



Legislation Text

File #: 22-050, Version: 1

FROM:

Dave Donery, Town Manager & Jeff Zuba, Finance & Administrative Services Director

SUBJECT:

2021-2022 Mid-Year Budget Review

RECOMMENDATION

That Council approve the attached resolution amending the 2021-2022 Budget.

BACKGROUND

On June 22, 2021, the Town Council approved Resolution No. 4395 adopting the 2021-2022 Budget. (June 22 video and materials available [here <https://sananselmo-ca.granicus.com/MediaPlayer.php?view_id=1&clip_id=590>](https://sananselmo-ca.granicus.com/MediaPlayer.php?view_id=1&clip_id=590)). The approved budget is the annual plan and resource allocation that guides Town spending and ensures implementation of Town Council policies and priorities. The Budget approved in June was based on the best revenue and expenditure information available several months prior to the actual adoption of budget appropriations. As a result, budget adjustments are periodically necessary for changes that arise requiring additional budget appropriations or re-appropriations between budget line items.

DISCUSSION

MID-YEAR BUDGET REQUESTS FROM DEPARTMENTS:

Town staff evaluated and identified a few revenue and expenditure items to bring to the Town Council's attention.

GENERAL FUND:

Description	Adopted Budget	Year-to-Date Actual	Proposed Changes	Revised Budget
Sales Tax	\$1,284,486	\$528,236	\$115,514	\$1,400,000
Construction Permits	900,000	486,383	80,000	980,000
Vehicle Code	10,000	9,466	7,500	17,500
Parking - Data Tickets	50,000	35,970	15,000	65,000
Total Revenues	\$2,244,486	\$1,060,055	\$218,014	\$2,437,500
Admin - Outside Services	\$255,690	\$64,825	\$20,000	\$275,690
Plan Checking - Outside Services	100,000	80,526	80,000	180,000
Street - Outside Services - Trees	20,000	30,550	30,000	50,000

Parks - Outside Services - Trees	8,000	-0-	100,000	108,000
Total Expenditures/Transfers-out	\$383,690	\$175,901	\$230,000	\$613,690

The Town received proposals to hire a tax measure consultant and to conduct public opinion polling. Based on the quotes received from qualified local firms that handle this type of work staff requests that Council authorizes up to \$20,000 from the General Fund reserve balance. Most of the costs will be covered by existing departmental savings in the Administration and Finance Department.

The adopted budget included \$28,000 for Outside Services - Trees. As of December 31, 2021, \$30,550 has been expended for work related to trees with invoices still outstanding from vendors. This work was required due to unsafe conditions and emergencies.

Most of the adjustments for the other fund categories are due to an increase in revenue resources for specified purposes, such as grant fund, taxes, or donations.

OTHER FUNDS:

Description	Revenue/Transfers-In			Expenditures/Transfers-Out		
	Adopted Budget	Proposed Changes	Revised Budget	Adopted Budget	Proposed Changes	Revised Budget
Road Maintenance	\$1,086,666	\$50,000	\$1,136,666	\$1,024,200	\$200,000	\$1,224,200
Measure D Sales Tax	1,111,900	88,100	1,200,000	1,340,370	190,000	1,530,730
Recreation	1,348,625	-0-	1,348,625	1,460,003	47,633	1,507,636
Emergency Reserve	-0-	1,492,000	1,492,000	100,000	55,299	155,299
Total	\$2,198,566	\$1,630,100	\$3,828,666	\$2,464,570	\$445,299	\$2,910,229

Additional funding is needed in Unprogrammed Paving from Measure D and Road Maintenance reserves for a variety of street projects including slurry seals, concrete curb, and gutter on various streets for multiple projects related to street improvement throughout Town which will provide Asset Protection and an increased Pavement Condition Index (PCI). In addition, funding is still needed for the remainder of the year for unanticipated projects and joint jurisdictional opportunities that may present themselves which the Town can capitalize on funding from many sources to improve road conditions at a reduced cost to the Town and its residents.

Recreation department is requesting \$47,633 from its fund balance reserve for a down payment on a new management software. The software is going to be more user friendly for internal and external customers.

The Emergency Reserve fund revenue increase is recognizing receipt of the 1st half of the American Rescue Plan funds. The expenditure increase of \$55,299 is the payment Town Council approved at the July 27, 2021 meeting to the County of Marin to provide funding for Housing First Case Management.

The following table summarizes the approved and proposed changes, the impact on the General Fund and Other Funds' budgets for fiscal year 2021-2022, the impact on Net Operating Results and fund balances:

Table -1

	FY2021-22 Adopted Budget	Approved Changes	Current Budget	Proposed changes	Revised Budget
<i><u>GENERAL FUND</u></i>					
Revenues	17,624,604	-	17,624,604	218,014	17,842,618
Transfers-In	418,464	-	418,464	-	418,464
Total Resources	18,043,068	-	18,043,068	218,014	18,261,082
Expenditures	16,749,106	-	16,749,106	230,000	16,979,106
Operating Transfers-Out	450,000	-	450,000	-	450,000
Capital Transfers-Out	813,517	-	813,517	-	813,517
Total Transfers-Out	1,263,517	-	1,263,517	-	1,263,517
Total Appropriation	18,012,623	-	18,012,623	230,000	18,242,623
Net Result	30,445	-	30,445	(11,986)	18,459
Beginning fund balance	4,538,467		4,437,465		4,437,465
Ending fund balance	4,568,912		4,467,910		4,455,924
Committed fund balance	886,964	-	(657,126)	-	(669,112)
Unassigned fund balance	3,681,948		5,125,036		5,125,036
Percentage of Reserve	20.44%		28.45%		28.09%

Table -2

	FY2021-22 Adopted Budget	Approved Changes	Current Budget	Proposed changes	Revised Budget
<u>OTHER FUNDS</u>					
Revenues	11,549,122	-	11,549,122	1,630,100	13,179,222
Operating Transfers-In	450,000	-	450,000	-	450,000
Capital Transfers -In	1,200,683	-	1,200,683	-	1,200,683
Total Transfers-In	1,650,683	-	1,650,683	-	1,650,683
Total Resources	13,199,805	-	13,199,805	1,630,100	14,829,905
Expenditures	14,312,498		14,312,498	492,932	14,805,430
Operating Transfers-Out	80,694	-	80,694	-	80,694
Capital Transfers-Out	724,936	-	724,936	-	724,936
Total Transfers-Out	805,630	-	805,630	-	805,630
Total Appropriation	15,118,128	-	15,118,128	492,932	15,611,060
Net Result	(1,918,323)	-	(1,918,323)	1,137,168	(781,155)
Beginning fund balance	4,489,665		4,136,613		4,136,613
Ending fund balance	2,571,342		2,218,290		3,355,458

The proposed changes to General Fund and Other Funds' Sources and Appropriations are included in the Attachment II of this staff report.

FISCAL IMPACT

GENERAL FUND

The General Fund's ending fund balance as of June 30, 2021, was \$6,264,830, which was an increase of \$2,754,913 over the previous fiscal year. In addition, \$28,399, \$627,936, \$1,803,518 (\$1,669,817 is emergency reserve commitment), and \$349,748 of the ending fund balance were categorized as nonspendable, restricted, committed, or assigned for the Town's prepayment, pension trust account, parking, and general plan activities, respectively. After taking into consideration the nonspendable, restricted, committed, and assigned funds and the approval of the amended budget, the estimated ending fund balance available for new appropriations is \$5,125,036 as of June 30, 2021. This is a reserve of 28.45% of expenditures and transfers out to other funds, which meets the Town's reserve goal.

CONCLUSION

Staff respectfully requests that the Town Council amend the budget for fiscal year 2021-2022 by approving the attached resolution.