



City Council Meeting Staff Report

Meeting Date: June 10, 2025

Subject: Consideration and Adoption of Resolution Adopting the Annual Budget, Control Policies and Appropriations Limit for Fiscal Year 2025-26

Prepared By: Susan Mahoney, Finance Director

Recommendation: Staff recommends that the Wheatland City Council consider adopting a resolution adopting the annual budget, control policies, and appropriations limit for Fiscal Year 2025-26.

Discussion: The Council met on May 27th to review and discuss the proposed FY 2025-26 annual operating budget and provide staff with direction and comments. A complete budget document is attached. No changes were made to the budget as presented on May 27th.

The City Council adopts an annual budget for City government operations no later than June 30th for the upcoming fiscal year that begins on July 1st. The resolution adopting the budget also restates several key fiscal control policies and establishes the required annual appropriations limit (Gann Limit). For FY 2025-26, staff is recommending that the fiscal control policy that sets the depreciation threshold for capital assets be increased from \$10,000 to \$20,000. This threshold determines which capital purchases are expensed and which are depreciated over the life of the asset. The calculated appropriations limit is set at \$7,435,711, well above the City's FY 2025-26 appropriations subject to the limit which is \$2,538,993.

All of the City's funds are balanced except for the Wastewater Fund. The Wastewater Fund has sufficient revenues to pay for maintenance, operations, and debt service; however, necessary capital improvements will be paid for from the fund's reserves.

Article XIII B: Gann Limit

The **appropriations limitation** imposed by Propositions 4 (1979) and later amended by Proposition 111 (1990) creates a restriction on the amount of government revenue which may be appropriated in any fiscal year. The Appropriations Limit is based on actual appropriations during the base year (FY 1986–87 or the first full year of operation) and increases each year using specified growth factors.

Fiscal Impact: The proposed budget establishes appropriation limits for all City funds.

Attachments:

1. Resolution
2. FY 2025-26 Operating Budget