



STAFF REPORT

MEETING DATE: March 27, 2024

PRESENTER: Josefina Alvarez, Finance Director

SUBJECT: Mid-Year Budget Status Report Fiscal Year 2023/2024

RECOMMENDATION: Council review the Mid-Year Budget Report and approve resolution adopting revisions to the Fiscal Year 2023/2024 Budget. (JA)

EXECUTIVE SUMMARY:

The City of Kerman performs a mid-year budget analysis of revenue and expenditures for the first half of fiscal year (July 1st through December 31st). This analysis is also used as part of the preparation for the upcoming Fiscal Year 2024/2025 budgeting process.

The Fiscal Year 2023/2024 annual budget was adopted on June 14, 2023 with a General Fund surplus of \$13,165. Staff is recommending some budget adjustments to the General Fund and other funds due to unforeseen operational expenses and revenues. **Exhibit 'A'** lists each revenue and expense that staff is proposing to adjust this fiscal year.

With the proposed adjustments, the General Fund would end up with a surplus of \$87,164 by increasing revenues by \$354,074.11 and expenses by \$280,074.82. The table below summarizes the General Fund proposed surplus.

General Fund	
Total Proposed Surplus	73,999
Surplus from Original Budget	13,165
Ending Surplus	87,164

The Enterprise Funds would end up with an overall deficit of \$258,298.34 (primarily because of the deficit in the Storm Drain Fund) The Water Fund would have a surplus of \$88,581.07, the Sewer Fund would have a deficit of \$135,393.02, the Solid Waste Fund would have a surplus of \$169,823.57 and the Storm Drain Fund would have a deficit of \$381,309.96. The Internal Service Funds would end up reducing the deficit of \$502,131 to \$354,969.73 with revenues at minus (-)\$79,809.00 and expenses at (minus) -\$226,970.27. The tables below summarize the estimated surplus and deficits of each of these funds.

Water Fund	
Total Proposed Decrease of Surplus	-(148,951)
Surplus from Original Budget	237,532
Ending Surplus	88,581

Sewer Fund	
Total Proposed Increase of Deficit	-(8,615)
Deficit from Original Budget	- (126,778)
Ending Deficit	- (135,393)

Solid Waste Fund	
Total Proposed Increase of Surplus	91,402
Surplus from Original Budget	78,422
Ending Surplus	169,824

Storm Drain Fund	
Total Proposed Decrease of Deficit	529
Deficit from Original Budget	- (381,839)
Ending Deficit	-(381,310)

Internal Service Funds	
Total Proposed Decrease of Deficit	147,161
Deficit from Original Budget	-(502,131)
Ending Deficit	-(354,970)

FISCAL IMPACT:

The overall fiscal impact based on the budget adjustments listed above will increase the surplus of the General Fund to \$87,164. The overall fiscal impact on the Enterprise Funds excluding the Internal Service Funds would create a combined deficit of \$258,298.34. Both the Water Fund and the Solid Waste Fund would end up with a surplus and the Sewer Fund along with the Storm Drain Fund would still have a deficit.

ATTACHMENTS:

A. Resolution w/Exhibits

RESOLUTION NO. 24-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN ADOPTING REVISIONS TO THE FISCAL YEAR 2023/2024 BUDGET

WHEREAS, the City Council approved the Fiscal Year 2023/2024 Budget by Resolution 23-44 dated June 14, 2023; and

WHEREAS, adjustments are requested for the Fiscal Year 2023/2024 budget based on the actual and estimated sources and uses; and

WHEREAS, the Fiscal Year 2023/2024 Budget adjustments requests include adjustments totaling minus (-)\$126,836.40 per the attached schedule identified as **Exhibit 'A'** to this resolution; and

WHEREAS, a Mid-Year Budget Report is attached as **Exhibit 'B'** which includes more detailed information on the City's mid-year status.

NOW, THEREFORE, be it resolved by the City Council of the City of Kerman as follows:

1. The foregoing recitals are true and correct and incorporated by reference.
2. The Council approves adjustments to expenditures and revenues for the Fiscal Year 2023/2024 budget as outlined in the schedule attached as **Exhibit 'A'**.
3. The Council accepts and has considered the Mid-Year Budget Report as outlined in **Exhibit 'B'** in adopting this resolution.

The foregoing resolution was adopted by the City Council of the City of Kerman at a regular meeting held on the 27th of March, 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

Maria Pacheco
Mayor

ATTEST:

Josie Camacho
Interim City Clerk

Exhibit 'A'

Expenses

Account #	Description	Original Budget Amt	New Budget Amt	Difference
100-1002-410-30-00	Overtime	-	1,200.00	1,200.00
100-1002-510-01-00	Contract Services	5,350.00	27,133.26	21,783.26
100-1002-510-12-00	Employee Recognition	4,800.00	6,000.00	1,200.00
100-1002-552-02-00	Public Notice/Advertising/Recr	1,000.00	1,400.00	400.00
100-1002-554-01-00	Travel-Meetings	5,000.00	7,000.00	2,000.00
100-1002-600-03-01	Capital Outlay - City Website	-	1,780.65	1,780.65
Total Expenses for Administration				28,363.91
100-1008-410-20-00	Part-Time Wages	10,821.00	17,000.00	6,179.00
100-1008-510-01-00	Contract Services-LAFCo	4,600.00	3,992.37	(607.63)
100-1008-600-03-01	Capital Outlay - City Website	-	890.32	890.32
100-1009-420-40-00	Health Insurance Expense	14,658.20	23,560.64	8,902.44
100-1009-510-10-00	Professional Services	4,000.00	2,000.00	(2,000.00)
100-1009-521-07-00	Postage	500.00	700.00	200.00
100-1009-554-01-00	Travel-Meetings	1,500.00	1,800.00	300.00
100-1010-510-10-01	Professional Serv-Gen Admin	24,750.00	50,000.00	25,250.00
100-1010-510-10-02	Professional Serv-Proj R & Pck	41,250.00	65,000.00	23,750.00
100-1042-410-20-00	Part-Time Wages	13,417.00	15,000.00	1,583.00
100-1042-555-00-00	Dues/Subscriptions	250.00	371.25	121.25
100-1042-600-03-01	Capital Outlay - City Website	-	890.32	890.32
Total Expenses for Community Development				65,458.70
100-2002-515-01-00	Utilities	30,000.00	45,000.00	15,000.00
100-2002-552-02-00	Public Notice/Advertising/Recr	200.00	100.00	(100.00)
100-2002-600-03-01	Capital Outlay - City Website	-	713.26	713.26
100-2010-410-30-00	Overtime	500.00	780.00	280.00
100-2010-410-37-00	Vehicle Allowance	-	125.18	125.18
100-2010-521-01-00	Office Supplies	550.00	400.00	(150.00)
100-2010-521-02-00	General Supplies	6,000.00	7,000.00	1,000.00
100-2010-521-05-00	Park Maintenance Supplies	10,000.00	11,000.00	1,000.00

Account #	Description	Original Budget Amt	New Budget Amt	Difference
100-2010-521-06-00	Uniforms	1,000.00	1,300.00	300.00
100-2010-600-03-01	Capital Outlay - City Website	-	178.31	178.31
100-2044-555-00-00	Dues/Subscriptions	400.00	500.00	100.00
100-2044-600-03-01	Capital Outlay - City Website	-	356.62	356.62
100-2047-410-30-00	Overtime	-	150.00	150.00
100-2047-600-03-01	Capital Outlay - City Website	-	178.31	178.31
100-2069-410-37-00	Vehicle Allowance	-	125.18	125.18
100-2069-420-55-00	Workers Compensation Expense	807.15	1,732.79	925.64
100-2069-521-02-00	Special Supplies	2,000.00	3,500.00	1,500.00
100-2069-600-03-01	Capital Outlay - City Website	-	178.31	178.31
Total Expenses for Community Services				21,860.81
100-3011-410-30-00	Overtime	50,000.00	95,022.00	45,022.00
100-3011-410-37-00	Vehicle Allowance	-	462.00	462.00
100-3011-510-01-00	Contract Services	-	2,680.00	2,680.00
100-3011-510-13-00	Professional Serv-Lab Serv Emp	300.00	650.00	350.00
100-3011-521-10-00	Uniform Supplies	8,500.00	14,000.00	5,500.00
100-3011-555-00-00	Dues/Subscriptions	3,900.00	8,112.00	4,212.00
100-3011-600-03-06	3 Honor Guard Uniforms	6,000.00	-	-6,000.00
100-3011-600-03-07	Capital Outlay - City Website	-	1,602.32	1,602.32
100-3011-600-03-11	Capital Outlay-Springbrook Upg	-	1,688.00	1,688.00
100-3011-600-08-00	Capital Outlay-Flat Badges	0.00	6,000.00	6,000.00
100-3041-410-37-00	Vehicle Allowance	-	35.00	35.00
100-3041-600-03-01	Capital Outlay - City Website	-	178.32	178.32
100-3041-600-03-11	Capital Outlay-Springbrook Upg	-	146.78	146.78
Total Expenses for Police Department				61,876.42
100-4010-510-01-00	Contract Services	2,000.00	7,000.00	5,000.00
100-4010-510-03-00	Tree Trimming	10,000.00	10,950.00	950.00
100-4010-555-04-00	Taxes & Assessments (FID)	5,841.00	7,456.30	1,615.30
100-4010-600-03-00	Capital Outlay-Small Eqmnt Rep	5,000.00	7,266.93	2,266.93
100-4010-600-03-01	Capital Outlay - City Website	-	178.31	178.31

Account #	Description	Original Budget Amt	New Budget Amt	Difference
410-4041-410-30-00	Overtime	18,000.00	28,000.00	10,000.00
410-4041-410-37-00	Vehicle Allowance	-	73.55	73.55
410-4041-510-12-00	Professional Services-Lab	20,000.00	24,800.00	4,800.00
410-4041-521-02-00	Special Supplies	30,000.00	43,000.00	13,000.00
410-4041-521-03-01	Special Supplies - FID S Water	57,792.00	95,675.00	37,883.00
410-4041-555-00-00	Dues/Subscriptions	600.00	798.92	198.92
410-4041-600-03-07	Capital Outlay - City Website	-	356.63	356.63
410-4041-600-03-46	Capital Imp-Well17 Emerg Rep	10,000.00	14,268.56	4,268.56
410-8000-600-03-83	Public Works Roof Replacement	-	15,056.40	15,056.40
410-8000-600-04-01	SGMAGrant Recharge Proj. Lions	-	175,175.00	175,175.00
410-8000-600-04-47	Well No 14 Rehabilitation	-	13,311.98	13,311.98
410-8000-600-04-49	Well No 10 Rehabilitation	-	11,420.00	11,420.00
420-4042-410-30-00	Overtime	18,000.00	28,000.00	10,000.00
420-4042-410-37-00	Vehicle Allowance	-	115.50	115.50
420-4042-510-12-00	Professional Services-Lab	10,000.00	12,700.00	2,700.00
420-4042-521-02-00	Special Supplies	45,000.00	51,000.00	6,000.00
420-4042-555-00-00	Dues/Subscriptions	500.00	1,000.00	500.00
420-4042-555-01-00	State Fees & Permits	45,000.00	48,000.00	3,000.00
420-4042-600-03-01	Capital Outlay - City Website	-	356.63	356.63
420-4042-600-03-26	100HP Teco Blower Motors	-	12,826.44	12,826.44
420-4042-600-03-30	WWTP Facility Repairs	5,000.00	20,500.00	15,500.00
420-8000-600-03-83	Public Works Roof Replacement	-	15,056.40	15,056.40
470-4047-410-37-00	Vehicle Allowance	-	38.50	38.50
470-4047-510-10-00	Professional Services	4,950.00	5,110.93	160.93
470-4047-515-01-00	Utilities	2,500.00	1,600.00	(900.00)
470-4047-521-01-00	Office Supplies	100.00	2,061.56	1,961.56
470-4047-521-07-00	Postage	800.00	3,435.57	2,635.57
470-4047-600-03-03	Capital Outlay - City Website	-	356.63	356.63
500-4050-410-20-00	Part-Time Wages	25,000.00	-	(25,000.00)
500-4050-410-37-00	Vehicle Allowance	-	38.50	38.50

Account #	Description	Original Budget Amt	New Budget Amt	Difference
500-4050-521-03-05	Equipment Repairs and Mainten.	40,000.00	53,000.00	13,000.00
500-4050-540-02-00	Equipment Rental - Lease	10,000.00	9,057.00	(943.00)
500-4050-550-01-00	Insurance - Vehicles	18,466.00	19,306.95	840.95
500-4050-552-02-00	Public Notice/Advertising/Recr	-	451.00	451.00
500-4050-554-01-00	Travel-Meetings	700.00	1,400.00	700.00
500-4050-600-04-52	Alternative Fuel Vehicles (1)	262,000.00	1,000.00	(261,000.00)
500-4050-600-04-57	CSO Vehicle/Docking StationVeh	5,600.00	9,270.71	3,670.71
500-8000-600-04-33	Patrol Vehicles	-	41,271.57	41,271.57
750-4075-420-22-00	SUI Expense	1,018.39	2,323.50	1,305.11
750-4075-521-02-00	General Supplies	20,000.00	28,000.00	8,000.00
750-4075-600-03-01	Capital Outlay - City Website	-	356.63	356.63
830-8000-600-03-81	STBG Vineland Ave Rehab	10,782.00	18,000.00	7,218.00
870-4087-510-01-00	Contract Services	25,000.00	35,000.00	10,000.00
870-4087-600-03-02	Capital Outlay - City Website	-	356.63	356.63
880-4088-410-20-00	Part-Time Wages	300.00	-	(300.00)
880-4088-552-01-00	Public Notice	200.00	100.00	(100.00)
882-4088-410-20-00	Part-Time Wages	964.70	-	(964.70)
882-4088-510-10-00	Professional Svc-Pavement Mgmt	1,500.00	1,600.00	100.00
Total Expenses for Public Works				164,864.14
100-5005-410-30-00	Overtime	250.00	750.00	500.00
100-5005-410-37-00	Vehicle Allowance	-	125.18	125.18
100-5005-521-01-00	Office Supplies	500.00	1,000.00	500.00
100-5005-521-06-00	Uniforms	110.00	181.00	71.00
100-5005-554-01-00	Travel-Meetings	2,500.00	1,500.00	(1,000.00)
100-5005-600-03-01	Capital Outlay - City Website	-	445.16	445.16
410-5005-410-30-00	Overtime	900.00	1,900.00	1,000.00
410-5005-410-37-00	Vehicle Allowance	136.50	167.18	30.68
410-5005-521-06-00	Uniforms	110.00	190.00	80.00
410-5005-600-03-01	Capital Outlay - City Website	-	445.16	445.16
420-5005-410-30-00	Overtime	650.00	1,650.00	1,000.00

Account #	Description	Original Budget Amt	New Budget Amt	Difference
420-5005-600-03-01	Capital Outlay - City Website	-	445.16	445.16
430-0000-521-34-00	SB1383 Local Assistance OWR1	-	16,959.67	16,959.67
430-5005-410-30-00	Overtime	1,500.00	2,000.00	500.00
430-5005-420-55-00	Workers Compensation Expense	31,475.29	5,686.11	(25,789.18)
430-5005-510-06-00	Contract Services-Utility Bill	4,872.00	8,270.12	3,398.12
430-5005-600-03-01	Capital Outlay - City Website	-	445.16	445.16
Total Expenses for Finance				(843.89)
100-6001-552-01-00	Public Notice	3,500.00	4,000.00	500.00
100-6001-554-01-00	Travel-Meetings	3,000.00	6,500.00	3,500.00
Total Expenses for City Council				4,000
100-6004-410-37-00	Vehicle Allowance	-	500.50	500.50
100-6004-552-02-00	Public Notice/Advertising/Recr	500.00	-	(500.00)
100-6004-600-03-01	Capital Outlay - City Website	-	1,780.65	1,780.65
Total Expenses for City Clerk				1,781.15
100-7001-510-03-01	Grant Writing Services	30,000.00	60,478.00	30,478.00
100-7001-600-03-50	Vehicle for Animal Control Off	100,000.00	110,603.95	10,603.95
100-7001-600-03-73	East Side Comm. Park(25 Acres)	-	45,000.00	45,000.00
Total Expenses for Measure M				86,081.95
100-3016-580-16-00	Kerman Unified School Res Offi	4,000.00	6,700.00	2,700.00
100-3050-410-10-00	Salaries	41,363.50	99,970.00	58,606.50
100-3050-410-30-00	Overtime	6,500.00	8,440.00	1,940.00
100-3050-410-35-00	Stand By	-	245.00	245.00
100-3050-410-40-00	Holiday Pay	2,280.86	2,700.00	419.14
100-3999-410-30-13	Overtime-Tobacco Grant	3,150.00	29,760.00	26,610.00
100-3999-420-11-13	FICA Tax Expense-Tobacco Grant	2,313.13	3,910.00	1,596.87
100-3999-420-12-13	FICA MED Tax Expense-Tobacco G	540.97	915.00	374.03
100-3999-420-55-13	Workers Compensation Expense	361.72	2,525.00	2,163.28
100-3999-420-60-13	SDI Expense-Tobacco Grant	335.78	575.00	239.22
100-3999-520-00-07	National Night Out	-	12,000.00	12,000.00
100-3999-520-00-12	Koret Shelter Welcome Grant	-	2,400.00	2,400.00

Account #	Description	Original Budget Amt	New Budget Amt	Difference
100-3999-520-00-14	CA Animal Welfare Funders Grnt	-	10,000.00	10,000.00
100-8000-600-03-83	Public Works Roof Replacement	-	15,056.40	15,056.40
100-8000-600-03-95	Kerckhoff Park ATT Storage Bld	30,000.00	45,427.00	15,427.00
580-8000-600-03-73	East Comm. Park(25 Acres)	141,422.50	142,052.50	630.00
740-2045-551-01-00	Communications-Telephone	600.00	1,060.80	460.80
780-8000-600-10-02	Zoning Code Update (SB2)	-	50,409.57	50,409.57
890-8000-600-03-72	Police Station	-	3,000,000.00	3,000,000.00
890-8000-600-03-81	STBG Vineland Ave Rehab	20,580.00	35,600.00	15,020.00
Total Expenses for Other Funds				3,216,297.81
Total Expenses				3,649,741.00

Revenues

Account #	Description	Original Budget Amt	New Budget Amt	Difference
100-0000-313-04-00	Transient Occupancy Tax	16,500.00	26,000.00	9,500.00
100-0000-322-61-00	Animal Surrender Fee	-	450.00	450.00
100-0000-322-70-00	Other Fees & Permits	2,349.70	4,000.00	1,650.30
100-0000-325-04-01	Code Enforcement Fees	-	20.00	20.00
100-0000-325-06-00	Lien Release/ Fee	-	50.00	50.00
100-0000-335-03-00	Vehicle License (Sec. 11001.5)	13,346.50	20,943.24	7,596.74
100-0000-341-01-00	Planning & Zoning Fees	31,910.72	115,000.00	83,089.28
100-0000-341-43-00	Plan Check Inspection Fees	80,000.00	200,000.00	120,000.00
100-0000-342-01-00	Police Dept. Special Services	4,803.67	5,775.00	971.33
100-0000-342-04-00	Live Scan-Fingerprint Fee	1,000.00	2,175.00	1,175.00
100-0000-342-07-00	Towed Vehicle Fee	10,140.33	18,250.00	8,109.67
100-0000-342-20-00	Sale of Surplus Items	-	415.00	415.00
100-0000-342-99-00	Miscellaneous Police Rev.	-	810.00	810.00
100-0000-344-40-00	Weed Abatement Fees	-	223.00	223.00
100-0000-360-00-00	Rental Income-Lease Payments	11,422.85	15,076.85	3,654.00
100-0000-361-01-00	Interest Earnings	51,351.15	167,710.94	116,359.79
100-3999-334-30-13	Tobacco Grant	56,918.21	112,301.61	55,383.40
100-3999-334-35-07	National Night Out	-	13,500.00	13,500.00
110-0000-361-01-00	Interest Earnings	426.92	2,486.60	2,059.68
140-0000-361-01-00	Interest Earnings	-	579.87	579.87
180-0000-361-01-00	Interest Earnings	2,997.51	8,865.04	5,867.53
300-0000-361-01-00	Interest Earnings	-	665.06	665.06
480-0000-361-01-00	Interest Earnings	172.85	1,310.46	1,137.61
410-0000-344-11-00	Payment Plan Reinstatement	-	1,575.00	1,575.00
410-0000-344-16-00	Water Meter Rental Fee	-	15,250.00	15,250.00
410-0000-361-01-00	Interest Earnings	9,898.49	69,508.73	59,610.24
410-0000-361-10-00	Penalty	9,864.16	71,577.87	61,713.71
420-0000-361-01-00	Interest Earnings	14,326.48	26,473.92	12,147.44
420-0000-361-10-00	Penalty	6,695.54	53,433.21	46,737.67

Account #	Description	Original Budget Amt	New Budget Amt	Difference
430-0000-361-01-00	Interest Earnings	3,894.65	8,344.25	4,449.60
430-0000-361-10-00	Penalty	4,789.49	87,255.23	82,465.74
470-0000-361-10-00	Penalty	369.32	5,151.55	4,782.23
490-0000-344-50-00	Development Impact Fees	20,386.00	24,000.00	3,614.00
490-0000-361-01-00	Interest Earnings	877.90	2,355.78	1,477.88
500-0000-334-09-00	Grant-Comp Natural Gas Vehicle	100,000.00	-	(100,000.00)
500-0000-342-20-00	Sale of Surplus Items	-	20,191.00	20,191.00
520-0000-344-50-00	Development Impact Fees	-	1,108.91	1,108.91
520-0000-361-01-00	Interest Earnings	1,569.71	3,357.67	1,787.96
530-0000-344-50-00	Development Impact Fees	16,758.00	2,000.00	(14,758.00)
530-0000-361-01-00	Interest Earnings	1,081.57	2,785.31	1,703.74
540-0000-361-01-00	Interest Earnings	8,874.71	27,319.84	18,445.13
550-0000-344-50-00	Sewer Front Foot Improv Fees	-	1,175.75	1,175.75
560-0000-361-01-00	Interest Earnings	1,070.75	2,438.77	1,368.02
570-0000-361-01-00	Interest Earnings	908.71	6,381.44	5,472.73
590-0000-361-01-00	Interest Earnings	1,012.36	3,409.21	2,396.85
740-0000-361-01-00	Interest Earnings	-	585.32	585.32
810-0000-361-01-00	Interest Earnings	399.29	1,363.04	963.75
820-0000-361-01-00	Interest Earnings	940.18	3,334.02	2,393.84
830-0000-361-01-00	Interest Earnings	1,055.13	2,806.20	1,751.07
840-0000-361-01-00	Interest Earnings	131.12	393.87	262.75
870-0000-361-01-00	Interest Earnings	5,159.68	23,185.01	18,025.33
880-0000-361-01-00	Interest Earnings	617.16	2,967.75	2,350.59
882-0000-361-01-00	Interest Earnings	549.24	2,946.15	2,396.91
780-0000-334-10-02	Zoning Code Update (SB2)	-	50,409.57	50,409.57
890-0000-334-03-72	Police Station	-	3,000,000.00	3,000,000.00
890-0000-334-03-81	STBG-Vineland Ave Rehab (029)	20,580.00	35,600.00	15,020.00
950-0000-361-01-00	Interest Earnings	772.35	5,403.23	4,630.88
960-0000-361-01-00	Interest Earnings	1,162.44	12,966.97	11,804.53
			Total Revenues	3,776,577.40

City of Kerman

FY 2023/2024 Mid-Year Budget Report



Josefina Alvarez,
Finance Director
John Jansons,
City Manager
March 27, 2024

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Mid- Year Status Overview

The Fiscal Year 2023/2024 budget was adopted by the City Council on June 14, 2023. The annual adopted budget is a financial plan based on the best information available at the time it is prepared.

The Mid-Year Budget Review provides information to the City Council of the City’s financial picture through December 31, 2023, with any necessary adjustments to complete Fiscal Year 2023/2024.

This Mid-Year Budget Review focuses on revenues and expenditures of the General Fund, the City’s Enterprise Funds and all other City funds. Staff reviews each revenue received as well as each expense incurred from the beginning of the fiscal year on July 1, 2023, to December 31, 2023, and compares the amounts to the adopted budget. Generally, at the middle of the fiscal year, a ratio of approximately 50% between the adopted budget and actual amounts should exist in the analysis; however, this might vary based on the timing of certain revenues and expenses. The Fiscal Year 2023/2024 at this point, (December 31, 2023) is looking positive. The revenues collected as well as the expenses incurred for the GF and the Enterprise Funds are for the most part on track as anticipated.

The GF adopted budget for the Fiscal Year 2023/2024 was approved with a surplus of \$13,165. Staff has reviewed all accounts and recommends some adjustments to the revenues and expenses to the approved budget.

Revenue Status Review

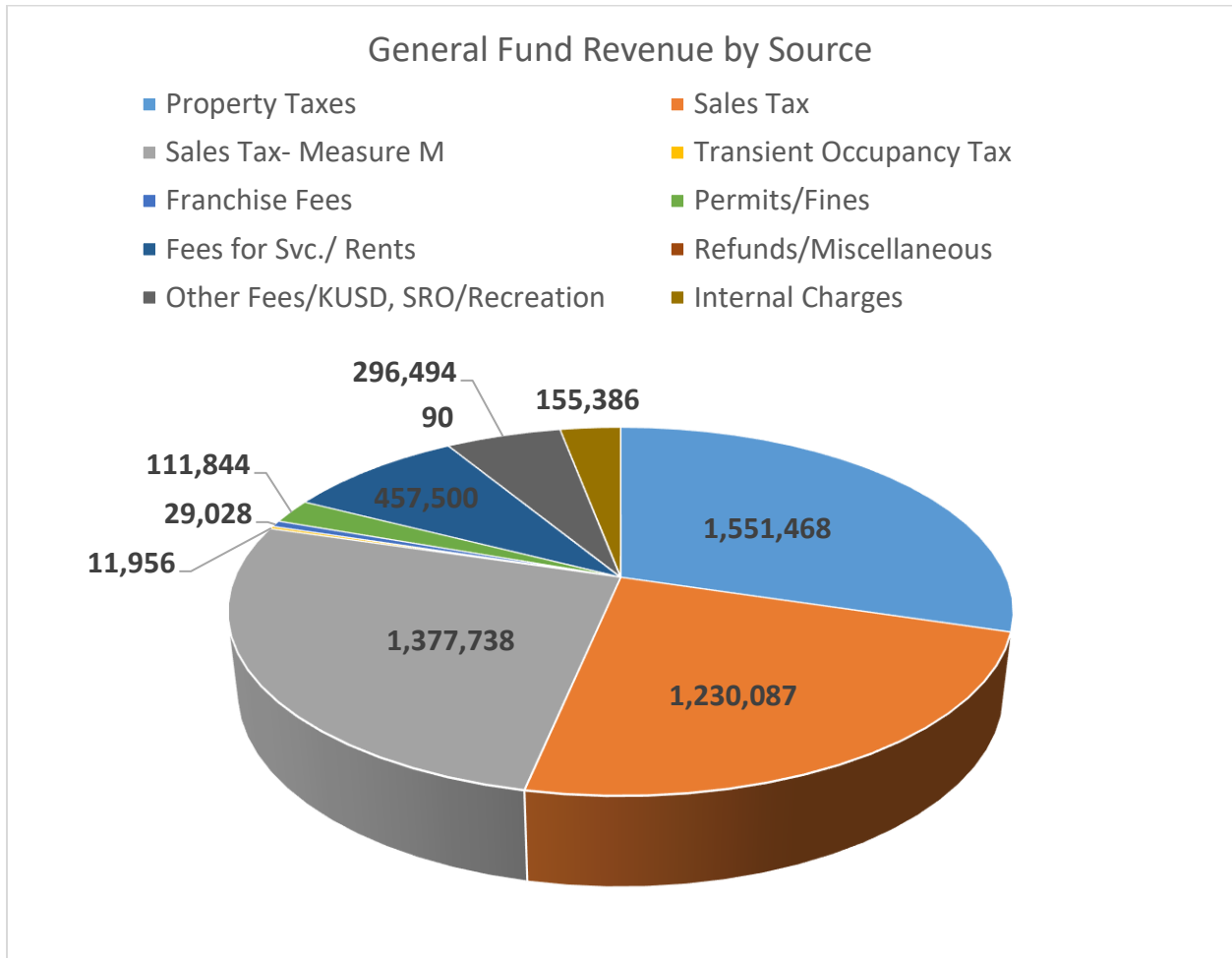
❖ General Fund

The General Fund accounts for tax, and other general-purpose revenues (e.g., sales taxes, property taxes, franchise fees, permits, fees, rents and fines), these are used to provide essential general governmental services (e.g., legislation, administration, city clerk, police, parks and recreation, public works and planning). Generally, the two primary sources for the General Fund are property taxes and sales taxes. So far for Fiscal Year 2023/2024, **Table 1** below reflects the percentage of revenue collected per source as of December 31, 2023, with property, sales and transient occupancy taxes at 79.89% and other fees such as fees for services/rents at 8.76%

Table 1

GENERAL FUND REVENUE BY SOURCE			
Property Taxes	29.71%	Permits/Fines	2.14%
Sales Tax	23.56%	Fees for Svc./ Rents	8.76%
Sales Tax - Measure M	26.39%	Refunds/Miscellaneous	0.00%
Transient Occupancy Tax	0.23%	Other Fees/KUSD, SRO/Recrea	5.68%
Franchise Fees	0.56%		
Internal Charges	2.98%		

Figure 1



❖ Enterprise Funds

Enterprise Funds include Water, Sewer, Solid Waste (refuse), Storm Drain and Landscape and Lighting District. These funds are accounted for separately and revenue is generated from services provided to the public on a user fee basis.

In this report, the Internal Service Funds (ISF), such as Vehicle and Technology, are included under Enterprise Funds. The ISF accounts for any activity that provides goods or services to other funds, departments or agencies on a cost-reimbursement basis.

Table 2 on page 3 summarizes the revenues collected through the first six months of the fiscal year ending on December 31, 2023 for the General Fund and the Enterprise Funds.

Table 2

CITY OF KERMAN							
2023/2024 MIDYEAR REVENUE OVERVIEW STATUS REPORT							
December 31, 2023							
Fund No.	Fund Name	A 2023/2024 Adopted Budget	B Actual Through 12/31/23	D % Collected 12/31/2023	E Projected Amount 1/1-6/30/24	F 2023/2024 Proposed Changes	G 2023/2024 Final Budget
100	GENERAL FUND						
	Property Taxes	2,990,131	1,551,468	52	1,438,663		2,990,131
	Sales Tax	2,372,439	1,230,087	52	1,142,352		2,372,439
	Sales & Use Tax - Measure M.	3,049,000	1,377,738	45	1,671,262		3,049,000
	Transient Occupancy Tax	16,500	11,956	72	14,044	9,500	26,000
	Franchise Fees	206,691	29,028	14	177,663		206,691
	Permits	105,011	72,071	69	35,040	2,100	107,111
	Fines	61,374	39,773	65	37,601	15,999	77,374
	Fees for Services	501,081	376,910	75	329,407	205,236	706,317
	Other Fees	119,485	116,829	98	120,241	117,585	237,070
	Recreation Fees	58,090	12,573	22	45,517		58,090
	Rents	158,508	80,589	51	81,572	3,654	162,162
	Refunds/Miscellaneous	9,911	90	1	9,821		9,911
	Internal Charges	310,771	155,386	50	155,385		310,771
	KUSD-SRO Reimbursement	189,843	95,422	50	94,422		189,843
	ACT Reimbursement	138,374	71,670	52	66,704		138,374
	Total General Fund	10,287,208	5,221,590	51%	5,419,693	354,074	10,641,282
	ENTERPRISE FUNDS						
410	Water Operating	2,494,689	1,628,355	65	1,004,483	138,149	2,632,838
420	Sewer Operating	1,892,985	1,090,943	58	860,928	58,885	1,951,870
430	Solid waste	2,166,170	1,170,045	54	1,083,040	86,915	2,253,085
470	Storm Drain	82,430	46,312	56	40,900	4,782	87,212
500	Vehicle-ISF	1,001,493	508,099	51	413,586	(79,809)	921,684
510	Technology- ISF	100,453	50,303	50	50,150		100,453
750	Landscape & Light District	254,365	190,369	75	63,997		254,365
	Total Enterprise Fund	7,992,586	4,684,426	59%	3,517,083	208,923	8,201,509
	GRAND TOTALS	18,279,794	9,906,015	54.19%	8,936,776	562,997	18,842,791

Table 2 reflects the General Fund revenue of \$5,221,590 as of December 31, 2023, of the annual budget amount of \$10,287,208. In the first half of the fiscal year, some revenues received came higher than the budget projection. This outcome is due to specific events such as the development of properties in the City, the increase in population and the positive interest rates that the City has earned for this Fiscal Year. The adjustments that are proposed are conservative. Overall, the revenue collected at mid-point is 51%, compared to the budget amount projected and we are expecting to receive the other 49% by the end of the fiscal year with the additions of the proposed changes explained under the adjustments on page 4.

The adjustments are:

- ✓ Increase in Transient Occupancy Tax due to the mid-year amount already received.
- ✓ Increase in Vehicle License Fee due to the annual amount already received from the State of California.
- ✓ Increase in Planning and Zoning Fees and Plan Check Inspection Fees due to the continued development of both residential and commercial properties.
- ✓ Increase in Towed Vehicle Fee due to the increased fees for services.
- ✓ Increase in Interest Earnings due to the favorable interest rate the City has been receiving from CD's, Money Market Accounts and Local Agency Investment Fund (LAIF).

For the Enterprise Funds, the revenue collected for the first half of the fiscal year, December 31, 2023 is \$4,684,426 of the annual budget amount of \$7,992,586. At mid-point, all of Enterprise Funds exceeded the expected 50% projection. Overall, revenue collected during the first half of the fiscal year is 59% if compared to the adopted budget amount and it is expected to receive the 41% by the end of the fiscal year. With the City resuming penalties, the constant development of commercial properties that require the rental of a water meter for new construction and the promising interest rates from our investments, we are proposing a couple of adjustments to our revenues. There are also several adjustments to our expenditures that are necessary to provide our residents the quality of life that is expected in the City of Kerman. The proposed revenue changes are summarized below.

The adjustments are:

- ✓ Increase in Water Meter Rental Fee due to the continual development of commercial properties that require the rental of a water meter for new construction.
- ✓ Increase in all Enterprise Funds (Water, Sewer, Solid Waste and Storm Drain) Penalties due to the City resuming penalties this fiscal year.
- ✓ Increase in all Enterprise Funds Interest Earnings due to the favorable interest rate the City has been receiving from CD's, Money Market Accounts and Local Agency Investment Fund (LAIF).

Expenditure Status Review

❖ General Fund

The General Fund operating expenditures adopted budget for Fiscal Year 2023/2024 are \$10,274,043, and the estimated ending for Fiscal Year 2023/2024 after the adjustments recommended by staff are \$10,554,118. **Figure 2**, on page 5 shows the percentage allocation of the general fund by department.

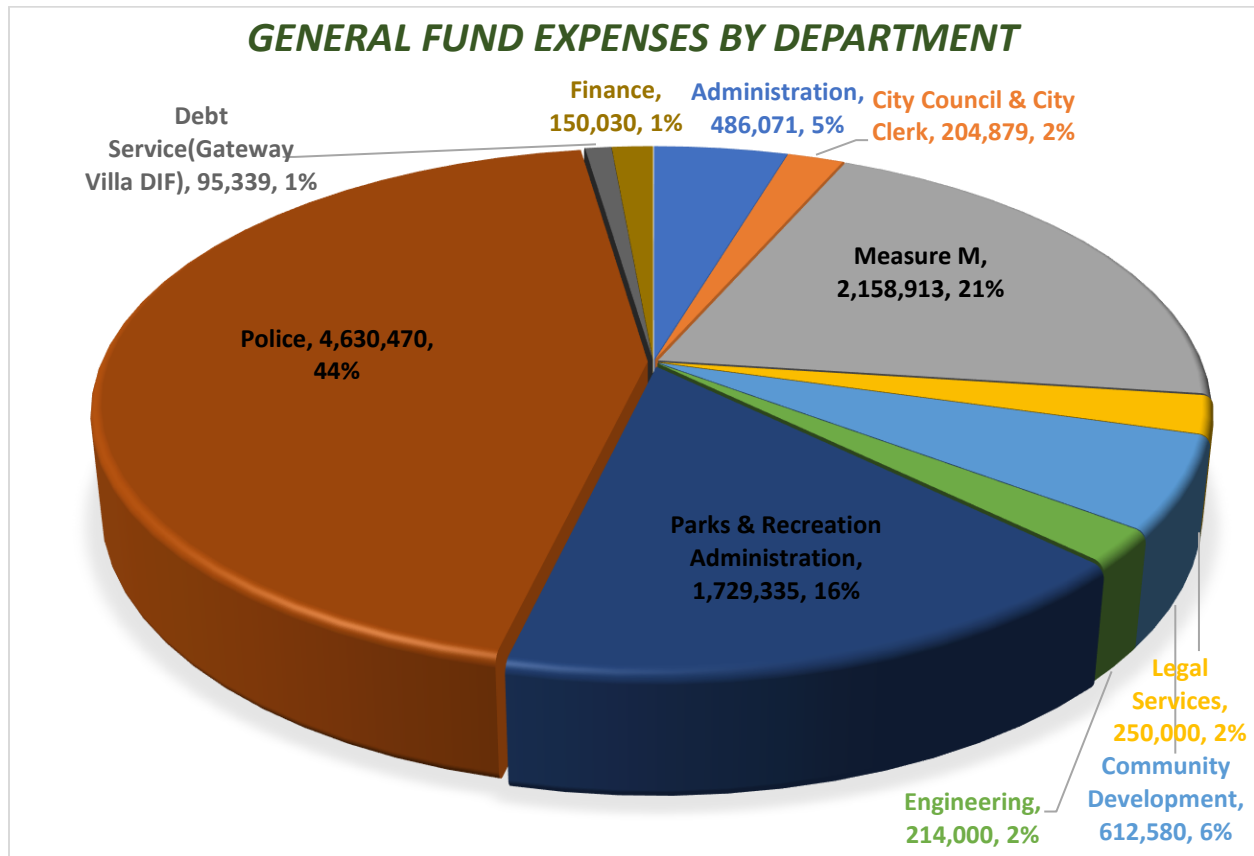
The City of Kerman's primary investments from the General Fund (GF) are:

- Public Safety (Police Department) with a 43.97% allocation for public safety;
- Measure M Projects of City facilities with 20.50% allocation;

- Parks and Recreation programs with a 16.42% allocation to continue investing in our youth and senior residents.

This 80.89% appropriation of funds from the GF reflects why many families elect the City of Kerman to raise their children in Fresno County.

Figure 2



❖ Enterprise Funds

The Enterprise Funds' operating expenditure adopted budget for Fiscal Year 2023/2024 is \$8,848,167. These expenses are incurred by each fund to provide the goods and services to the City of Kerman residents and departments within the City. These services are water, sewer, refuse collection, fleet services and technology.

Table 3 on page 6 summarizes the results of expenses incurred through the first six months of the fiscal year ending on December 31, 2023, for the General Fund and the Enterprise Funds.

Table 3

CITY OF KERMAN								
2023/2024 MIDYEAR EXPENSES OVERVIEW STATUS REPORT								
December 31, 2023								
Fund No.	Fund Name	Dept. No.	A 2023/2024 Adopted Budget	B Actual Through 12/31/23	D % Used 12/31/23	E Projected Amount 1/1-6/30/24	F 2023/2024 Proposed Changes	G 2023/2024 Final Budget
100	GENERAL FUND							
	Administration	1002	480,207	309,810	65	198,760	28,364	508,571
	City Council	6001	37,550	17,634	47	23,916	4,000	41,550
	Measure M	7001	2,072,831	602,160	29	1,556,753	86,082	2,158,913
	City Clerk	6004	161,548	79,060	49	84,270	1,781	163,329
	Legal Services	6003	250,000	46,911	19	203,089	0	250,000
	Community Development	1008, 1009, 1042	596,122	365,732	61	246,849	16,459	612,580
	Engineering	1010	165,000	110,907	67	103,093	49,000	214,000
	Recreation Administration	2002	363,732	194,517	53	184,829	15,613	379,346
	Senior Center	2044	158,156	72,528	46	86,084	457	158,612
	Aquatics	2047	79,827	25,770	32	54,385	328	80,155
	Community Teen Center	2069	175,967	84,444	48	94,252	2,729	178,696
	Building Maintenance	2010	690,726	297,172	43	396,288	2,733	693,460
	Police	3011, 3050	4,073,983	1,638,524	40	2,496,975	61,516	4,135,499
	Police ACT	3015	138,374	72,105	52	66,268	0	138,374
	Police SRO	3016	225,768	93,769	42	131,999	0	225,768
	Animal Control	3041	130,469	57,221	44	73,609	360	130,829
	Bldg/Park Operations	4010	229,056	112,146	49	126,921	10,011	239,067
	Finance	5005	149,389	37,207	25	112,824	641	150,030
	Debt Service(Gateway Villa DIF)	5006	95,339	95,339	100	0	0	95,339
	Total General Fund		10,274,043	4,312,956	42%	6,241,162	280,075	10,554,118
	ENTERPRISE FUNDS							
410	Water Operating	4041,5005,5006	2,257,157	1,260,450	56	1,283,808	287,100	2,544,257
420	Sewer Operating	4042,5005,5006	2,019,763	1,088,727	54	998,536	67,500	2,087,263
430	Solid waste	5005	2,087,748	1,024,707	49	1,058,554	(4,486)	2,083,262
470	Storm Drain	4047	464,269	62,749	14	405,773	4,253	468,522
500	Vehicle-ISF	4050	1,492,130	417,979	28	847,181	(226,970)	1,265,159
510	Technology- ISF	4051	111,948	47,122	42	64,826	0	111,948
750	Landscape & Light District	4075	415,152	167,789	40	257,024	9,662	424,813
	Total Enterprise Fund		8,848,167	4,069,524	46%	4,915,701	137,058	8,985,225
	GRAND TOTALS		19,122,210	8,382,480	44%	11,156,863	417,133	19,539,343

Table 3 reflects the General Fund expenditures of \$4,312,956 as of December 31, 2023, of the annual budget amount of \$10,274,043. The first half of the fiscal year shows some departmental expenditures greater than expected budget projections and some lower. One example is the increased expenses in the Engineering Department with 67% of expenses incurred already in the first half of the fiscal year. In the same way, some departments used less than the projected expenses such as Legal Services. The Kerman Police Officers Association (KPOA) and the Kerman Miscellaneous Employees Association (KMEA) negotiations will be done in the upcoming months. The proposed adjustments below are recommended by staff.

The adjustments are:

- ✓ Increase in Contract Services due to a contingency fee for the identification and correction of a misallocation of sales tax which resulted in a \$86,905.18 payment to the City.
- ✓ Increase in Part Time Wages for Community Development due to personnel changes.

- ✓ Increase in Health Insurance Expense in Community Development Department due to increased rate in health insurance plan for employee from what was originally budgeted.
- ✓ Increase in Professional Services in General Administration and Project Review and Plan Check in Community Development due to increased development.
- ✓ Increase in Utilities for Community Services due to combination of budgets under Planned Recreation and Youth and Teen Services.
- ✓ Increase in Overtime in the Police Department due to the shortage of staff at the beginning of the Fiscal Year.
- ✓ Increase in Uniform Supplies in the Police Department due to new Police Officers hired.
- ✓ Increase in Contract Services in the Public Works Department due to a new booster pump installed at Lions Park and Kerckhoff Park.
- ✓ Increase in Grant Writing Services under Measure M due to the applications submitted for the Multi-Generational Center.
- ✓ Increase in Vehicle Fund for Animal Control under Measure M due to the increased cost of the vehicle.
- ✓ Increase in the East Side Community Park under Measure M to cover all expenses for this fiscal year.

The Enterprise Funds in **Table 3** on page 6 show total expenditures of \$4,069,524 as of December 31, 2023, of the annual adopted budget amount of \$8,848,167. At mid-point of the fiscal year, most of the Enterprise Funds expenditures are close to 50% of the budget; except for the Storm Drain Fund at 14%, due major projects that have not been started for this fiscal year.

Overall, the expenses incurred in the first half of the fiscal year are 46% if compared to the adopted budget amount. It is expected to incur the additional 54% by the end of the fiscal year with the addition of following adjustments.

The adjustments are:

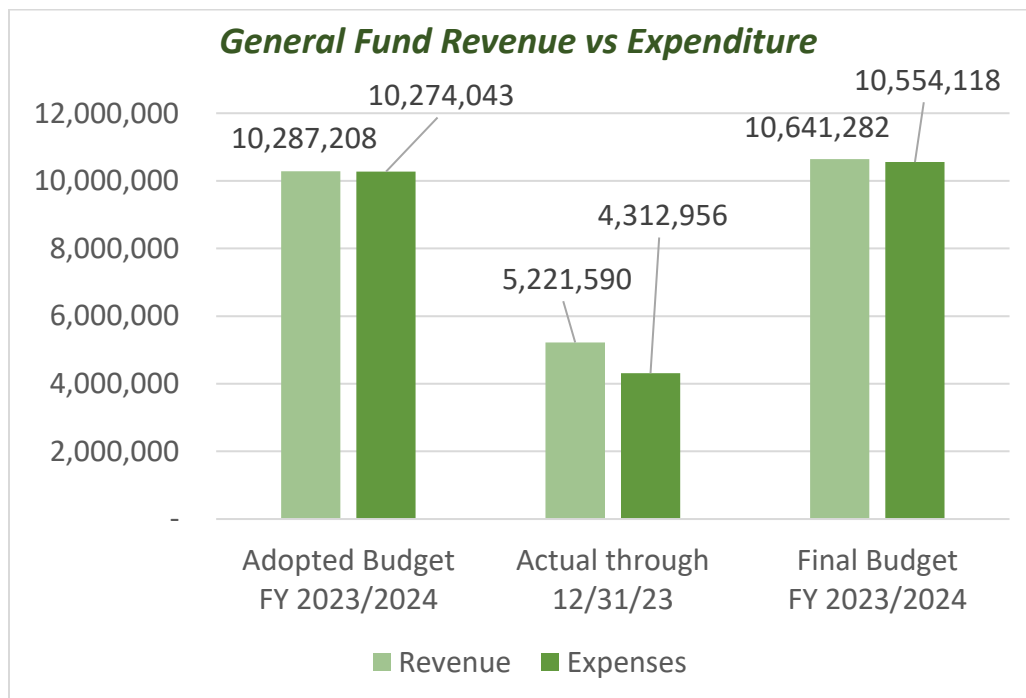
- ✓ Increase in Overtime in the Water and Sewer Fund in order to keep services running smoothly after hours for our residents.
- ✓ Increase in Special Supplies in the Water Fund due to the purchase of an emergency eye washing station and water sampling station.
- ✓ Increase in Special Supplies – FID Water in the Water Fund due to approved increase of rates proposed by Fresno Irrigation District.
- ✓ Increase in Public Works Roof Replacement in the Water and Sewer Funds due to necessary repair at the Public Works Yard.
- ✓ Increase in SGMA Grant Recharge Project Lions in the Water Fund due to unforeseen additional expenses to complete the project.
- ✓ Increase in Well Number 10 and 14 Rehabilitation in the Water Fund due to issues with both wells.
- ✓ Increase in Special Supplies in the Sewer Fund due to the purchase of a gate valve fitting for Pond 1.
- ✓ Increase in 100HP Teco Blower Motors in the Sewer Fund due to a motor that stopped functioning.

- ✓ Increase in WWTP Facility Repairs in the Sewer Fund due to necessary repairs to the facility.
- ✓ Increase in the SB1383 Local Assistance OWR1 in the Solid Waste Fund due to the remaining funds of the grant from prior fiscal years not spent.
- ✓ Increase in the Equipment Repairs and Maintenance in the Vehicles Fund due to ongoing equipment repair needed.
- ✓ Increase in Patrol Vehicles in the Vehicles Fund due to upfits needed for new vehicles purchase last fiscal year.
- ✓ Increase in General Supplies in the Vehicles Fund due to a needed street pole replacement on Gateway and Susan Ave.
- ✓ Decrease in the Workers Compensation Expense in the Solid Waste Fund due to overestimated percentage.
- ✓ Decrease in Part Time Wages in the Vehicles Fund due to no part time help needed for this fiscal year.
- ✓ Decrease in the Alternative Fuel Vehicles in the Vehicles Fund due to the vehicles not produced this fiscal year.

General Fund Revenue and Expenditure Summary

The revenues and expenditures below in **Figure 3** reflect General Fund revenues of \$5,221,590 or 51% of the annual budget at the midpoint of the fiscal year and General Fund expenditures of \$4,312,956 or 42% of the annual budget at the exact midpoint of the fiscal year. Therefore, at this point, the General Fund is showing a \$908,634 surplus on revenues over expenses. With the adjustments recommended by staff, the estimated year-end for the Fiscal Year 2023/2024 for revenues is \$10,641,282 and estimated expenditures are \$10,554,118, the general fund reserve balance is expected to increase by approximately \$87,164.

Figure 3

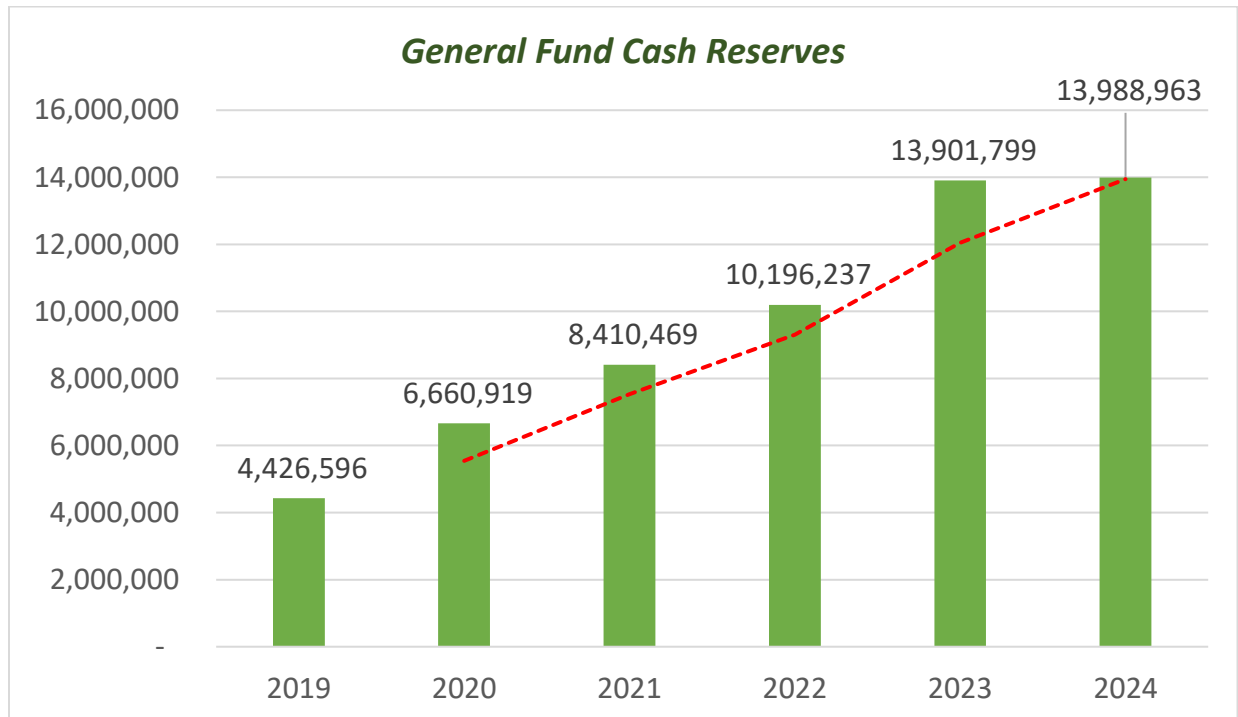


General Fund Reserves

The Fiscal Year 2023/2024 budget adopted by the City Council on June 14, 2023, projected a surplus of \$13,165 (revenues exceeded expenditures) in the General Fund. The mid-year budget review indicates the General Fund surplus will increase to \$87,164.

Figure 4 below shows the historical General Fund reserve cash balances with the projected surplus at the end of the Fiscal Year 2023/2024.

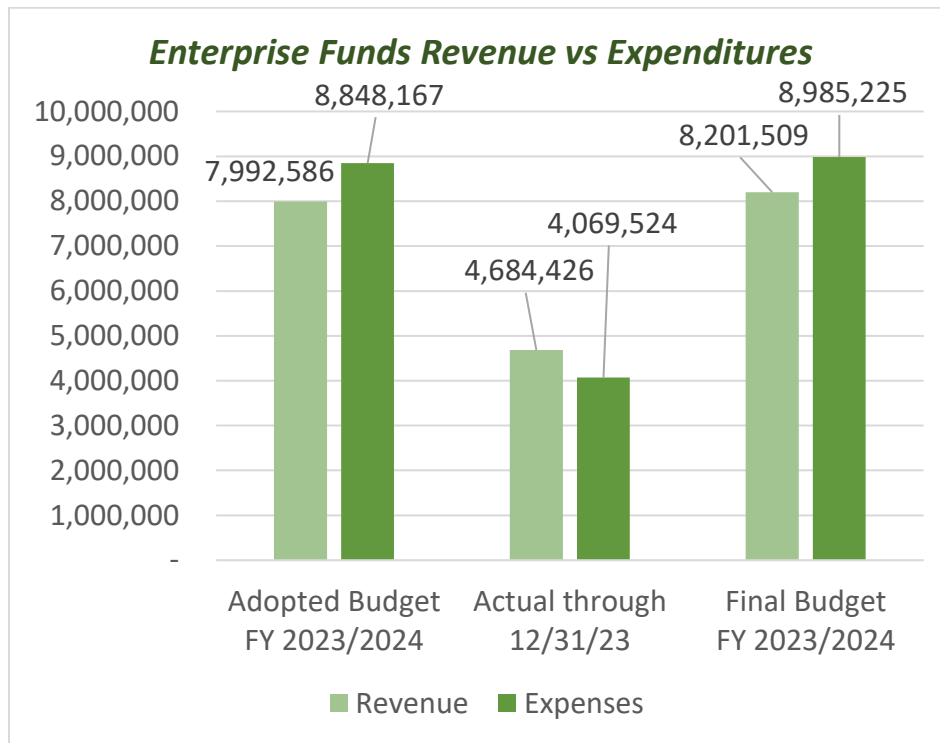
Figure 4



Enterprise Funds Revenue and Expenditure Summary

The revenues and expenditures presented in **Figure 5** on page 10 reflect the Enterprise Funds revenues of \$4,684,426 or 59% of the adopted budget at the midpoint of fiscal year and Enterprise Funds expenditures of \$4,069,524 or 46%. Therefore, at this point, the Enterprise Funds are showing a surplus of \$614,902.

Figure 5



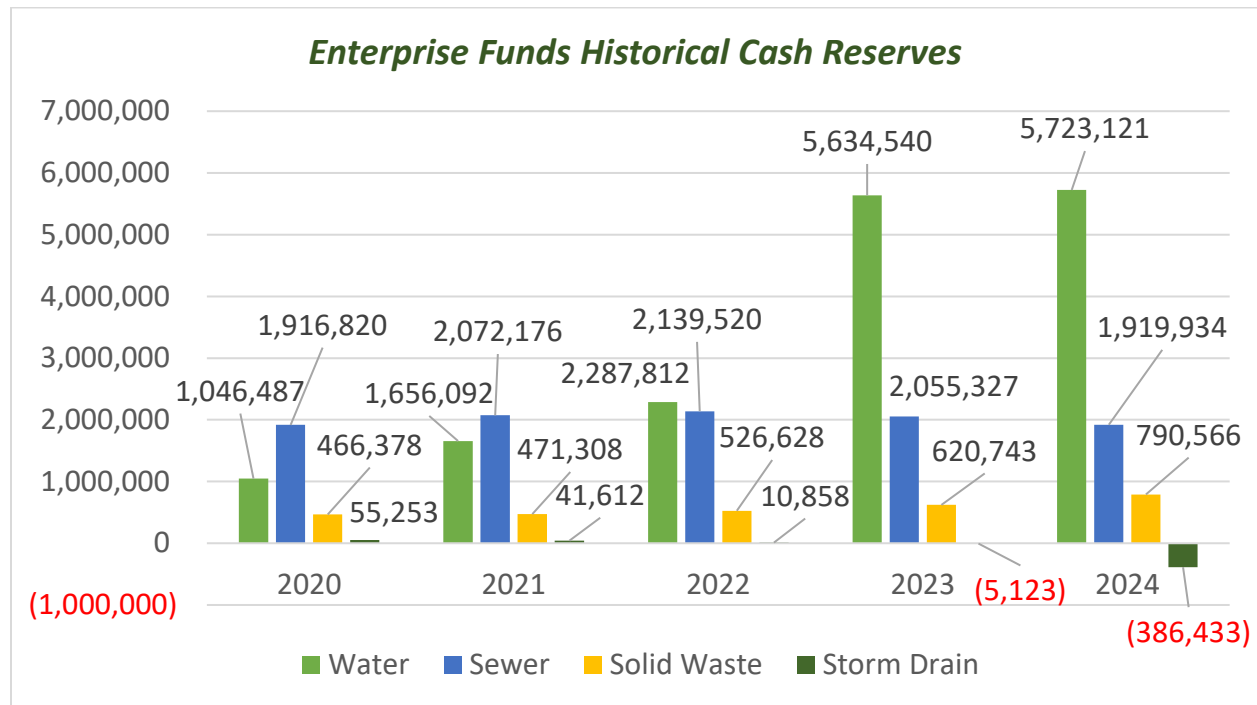
Enterprise Funds Cash Reserves

The Enterprise Funds are estimated to end Fiscal Year 2022/2023 with cash reserves in the Water, Sewer, Solid Waste, and Storm Drain funds of approximately \$8.3 million. The majority of these reserves are in the Water Fund, with revenues received for the construction of a new well.

Figure 6 on page 11 shows the cash balances (working capital) over the period from the fiscal year ending June 30, 2020, through June 30, 2024 (estimated) by each Fund.

Most of the Enterprise Funds seem to present a healthy reserve balance; however, all Enterprise Funds reserves, except for the Water Fund and Solid Waste Fund, are expected to decrease. The Water Fund will increase \$88,581.07, the Sewer Fund will decrease \$135,393.02, the Solid Waste Fund will increase \$169,823.57 and the Storm Drain Fund will decrease \$381,309.96 this Fiscal Year 2023/2024.

Figure 6



In Fiscal Year 2023/2024 Council approved the water and sewer rates that went into effect February 1, 2024 and storm drain rates were also approved and will come into effect April 1, 2024. All rate increases are scheduled until 2028. The water meter reserve fee was the main impact of the water rate increase. Previously a \$0.50 water meter reserve fee was being charged, but that amount was not sufficient to cover the cost of meters that are no longer working properly or transmitting the usage read. The storm drain rates were restructured so that other classes such as commercial, industrial, etc. would be charged a higher amount per acre. The residential storm drain rate fee will decrease to \$1.42 per dwelling for calendar year 2024. All three rate increases were necessary in order to help maintain infrastructure, operations and maintenance, new and ongoing capital projects, cover debt payments and maintain a healthy reserve balance for future emergencies.

Staff will continue monitoring closely all expenses incurred by the Enterprise Funds to ensure the liquidity necessary to operate and comply with debt service obligations.

Looking into the future

The City of Kerman continues to show positive economic factors, such as the continued development in the City by developers building single-family homes to provide desirable housing and multiple commercial entities are now submitting plans to start their new projects. There are also proposed annexations to further expand this increased development.

City Council approved new utility rates on December 13, 2023 (water and sewer rates) and February 28, 2024 (storm drain rates). New rates for Water and Sewer took effect on February 1, 2024 and new rates for Storm Drain services will go into effect April 1, 2024. City Council also approved a Comprehensive Fee Study which was effective July 1, 2023 to aid in increased cost recapture for services. The changes in revenues should help fund future projects and help maintain the excellent service levels that are provided to residents, businesses and visitors.

❖ **Economy**

According to usfacts.org, the Federal Reserve raised interest rates by one-half point to .75-1.00 in May 2022 to manage rising inflation. The current rate in 2023 is 5.03%. The target rate is 2%. The unemployment rate has stayed under 4% since January 2022, with the unemployment rate increasing from 3.5% to 3.7% in December 2023.

❖ **Housing**

The construction of new single-family homes continues in the City of Kerman. Crown Construction has begun a new tract on California and Siskiyou with 88 new homes. Permits should be pulled for construction beginning in April of this year. There is also interest from several developers to annex land to the City of Kerman for future residential and commercial developments. Continued housing development provides for new residents to call Kerman home and stimulates commercial demand for local goods and services.

❖ **Retail Growth**

The City of Kerman continues working to attract new business. Denny's opened earlier this year and Dutch Bros is under construction. Circle K, Fast N Esy and Surf Thru are progressing through the development process to open new locations in Kerman.

❖ **Industrial Growth**

The Buttonwillow Chemical Plant is complete and celebrated their Grand Opening this past February. Plans are already in the works for further development of the facility and expansion of sales and services. Preliminary visioning work continues on expansion of the Kerman Industrial Business Park to bring new jobs and investment to Kerman.

Conclusion

In conclusion, the abovementioned examples demonstrate progress and confidence in Kerman's future and its continued growth and health. However, it remains necessary to continue practicing fiscal prudence and due diligence and adjust operations and priorities as necessary throughout the fiscal year.

City staff remains committed to continuously monitor revenues and expenditures to manage the needs and resources of the City.