,084,384	\$ 3,084,384

Additionally, there are several other special funds that round out the budget. These funds are used to both support operations and make capital acquisitions. They include development impact fees, community facilities district fees, grants funds and state/county pass through funds. A summary listing of all funds and projected revenues and expenditures is included as Attachment A.

Total revenues across all funds, including transfers, is projected to be \$68.7 million. Total expenditures are budgeted at \$70.9 million. This represents the planned draw down of \$2.2 million in certain DIF balances for capital projects identified in the Five-Year Capital Improvement Project list. This reflects the programmed use of restricted funds that have accumulated for capital projects.

A detailed listing of revenues and expenditures for all funds is included as Attachment F.

## **General Fund Highlights**

- Revenues are projected to drop slightly from FY 2020 to FY 2021 in anticipation that property taxes and CFD revenues will increase while sales tax and development related revenues will decrease,
- Expenses are budgeted at 2% less than FY 2020. Both personnel and operating costs are decreased slightly,
- The Contingency Fund in Administration has been increased from \$50,000 to \$150,000 to assist the City in addressing unforeseen costs,
- Contractual services adjustments with more services to be conducted internally (permitting, inspections, financial reporting, etc.), and
- Close monitoring of the budget will be essential to assess whether funding can be restored or whether additional reductions may be necessary.

A summary for the General Fund is included as Attachment B. Charts demonstrating major revenue sources and expenditures categories are included as Attachments C and D.

## **Wastewater Fund Highlights**

- Revenues are expected to increase due to the expected growth of the number of residences and businesses and a scheduled 5% increase in rates,
- Expenses are expected to increase slightly due to the fund covering a larger share of debt service costs and a small increase in operating costs. It is offset by a reduction in planned capital costs from this operating fund, and
- Some unexpected capital costs may still occur during FY 2020-21 with the newly constructed wastewater treatment plant as needs are identified that were not previously addressed. A \$300,000 contingency is built into the budget to address these costs if necessary.

A summary for the Wastewater Fund is included as Attachment E.

The Transit Fund budget was previously approved by the City Council on April 21, 2020. It is incorporated into the overall budget and is subject to approval by the Riverside County Transit Commission.

## **Fiscal Impact:**

This item sets the City-wide budget for FY 2021 and provides expenditures authority for operations.

## **Recommended Action:**

Adopt the City-Wide Budget for FY 2020-21.

**Attachments:**

- A. FY 2020-21 Summary of All Funds Revenue and Expenditures
- B. FY 2020-21 General Fund Summary
- C. FY 2020-21 General Fund – Chart for Revenues
- D. FY 2020-21 General Fund – Chart for Expenses
- E. FY 2020-21 Wastewater Fund Summary
- F. FY 2020-21 Detailed list of All Funds Revenue and Expenditures