



## STAFF REPORT

**MEETING DATE:** March 12, 2025

**PRESENTER:** Josefina Alvarez, Finance Director

**SUBJECT:** Mid-Year Budget Status Report Fiscal Year 2024/2025 (JA)

**RECOMMENDATION:** Council review the Mid-Year Budget Report and approve resolution adopting revisions to the Fiscal Year 2024/2025 Budget.

### 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 2025/2026 budgeting process.

The Fiscal Year 2024/2025 annual budget was adopted on June 12, 2024 with a General Fund deficit of \$3,486,557. 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 reduced deficit of \$3,141,679 by increasing revenues by \$640,093 and increasing expenses by \$295,215. The table below summarizes the General Fund proposed surplus.

General Fund	
Total Proposed Surplus	344,878
Deficit from Original Budget	-3,486,557
Ending Deficit	-3,141,679

The Enterprise Funds would end up with an overall reduced deficit of \$215,185. The Water Fund would have an ending surplus of \$272,605, the Sewer Fund would eliminate the deficit and end up with a surplus of \$92,141, the Solid Waste Fund would have an ending surplus of \$265,799 and the Storm Drain Fund would reduce the deficit to \$52,701. The Internal Service Funds would decrease the deficit to \$793,030. The tables below summarize the estimated surplus and deficits of each of these funds.

Water Fund	
Total Proposed Increase of Surplus	142,005
Surplus from Original Budget	130,600
Ending Surplus	272,605

Sewer Fund	
Total Proposed Decrease of Deficit	377,209
Deficit from Original Budget	-285,067
Ending Surplus	92,142

Solid Waste Fund	
Total Proposed Increase of Surplus	109,520
Surplus from Original Budget	156,279
Ending Surplus	265,799

Storm Drain Fund	
Total Proposed Decrease of Deficit	30,856
Deficit from Original Budget	-83,557
Ending Deficit	-52,701

Internal Service Funds	
Total Proposed Increase of Deficit	120,934
Deficit from Original Budget	-913,964
Ending Deficit	-793,030

#### **FISCAL IMPACT:**

The overall fiscal impact based on the budget adjustments listed above will decrease the deficit of the General Fund to approximately \$3,141,679. The overall fiscal impact on the Enterprise Funds, excluding the Internal Service Funds, would create a combined surplus of \$577,845. The Water, Sewer and Solid Waste Funds would have an ending surplus and the Storm Drain Fund would still have a deficit. The Internal Service Funds would reduce the overall deficit to \$793,030.

#### **ATTACHMENTS:**

- A. Resolution w/Exhibits
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**RESOLUTION NO. 25-\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN ADOPTING  
REVISIONS TO THE FISCAL YEAR 2024/2025 BUDGET**

WHEREAS, the City Council approved the Fiscal Year 2024/2025 Budget by Resolution 24-46 dated June 12, 2024; and

WHEREAS, adjustments are requested for the Fiscal Year 2024/2025 budget based on the actual and estimated sources and uses; and

WHEREAS, the Fiscal Year 2024/2025 Budget adjustments requests include adjustments totaling minus (-)\$1,055,053.45 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 2024/2025 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 12<sup>th</sup> day of March 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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The foregoing resolution is hereby approved.

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Maria Pacheco  
Mayor

ATTEST:

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Josie Camacho  
City Clerk

## Exhibit 'A'

Expenses				
Account #	Description	Original Budget	New Budget Amt	Difference
100-1002-410-30-00	Overtime	0.00	610.26	610.26
100-1002-540-02-00	Equipment Rental - Lease	266.59	1,691.04	1,424.45
<b>Total Expenses for Administration</b>				<b>2,034.71</b>
100-1008-510-10-00	Professional Services	40,000.00	60,000.00	20,000.00
100-1008-552-01-00	Public Notice/Advertising/Recr	3,500.00	15,000.00	11,500.00
100-1008-555-00-00	Dues & Subscriptions(GIS)	2,500.00	7,500.00	5,000.00
100-1009-410-30-00	Overtime	500.00	1,000.00	500.00
100-1009-521-01-00	Office Supplies	750.00	1,000.00	250.00
100-1010-510-10-01	Professional Serv-Gen Admin	60,000.00	70,000.00	10,000.00
100-1010-510-10-02	Professional Serv-Proj R & PCK	80,000.00	90,000.00	10,000.00
100-1010-510-10-03	Professional Serv-Proj M & Ins	120,000.00	150,000.00	30,000.00
100-1042-552-02-00	Public Notice/Advertising/Recr	0.00	1,000.00	1,000.00
<b>Total Expenses for Community</b>				<b>88,250.00</b>
100-2002-552-02-00	Public Notice/Advertising/Recr	600.00	1,200.00	600.00
100-2002-600-04-00	Capital Outlay/Equipment	500.00	583.02	83.02
100-2010-410-30-00	Overtime	780.00	1,100.00	320.00
100-2010-410-35-00	Stand By	0.00	100.00	100.00
100-2010-510-10-00	Professional Services	2,500.00	3,000.00	500.00
100-2010-521-05-00	Park Maintenance Supplies	15,000.00	20,000.00	5,000.00
100-2010-521-06-00	Uniforms	1,500.00	2,000.00	500.00
100-2010-551-01-00	Communications-Telephone	200.00	492.02	292.02
100-2010-555-00-00	Dues/Subscriptions	5,000.00	5,300.00	300.00
100-2044-510-10-00	Contract Services	0.00	430.00	430.00
100-2044-521-02-00	General Supplies & Postage	450.00	650.00	200.00
100-2047-410-30-00	Overtime	0.00	800.00	800.00
100-2047-420-11-01	FICA Tax Expense KUSD	0.00	200.00	200.00

100-2047-420-12-01	FICA MED Tax Expense KUSD Aqua	0.00	50.00	50.00
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Account #	Description	Original Budget	New Budget Amt	Difference
100-2047-420-55-01	Workers Comp Exp KUSD Aquatics	0.00	40.00	40.00
100-2047-420-60-01	SDI Expense KUSD Aquatics	0.00	40.00	40.00
100-2069-420-55-00	Workers Compensation Expense	671.07	2,796.99	2,125.92
100-2069-510-01-00	Contract Services - Maintenance	6,500.00	9,000.00	2,500.00
100-2069-600-04-03	Capital Outlay -Floor Scrubber	5,000.00	4,378.18	(621.82)
<b>Total Expenses for Community Services</b>				<b>13,459.14</b>

100-3011-410-30-00	Overtime	95,022.00	185,811.00	90,789.00
100-3011-410-36-00	FTO Wages	3,893.22	6,269.06	2,375.84
100-3011-510-11-00	Professional Serv-Emp Hiring	16,000.00	20,000.00	4,000.00
100-3011-510-16-00	Professional Services-TaserCer	0.00	21,369.67	21,369.67
100-3011-521-01-00	Office Supplies	3,000.00	4,386.18	1,386.18
100-3011-521-02-00	General Supplies	9,500.00	14,826.21	5,326.21
100-3011-521-12-00	Bullet Resistant Vests	6,400.00	12,000.00	5,600.00
100-3011-551-02-00	Communications-Cellular Phone	8,000.00	13,040.73	5,040.73
100-3011-552-02-00	Public Notice/Advertising/Recr	5,000.00	5,800.00	800.00
100-3011-555-04-00	Prof Serv/Forensic Software Up	8,000.00	11,500.00	3,500.00
100-3011-600-03-05	Capital Outlay-Tasers (30)	21,370.00	0.00	(21,370.00)
100-3041-510-01-00	Contract Services	5,000.00	15,000.00	10,000.00
100-3041-521-07-00	Postage	500.00	700.00	200.00

<b>Total Expenses for Police Department</b>				<b>129,017.63</b>
100-4010-515-01-00	Utilities	8,500.00	10,992.10	2,492.10
410-4041-510-10-00	Professional Services	15,000.00	40,000.00	25,000.00
410-4041-510-14-00	Professional Serv/Hex Chrome	0.00	154,000.00	154,000.00
410-4041-515-01-00	Utilities	475,000.00	608,519.62	133,519.62
410-4041-555-03-00	N. Kings Groundwater Sustainab	5,000.00	5,386.49	386.49

410-4041-555-04-00	Kings Water Alliance(Nitrate)	15,000.00	13,444.00	(1,556.00)
420-4042-510-10-00	Professional Services	10,000.00	16,013.50	6,013.50
420-4042-551-02-00	Communications-Cellular Phone	3,500.00	6,401.33	2,901.33
420-4042-600-03-30	WWTP Facility Repairs	6,000.00	7,711.14	1,711.14
500-4050-521-03-00	Vehicle & Eq Parts/Supplies	15,000.00	30,000.00	15,000.00
Account #	Description	Original Budget	New Budget Amt	Difference
500-4050-551-01-00	Communications-Telephone	1,020.00	1,212.77	192.77
500-4050-600-04-15	A/C Freon Recovery/Recharge Sy	9,000.00	9,287.65	287.65
500-4050-600-04-18	Vehicle Diagnostic Scanner	9,000.00	7,154.70	(1,845.30)
750-4075-510-10-00	Professional Services	4,000.00	6,175.00	2,175.00
750-4075-600-03-38	Street Light/Pole Replacement	0.00	18,646.00	18,646.00
410-8000-600-03-27	Emergency Water Line Repair	0.00	41,158.54	41,158.54
410-8000-600-03-41	Well No 33	0.00	318,000.00	318,000.00
410-8000-600-04-00	Well No 14 Emergency Generator	189,907.37	199,907.37	10,000.00
410-8000-600-04-01	SGMAGrant Recharge Proj. Lions	10,000.00	35,000.00	25,000.00
520-8000-600-03-02	Water Main Across SR180	0.00	52,000.00	52,000.00
530-8000-600-03-02	Water Main Across SR180	0.00	238,000.00	238,000.00
810-4081-515-01-00	Utilities	50,500.00	70,056.01	19,556.01
830-4083-510-03-00	Professional Services-GIS Map	6,000.00	8,926.25	2,926.25
870-4087-510-01-00	Contract Services	0.00	8,297.41	8,297.41
870-4087-521-02-00	General Supplies	51,000.00	78,268.02	27,268.02
870-8000-600-03-35	Median Landscaping Reno #1	0.00	610.53	610.53
870-8000-600-03-90	Siskiyou Rehab - Kearney to CA	7,685.00	6,100.00	(1,585.00)
870-8000-600-03-91	Kearney Rehab - 16th/Goldenrod	4,244.00	7,200.00	2,956.00
870-8000-600-03-91	Kearney Rehab - 16th/Goldenrod	4,244.00	11,444.00	7,200.00
870-8000-600-03-92	Goldenrod Rehab - Stanislaus/K	5,850.00	7,200.00	1,350.00
880-4088-521-50-00	Street Field Operations	7,125.00	7,695.49	570.49

<b>Total Expenses for Public Works</b>				<b>1,112,232.55</b>
100-5005-551-02-00	Communications - Cell Phone	150.00	288.00	138.00
410-5005-410-20-00	Part-Time Wages	2,778.48	8,700.00	5,921.52
410-5005-510-01-00	Contract Services	30,000.00	50,000.00	20,000.00
410-5005-551-02-00	Communications-Cellular Phone	150.00	503.68	353.68
410-5005-554-01-00	Travel-Meetings	350.00	450.00	100.00
420-5005-410-20-00	Part-Time Wages	2,778.48	7,943.96	5,165.48
420-5005-420-40-00	Health Insurance Expense	12,352.70	20,967.79	8,615.09
420-5005-510-01-00	Contract Services	25,000.00	38,922.92	13,922.92
<b>Account #</b>	<b>Description</b>	<b>Original Budget</b>	<b>New Budget Amt</b>	<b>Difference</b>
420-5005-551-01-00	Communications-Telephone	300.00	762.11	462.11
420-5005-551-02-00	Communications-Cellular Phone	150.00	503.67	353.67
430-5005-410-20-00	Part-Time Wages	2,778.48	6,876.65	4,098.17
430-5005-521-06-00	Uniforms	380.00	630.00	250.00
430-5005-551-02-00	Communications-Cellular Phone	150.00	288.00	138.00
510-5051-410-30-00	Overtime	0.00	10.00	10.00
<b>Total Expenses for Finance</b>				<b>59,528.64</b>
100-6001-410-20-00	Part-Time Wages	15,000.00	32,400.00	17,400.00
100-6001-410-30-00	Overtime	0.00	3,319.57	3,319.57
100-6001-420-11-00	FICA Tax Expense	930.00	2,009.00	1,079.00
100-6001-420-12-00	FICA MED Tax Expense	217.50	470.00	252.50
100-6001-420-22-00	SUI Expense	75.00	162.00	87.00
100-6001-420-55-00	Workers Compensation Expense	446.85	965.00	518.15
100-6001-420-60-00	SDI Expense	165.00	356.00	191.00
100-6001-521-01-00	Office Supplies	200.00	750.00	550.00
<b>Total Expenses for City Council</b>				<b>23,397.22</b>
100-6004-410-30-00	Overtime	0.00	343.91	343.91
100-6004-510-01-00	Contract Services	12,000.00	20,000.00	8,000.00
100-6004-540-02-00	Equipment Rental - Lease	1,186.15	2,066.62	880.47



100-6004-552-02-00	Public Notice/Advertising/Recr	0.00	2,000.00	2,000.00
100-6004-554-01-00	Travel-Meetings	1,500.00	2,034.88	534.88

<b>Total Expenses for City Clerk</b>	<b>11,759.26</b>
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100-7001-410-10-00	Salary	5,187.22	7,287.56	2,100.34
100-7001-410-30-00	Overtime	0.00	50.00	50.00
100-7001-420-11-00	FICA Tax Expense	330.91	446.08	115.17
100-7001-420-12-00	FICA MED Tax Expense	77.39	105.41	28.02
100-7001-420-40-00	Health Insurance Expense	364.67	2,083.43	1,718.76
100-7001-420-50-00	Retirement City Contribution	408.23	550.67	142.44
100-7001-420-60-00	SDI Expense	58.71	82.45	23.74
100-7001-600-03-04	Northwest Park	88,500.00	98,500.00	10,000.00

Account #	Description	Original Budget	New Budget Amt	Difference
100-7001-600-03-50	Vehicle for Animal Control Off	0.00	10,488.84	10,488.84

<b>Total Expenses for Measure M</b>	<b>24,667.31</b>
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100-3999-410-10-13	Salary	50,498.18	0.00	(50,498.18)
100-3999-410-30-13	Overtime-Tobacco Grant	3,150.00	0.00	(3,150.00)
100-3999-410-30-17	Overtime-OTS Grant	0.00	58,000.00	58,000.00
100-3999-420-11-13	FICA Tax Expense-Tobacco Grant	3,199.09	0.00	(3,199.09)
100-3999-420-11-17	FICA Tax Expense-OTS Grant	0.00	3,591.79	3,591.79
100-3999-420-12-13	FICA MED Tax Expense-Tobacco G	748.17	0.00	(748.17)
100-3999-420-12-17	FICA MED Tax Expense-OTS Grant	0.00	839.60	839.60
100-3999-420-40-13	Health Insurance Expense-Tobac	10,166.46	0.00	(10,166.46)
100-3999-420-40-17	Health Insurance Expense-OTS G	0.00	2,769.89	2,769.89
100-3999-420-50-13	Retirement City Contribution	3,974.21	0.00	(3,974.21)
100-3999-420-55-13	Workers Compensation Expense	420.40	0.00	(420.40)
100-3999-420-55-17	Workers Compensation Expense	0.00	4,375.23	4,375.23
100-3999-420-60-13	SDI Expense-Tobacco Grant	567.58	0.00	(567.58)
100-3999-420-60-17	SDI Expense-OTS Grant	0.00	643.63	643.63

100-3999-520-00-13	Tobacco Grant	2,300.00	0.00	(2,300.00)
100-3999-520-00-17	OTS Grant	0.00	3,752.00	3,752.00
100-8000-600-03-17	Skate Park Inspec & Prev Maint	0.00	12,000.00	12,000.00
100-8000-600-03-78	City Hall Roof Replacement	680,000.00	600,686.06	(79,313.94)
100-8000-600-03-95	Kerckhoff Park ATT Storage Bld	0.00	1,008.23	1,008.23
780-8000-600-03-72	Police Station	0.00	47,262.50	47,262.50

<b>Total Expenses for Other Funds</b>				<b>(20,095.16)</b>
<b>Total Expenses</b>				<b>1,444,251.30</b>

<b>Revenues</b>				
<b>Account #</b>	<b>Description</b>	<b>Original Budget Amt</b>	<b>New Budget Amt</b>	<b>Difference</b>
100-0000-321-10-00	Business License Penalty	3,381.45	4,500.00	1,118.55
100-0000-322-61-00	Animal Surrender Fee	300.00	500.00	200.00
100-0000-341-40-00	Building Permits	320,000.00	600,000.00	280,000.00
100-0000-341-41-00	Engineering Inspec. Fees	50,000.00	340,000.00	290,000.00
100-0000-341-48-00	Const & Demo Recycle Program	7,500.00	15,000.00	7,500.00
100-0000-342-01-00	Police Dept. Special Services	6,000.00	6,300.00	300.00
100-0000-342-04-00	Live Scan-Fingerprint Fee	1,500.00	7,000.00	5,500.00
100-0000-342-40-00	POST Reimbursements	0.00	25,000.00	25,000.00
100-0000-342-99-00	Miscellaneous Police Rev.	0.00	800.00	800.00
100-0000-361-03-00	Rents Cell Tower Leases	41,172.90	70,847.65	29,674.75
100-3999-334-30-06	Dept of Justice-Bullet Proof v/	3000	12,000.00	9,000.00
100-3999-334-30-13	Tobacco Grant	75282.08	0.00	(75,282.08)
110-0000-344-50-00	Development Impact Fees	15,000.00	40,000.00	25,000.00
140-0000-344-50-00	Development Impact Fees	35,000.00	110,000.00	75,000.00
180-0000-344-50-00	Development Impact Fees	20,000.00	60,000.00	40,000.00
410-0000-344-10-00	Water User Charges	2,604,773.23	3,008,462.32	403,689.09
410-0000-361-10-00	Penalty	38,057.17	112,198.63	74,141.46

410-0000-369-01-00	Miscellaneous	100.00	2,000.00	1,900.00
420-0000-344-20-00	Sewer User Charges	1,892,449.87	2,262,505.98	370,056.11
420-0000-361-02-00	Rent-Almonds/Nick Koretoff	7,622.78	5,657.40	(1,965.38)
420-0000-361-10-00	Penalty	27,541.06	75,804.22	48,263.16
430-0000-361-10-00	Penalty	12,861.80	126,867.98	114,006.18
470-0000-344-70-00	Storm Drain User Charges	82,847.06	108,647.28	25,800.22
470-0000-361-10-00	Penalty	2,257.41	7,312.86	5,055.45
490-0000-344-50-00	Development Impact Fees	30,000.00	85,000.00	55,000.00
530-0000-344-50-00	Development Impact Fees	2,000.00	25,000.00	23,000.00
540-0000-344-50-00	Development Impact Fees	65,000.00	185,000.00	120,000.00
550-0000-344-50-00	Sewer Front Foot Improv Fees	1,500.00	3,500.00	2,000.00
560-0000-344-50-00	Development Impact Fees	10,000.00	45,000.00	35,000.00

Account #	Description	Original Budget Amt	New Budget Amt	Difference
580-0000-344-50-00	Development Impact Fees	35,000.00	225,000.00	190,000.00
590-0000-344-50-00	Development Impact Fee Quimby	15,000.00	60,000.00	45,000.00
750-0000-350-00-00	Special Assessments	257,407.30	412,807.49	155,400.19
870-0000-369-01-00	Miscellaneous	0.00	1,147.05	1,147.05
910-0000-344-50-00	Development Impact Fees	30,000.00	130,000.00	100,000.00
940-0000-344-50-00	Outside Travel Lane Impact Fee	7,000.00	25,000.00	18,000.00
			<b>Total Revenues</b>	<b>2,499,304.75</b>

# City of Kerman

## FY 2024/2025 Mid-Year Budget Report



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Josefina Alvarez,  
Finance Director  
John Jansons,  
City Manager  
March 12, 2025

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## Mid- Year Status Overview

The Fiscal Year 2024/2025 budget was adopted by the City Council on June 12, 2024. 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, 2024, with any necessary adjustments to complete Fiscal Year 2024/2025.

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, 2024, to December 31, 2024, 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 2024/2025, at this point (December 31, 2024) is looking positive. The revenues collected so far this fiscal year average 57% and expenditures incurred average 40% for the GF and the Enterprise Funds revenues are at 60% and the expenses incurred are at 50%.

The GF adopted budget for the Fiscal Year 2024/2025 was approved with a deficit of \$3,486,557, due to the Hart Ranch Park project. Staff has reviewed all accounts and recommends some adjustments to the revenues and expenses to the approved budget.

## Revenue Status Review

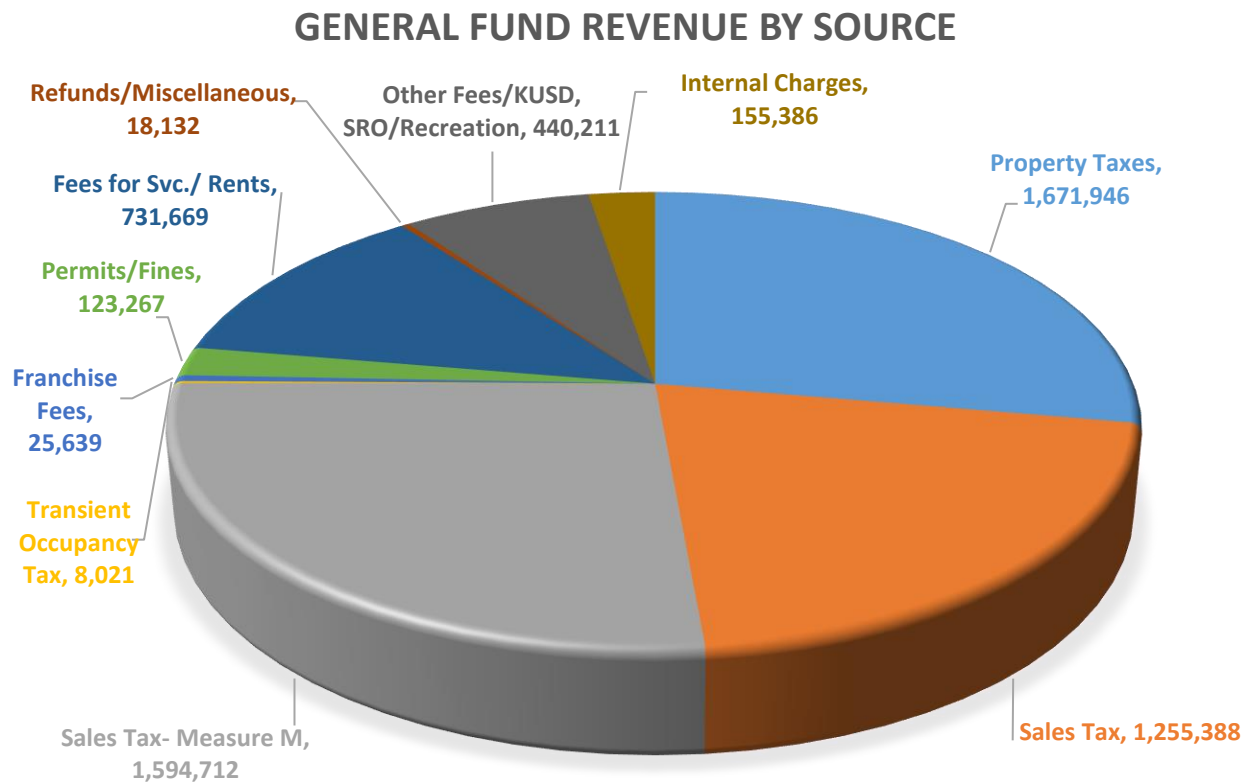
### ❖ General Fund

The General Fund accounts for taxes and other various general-purpose revenues like sales taxes, property taxes, franchise fees, permit fees, rents and fines. These revenues are used to fund essential general government services like legislation, administration, city clerk's services, police, parks and recreation, public works and community development. Generally, the two primary sources for the General Fund are property taxes and sales taxes. So far for Fiscal Year 2024/2025, **Table 1** below reflects the percentage of revenue collected per source as of December 31, 2024, with property, sales and transient occupancy taxes at 75.19% and other fees such as fees for services/rents at 12.15%

**Table 1**

GENERAL FUND REVENUE BY SOURCE			
Property Taxes	27.75%	Permits/Fines	2.05%
Sales Tax	20.84%	Fees for Svc./ Rents	12.15%
Sales Tax - Measure M	26.47%	Refunds/Miscellaneous	0.30%
Transient Occupancy Tax	0.13%	Other Fees/KUSD, SRO/Recrea	7.31%
Franchise Fees	0.43%		
Internal Charges	2.58%		

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, 2024 for the General Fund and the Enterprise Funds.

Table 2

<b>CITY OF KERMAN</b> <b>2024/2025 MIDYEAR REVENUE OVERVIEW STATUS REPORT</b> <b>December 31, 2024</b>							
<b>Fund No.</b>	<b>Fund Name</b>	<b>A 2024/2025 Adopted Budget</b>	<b>B Actual Through 12/31/24</b>	<b>D % Collected 12/31/2024</b>	<b>E Projected Amount 1/1-6/30/25</b>	<b>F 2024/2025 Proposed Changes</b>	<b>G 2024/2025 Final Budget</b>
100	<b>GENERAL FUND</b>						
	Property Taxes	3,177,377	1,671,946	53	1,505,430	-	3,177,377
	Sales Tax	2,365,432	1,255,388	53	1,110,044	-	2,365,432
	Sales & Use Tax - Measure M.	2,958,000	1,594,712	54	1,363,288	-	2,958,000
	Transient Occupancy Tax	23,000	8,021	35	14,979	-	23,000
	Franchise Fees	222,030	25,639	12	196,390	-	222,030
	Permits	111,150	79,834	72	31,516	200	111,350
	Fines	65,744	43,433	66	22,312	-	65,744
	Fees for Services	615,479	613,208	100	585,571	583,300	1,198,779
	Other Fees	183,896	194,800	106	-8,986	1,919	185,814
	Recreation Fees	55,170	13,288	24	41,882	-	55,170
	Rents	164,177	118,461	72	75,390	29,675	193,852
	Refunds/Miscellaneous	14,240	18,132	127	21,108	25,000	39,240
	Internal Charges	310,771	155,386	50	155,385	-	310,771
	KUSD-SRO Reimbursement	231,995	231,995	100	0	-	231,995
	ACT Reimbursement	156,483	127	0	156,356	-	156,483
	<b>Total General Fund</b>	<b>10,654,943</b>	<b>6,024,371</b>	<b>57%</b>	<b>5,270,665</b>	<b>640,093</b>	<b>11,295,036</b>
	<b>ENTERPRISE FUNDS</b>						
410	Water Operating	2,714,184	1,817,458	67	1,376,456	479,731	3,193,914
420	Sewer Operating	1,969,897	1,224,460	62	1,161,790	416,354	2,386,251
430	Solid waste	2,401,948	1,246,432	52	1,269,522	114,006	2,515,954
470	Storm Drain	85,224	57,857	68	58,223	30,856	116,080
500	Vehicle-ISF	1,075,483	588,640	55	486,843		1,075,483
510	Technology- ISF	138,366	69,410	50	68,956		138,366
750	Landscape & Light District	258,791	214,223	83	199,968	155,400	414,191
	<b>Total Enterprise Fund</b>	<b>8,643,891</b>	<b>5,218,480</b>	<b>60%</b>	<b>4,621,757</b>	<b>1,196,346</b>	<b>9,840,238</b>
	<b>GRAND TOTALS</b>	<b>19,298,834</b>	<b>11,242,851</b>	<b>58.26%</b>	<b>9,892,423</b>	<b>1,836,440</b>	<b>21,135,273</b>

**Table 2** reflects the General Fund revenue of \$6,024,371 as of December 31, 2024, of the annual budget amount of \$10,654,943. 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 and the increase in population for this Fiscal Year. The adjustments that are proposed are conservative. Overall, the revenue collected at mid-point is 57%, compared to the budget amount projected and we are expecting to receive the other 43% 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 building permits, engineering inspection fees and construction and demolition recycling program due to the continued development of both residential and commercial properties
- ✓ Increase in live scan/fingerprint fee due to the increased services
- ✓ Increase in POST reimbursement due to increased POST trainings for our police officers
- ✓ Increase in rents cell tower leases due to new lease for T-Mobile executed this fiscal year

For the Enterprise Funds, the revenue collected for the first half of the fiscal year, December 31, 2024 is \$5,218,480 of the annual budget amount of \$8,643,891. At mid-point, all of Enterprise Funds exceeded or were at the expected 50% projection. Overall, revenue collected during the first half of the fiscal year is 60% if compared to the adopted budget amount and it is expected to receive the 40% by the end of the fiscal year. With the City implementing the adopted increase recommended by the Water, Wastewater and Storm Drain Rate Study and the delinquent accounts and accounts on a payment plan that are making their monthly payments, 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 by the City of Kerman. The proposed revenue changes are summarized below.

The adjustments are:

- ✓ Increase in all Enterprise Funds (Water, Sewer, Solid Waste and Storm Drain) penalties due to the City resuming penalties this fiscal year
- ✓ Increase in Enterprise Funds (Water, Sewer and Storm Drain) user charges due to the adopted new rates approved under the Water, Wastewater and Storm Drain Rate Study

## Expenditure Status Review

### ❖ General Fund

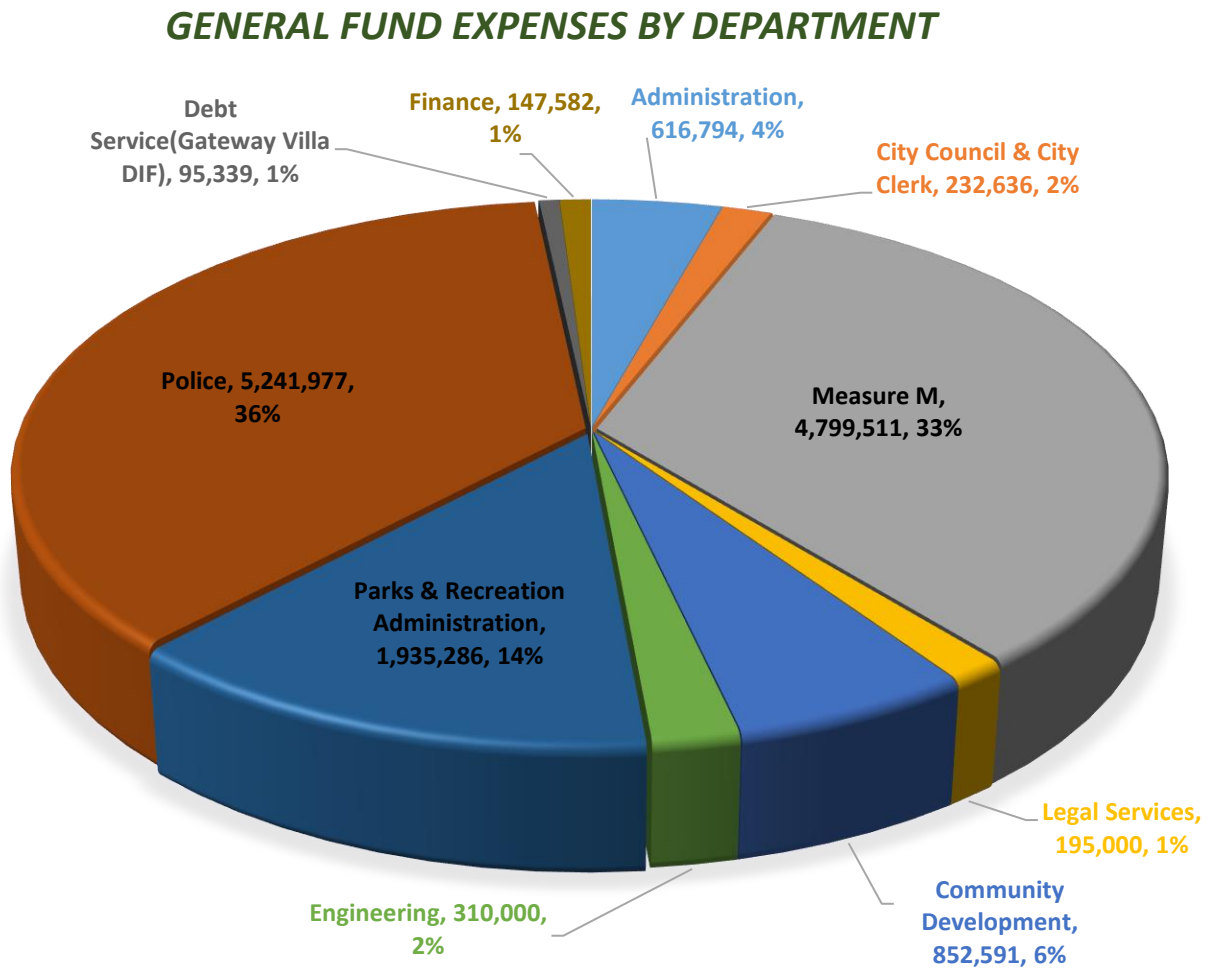
The General Fund operating expenditures adopted budget for Fiscal Year 2024/2025 are \$14,141,500, and the estimated ending amount for Fiscal Year 2024/2025 after the adjustments recommended by staff is \$14,436,714. **Figure 2**, on page 6 shows the percentage allocation of the general fund by department.

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

- Public Safety (Police Department ) with a 36% allocation for public safety;
- Measure M Projects of City facilities with 33% allocation;
- Parks and Recreation programs with a 14% allocation to continue investing in our youth and senior residents.

This 83% appropriation of funds from the GF reflects why many families continue to 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 2024/2025 is \$9,639,600. These expenses are incurred by each fund to provide the goods and services to City of Kerman residents and departments within the City. These services are water, sewer, solid waste 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, 2024, for the General Fund and the Enterprise Funds.

Table 3

CITY OF KERMAN								
2024/2025 MIDYEAR EXPENSES OVERVIEW STATUS REPORT								
December 31, 2024								
Fund No.	Fund Name	Dept. No.	A 2024/2025 Adopted Budget	B Actual Through 12/31/24	D % Used 12/31/24	E Projected Amount 1/1-6/30/25	F 2024/2025 Proposed Changes	G 2024/2025 Final Budget
100	<b>GENERAL FUND</b>							
	Administration	1002	614,759	379,762	62	237,032	2,035	616,794
	City Council	6001	40,991	14,729	36	49,658	23,397	64,388
	Measure M	7001	4,784,844	705,491	15	4,104,020	24,667	4,809,511
	City Clerk	6004	156,489	72,653	46	95,595	11,759	168,248
	Legal Services	6003	195,000	90,177	46	104,823	0	195,000
	Community Development	1008, 1009, 1042	814,341	422,569	52	430,022	38,250	852,591
	Engineering	1010	260,000	197,168	76	112,832	50,000	310,000
	Recreation Administration	2002	443,807	227,088	51	217,403	683	444,490
	Senior Center	2044	169,074	74,338	44	95,367	630	169,704
	Aquatics	2047	82,564	40,548	49	43,146	1,130	83,694
	Community Teen Center	2069	183,007	92,988	51	94,023	4,004	187,011
	Building Maintenance	2010	771,039	361,818	47	416,233	7,012	778,051
	Police	3011	4,533,513	2,475,134	55	2,177,196	118,818	4,652,330
	Police ACT	3015	156,483	127	0	156,356	0	156,483
	Police SRO	3016	257,821	106,768	41	151,052	0	257,821
	Animal Control	3041	165,143	80,549	49	94,793	10,200	175,343
	Bldg/Park Operations	4010	269,843	124,901	46	147,434	2,492	272,335
	Finance	5005	147,444	82,497	56	65,084	138	147,582
	Debt Service(Gateway Villa DIF)	5006	95,339	95,339	100	0	0	95,339
	<b>Total General Fund</b>		<b>14,141,500</b>	<b>5,644,645</b>	<b>40%</b>	<b>8,792,070</b>	<b>295,215</b>	<b>14,436,714</b>
	<b>ENTERPRISE FUNDS</b>							
410	Water Operating	4041,5005,5006	2,583,583	1,505,796	58	1,415,513	337,725	2,921,309
420	Sewer Operating	4042,5005,5006	2,254,964	1,082,272	48	1,211,837	39,145	2,294,109
430	Solid waste	5005	2,245,668	1,125,300	50	1,124,855	4,486	2,250,155
470	Storm Drain	4047	168,781	73,850	44	94,930		168,781
500	Vehicle-ISF	4050	1,689,109	732,033	43	970,721	13,645	1,702,754
510	Technology- ISF	4051	121,701	59,595	49	62,106		121,701
750	Landscape & Light District	4075	575,793	269,621	47	326,994	20,821	596,614
	<b>Total Enterprise Fund</b>		<b>9,639,600</b>	<b>4,848,467</b>	<b>50%</b>	<b>5,206,956</b>	<b>415,823</b>	<b>10,055,423</b>
	<b>GRAND TOTALS</b>		<b>23,781,100</b>	<b>10,493,112</b>	<b>44%</b>	<b>13,999,026</b>	<b>711,038</b>	<b>24,492,137</b>

**Table 3** reflects the General Fund expenditures of \$5,644,645 as of December 31, 2024, of the annual budget amount of \$14,141,500. The first half of the fiscal year shows some departmental expenditures both higher and lower than what was adopted. One example is the increased expenses in the Engineering Department with 76% 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 Police ACT (grant) as well as Measure M. The Engineering Department is higher than what was budgeted due to the continued development of both residential and commercial development. The Police ACT grant was resumed in December 2024, therefore, only a small portion is captured through mid-year. For Measure M, the much anticipated Hart Ranch Park will start to incur costs under this fiscal year since a contract has been awarded. The following adjustments on page 7 are recommended by staff for the General Fund.

The adjustments are:

- ✓ Increase in City Council wages and benefits due to Council compensation increase
- ✓ Increase in Measure M animal control vehicle due to uplift and decals
- ✓ Increase in contract services for City Clerk due to Kerman Municipal Code web update
- ✓ Increase in professional services in Community Development and Engineering due to increased development
- ✓ Increase in public notice/advertising in Community Development due to publications of major construction projects
- ✓ Increase in dues & subscriptions in Community Development due to GIS software increase
- ✓ Increase in overtime in the Police Department due to the shortage of staff and coverage
- ✓ Increase in general supplies in the Police Department due to mobile radio program and new equipment for new detective
- ✓ Increase in communications-cellular phone in the Police Department due to new hires and additional assigned cell phones
- ✓ Increase in uniform supplies in the Police Department due to new police officers hired
- ✓ Increase in contract services in Animal Control due to veterinarian fees

The Enterprise Funds in **Table 3** on page 6 show total expenditures of \$4,848,467 as of December 31, 2024, of the annual adopted budget amount of \$9,639,600. At mid-point of the fiscal year, most of the Enterprise Funds expenditures are close to 50% of the budget; except for the Vehicle ISF at 43% and the Storm Drain Fund at 44%, due major projects that have not been started and police vehicles that have not been purchased for this fiscal year.

Overall, the expenses incurred in the first half of the fiscal year are 50% if compared to the adopted budget amount. It is expected to incur the additional 50% by the end of the fiscal year with the addition of following adjustments.

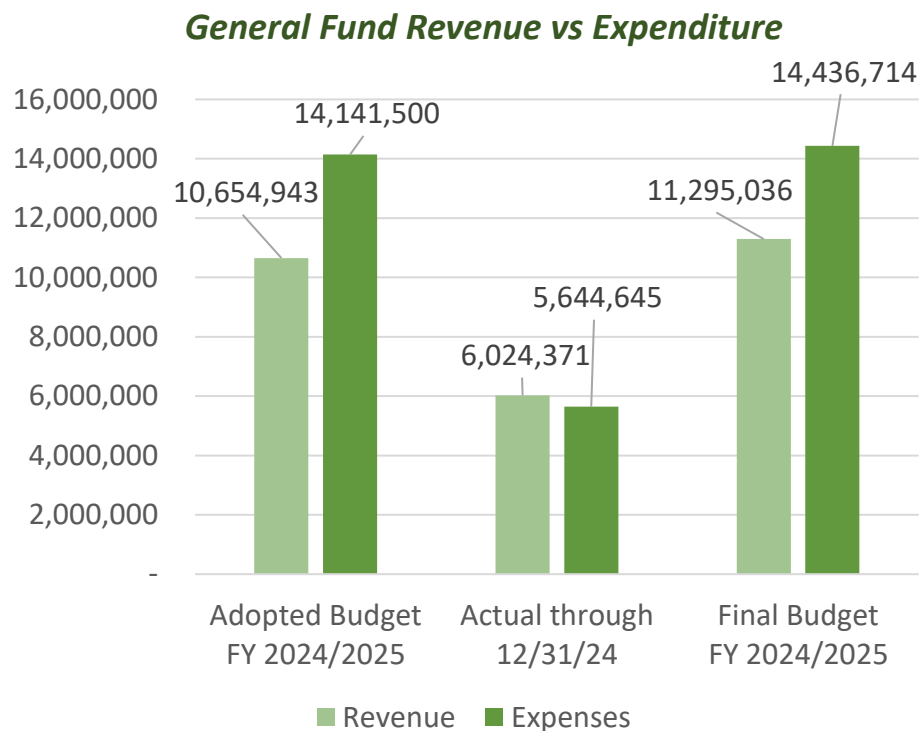
The adjustments are:

- ✓ Increase in professional services in the Water Fund due to the Utility Master Plan Update and the Kerman Water Services Inventory due to a mandate from State
- ✓ Increase in professional services-Hex Chrome in the Water Fund due to the State adopting the MCL for Chromium-6; all wells are above MCL and a feasibility study will be done for treatment of wells in the near future
- ✓ Increase in part-time wages in the Water and Sewer Funds due to additional hours for part-time help for record keeping/staff shortage
- ✓ Increase in utilities in the Water Fund due to increased rates
- ✓ Increase in contract services in the Water and Sewer Funds due to the grant application for the Water Meter Project as well credit card fees due to increased credit card usage
- ✓ Increase in professional services in the Sewer Fund due to Utility Master Plan Update
- ✓ Increase in health insurance expense in the Sewer Fund due to updated employee rates
- ✓ Increase in vehicle equipment parts/supplies due to oil station for new vehicles purchased that require specific oil
- ✓ Increase in street light/pole replacement due to repair of street pole off of Siskiyou/Gateway (this will be reimbursed due to auto accident)

## General Fund Revenue and Expenditure Summary

The revenues and expenditures below in **Figure 3** reflect General Fund revenues of \$6,024,371 or 57% of the annual budget at the midpoint of the fiscal year and General Fund expenditures of \$5,644,645 or 40% of the annual budget at the exact midpoint of the fiscal year. Therefore, at this point, the General Fund is showing a \$379,726 surplus on revenues over expenses. With the adjustments recommended by staff, the estimated year-end for the Fiscal Year 2024/2025 for revenues is \$11,295,036 and estimated expenditures are \$14,436,714, the general fund reserve balance is expected to decrease by approximately \$3,141,678.

**Figure 3**

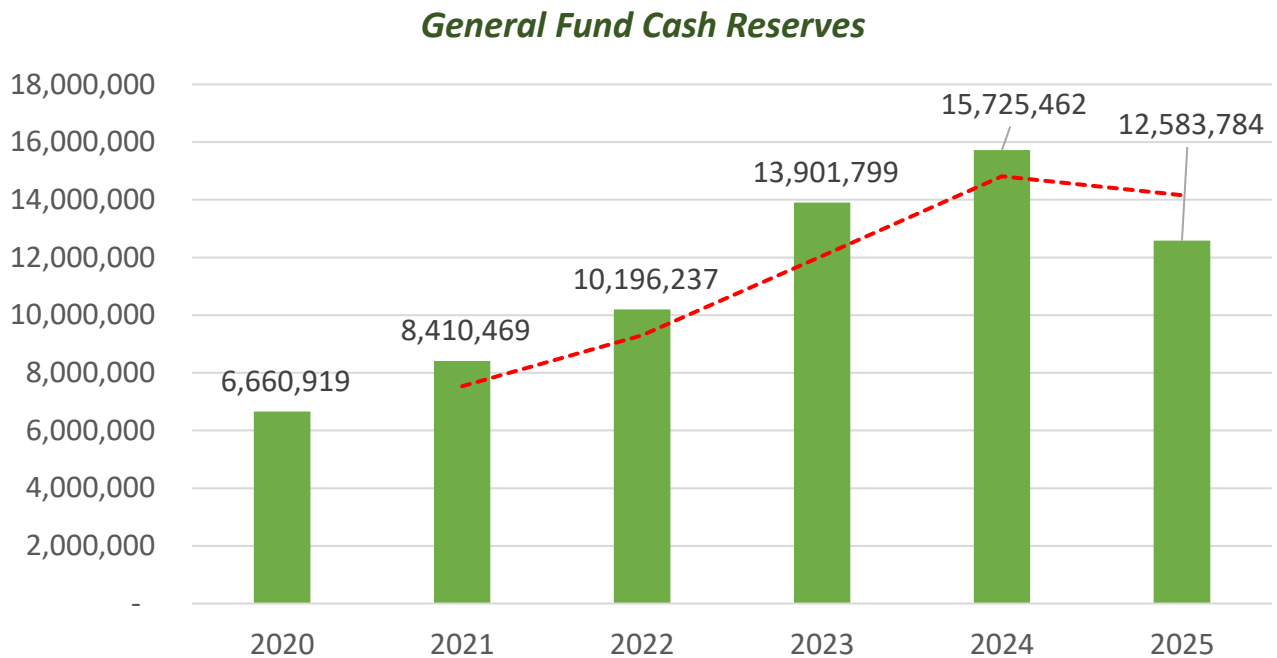


## General Fund Reserves

The Fiscal Year 2024/2025 budget adopted by the City Council on June 12, 2024, projected a deficit of \$3,486,557 (expenditures exceeded revenues) in the General Fund. The mid-year budget review indicates the General Fund deficit will decrease to \$3,141,678.

**Figure 4** on page 9 shows the historical General Fund reserve cash balances with the projected surplus at the end of the Fiscal Year 2024/2025.

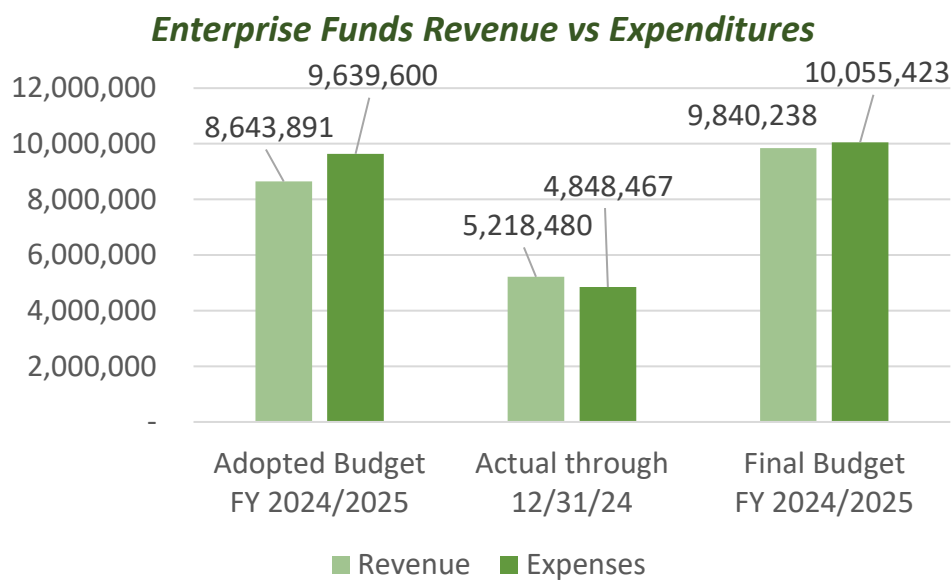
**Figure 4**



### Enterprise Funds Revenue and Expenditure Summary

The revenues and expenditures presented in **Figure 5** below reflect the Enterprise Funds revenues of \$5,218,480 or 60% of the adopted budget at the midpoint of fiscal year and Enterprise Funds expenditures of \$4,848,467 or 50%. As a result, the Enterprise Funds are showing a surplus of \$370,013.

**Figure 5**



## Enterprise Funds Cash Reserves

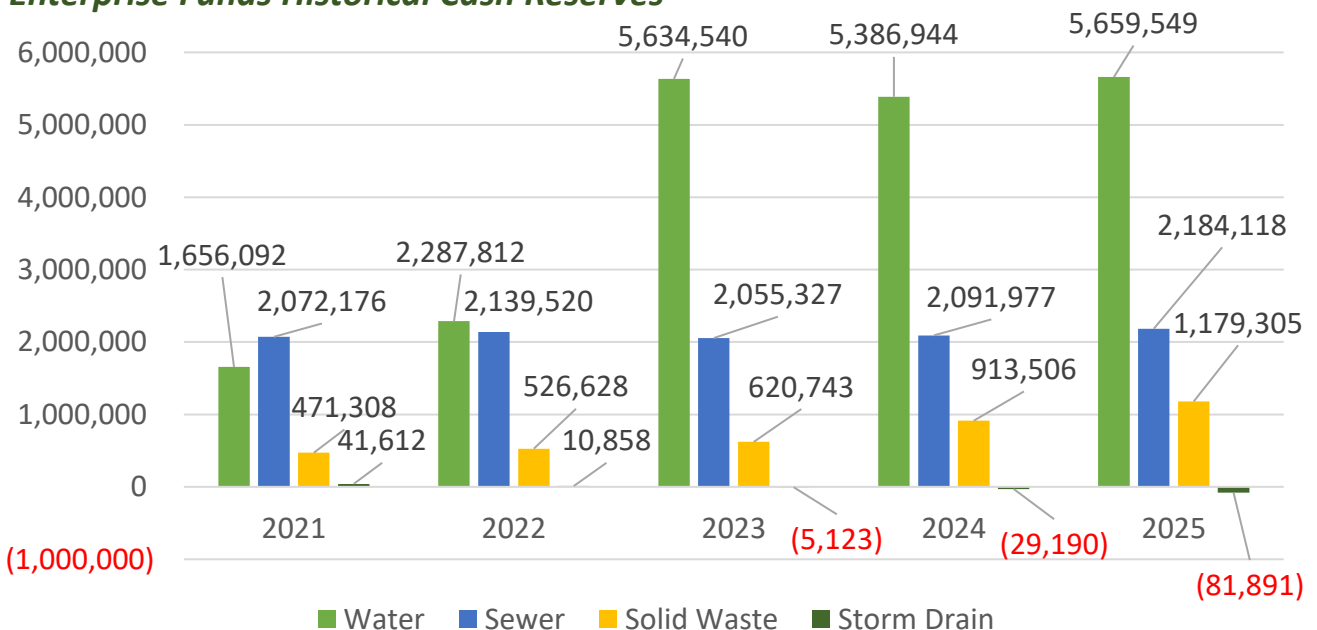
The Enterprise Funds are estimated to end Fiscal Year 2023/2024 with cash reserves in the Water, Sewer, Solid Waste, and Storm Drain funds of approximately \$8.9 million. The majority of these reserves are in the Water Fund, with revenues received for the construction of a new well last Fiscal Year 2023/2024.

**Figure 6** below shows the cash balances (working capital) over the period from the fiscal year ending June 30, 2021, through June 30, 2025 (estimated) by each Fund.

Most of the Enterprise Funds seem to present a healthy reserve balance, with all but the Storm Drain Fund, having a projected increase in the reserve balance. The Water Fund will increase \$272,605, the Sewer Fund will increase \$92,141, the Solid Waste Fund will increase \$265,799 and the Storm Drain Fund will decrease \$52,701 this Fiscal Year 2024/2025.

**Figure 6**

### Enterprise Funds Historical Cash Reserves



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 went into effect April 1, 2024. All rate increases are scheduled until 2028. 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 Broader Economy

While easing off the peaks in 2022, 2023 and 2024, the domestic economy continues to experience higher than optimal (2%) inflation rates with recent rates ranging between 3% and 5% effecting nearly all economic activity and spending, but inflation has begun to show signs of declining from recent highs of 8 to 9%. Interest rates are still higher than desired impacting mortgages, capital investment and business expansion. Unemployment rates remain with in normal levels of 4%, but uncertainty exists in maintaining healthy levels due to macro and global economic conditions. Locally, water deliveries, drought and solar conversions threatened the health and strength of the agricultural economy and crop prices. Finally, the local agricultural and manufacturing economy faces further uncertainty with reciprocal tariff threats that may affect import and export markets.

### ❖ Fiscal Responsibility

The City continues to be prudent with its expenditures and maintaining its goal of providing excellent service levels and investing in improvements for residents, businesses and visitors. Revenues, including property taxes, sales and use taxes and fees remain steady and strong with modest growth. New Transient Occupancy Tax (TOT) revenue continues to augment the General Fund. New updated utility rates and service fees approved in Fiscal Year 2023/2024 are now fully implemented to recapture costs of service and to augment revenues to keep pace with operations and maintenance costs and inflation. The City continues to address its unfunded CALPERS liability through its measured annual payment strategy. New three year labor agreements have been approved and implemented holding salary and benefits at reasonable and affordable cost of living rates through June 30, 2027.

### ❖ Development Progress

The City of Kerman continues to show positive economic factors including additional new home construction and development of new commercial, industrial and retail businesses. Crown Homes completed their Villa Serrano subdivision north of Whitesbridge of 144 homes in early 2024 and is nearly complete with an additional 85 single family residences (SFR) at California and Siskiyou. Another Crown subdivision was approved this current fiscal year which proposes 163 SFR on Kearney Blvd., just west of Siskiyou which is currently under construction. Major future housing developments include, the Whispering Falls mixed use project featuring over 118 SFR and 54 multi-family residential (MFR) units and Del Norte Estates with 200 SFR units and up to 87 MFR units, which both received approvals by City Council and now await annexation into the City and construction to start in late 2025.

Commercial development continues at a brisk pace with the opening of Denny's, Dutch Bros Coffee and a nearly complete Surf Thru Carwash and Fast N Esy Gas Station Convenience Store on the City's eastside. On the west side, Kerman's second Starbucks and a Chipotle Restaurant are nearly complete. These new retail projects and other in the City also provide for additional lease space for tenants soon to be announced. Industrial growth is slow due to



near zero vacancy and the difficult timelines, availability of financing and State regulations necessary for new development. Stabilization of the new Buttonwillow Chemical Plant output and an expansion of MEC Manufacturing contribute to modest sector growth.

Kerman Unified School District completed and opened their newest campus with Harvest Elementary School to keep pace with the residential growth and desirability of Kerman. New interest in additional residential and commercial development opportunities near the new campus have already surfaced as a result of the new school campus.

#### ❖ **Future Investments**

The City has broken ground on the long awaited Hart Ranch Park which will create a new recreational focal point for the community. Planning and design continue for both the new Police Station and Multi-Generational Resiliency Center as major facility investments. Northwest Park will continue its buildout in 2025 and additional street and infrastructure investments will continue to maintain Kerman's assets and quality of life.

#### ❖ **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.