



DATE: November 23, 2021
TO: City Council
FROM: Bob Harrison, City Manager
Jennifer Ferrer-Santa Ines, Director of Finance and Budget
RE: 2022 Proposed Operating Capital Budget

Staff respectfully submits the revised Preliminary 2022 Budget for adoption, following the public hearings on Nov. 1st and 16th. A budget ordinance, schedule of proposed revenue and expenditures by fund, and a revised proposed budget document accompany this summary memo.

Budget Summary. The following table summarizes the proposed budget across all funds. These include Government Capital funds, Enterprise Construction funds (primarily Water, Wastewater, Stormwater) and Internal Service fund expenditures for current and previous year projects, some of which roll over prior year unspent projects.

2022 RESERVE BALANCE SUMMARY

	Estimated 2022 Beg. Fund Balance	2022 Projected Revenues	2022 Proposed Expenditures	Inc in (Dec in) Reserves	Estimated 2022 Ending Balance	% of Prop Exp
General Fund ¹	\$ 14,141,728	\$ 69,469,377	\$ 69,951,160	\$ (481,783)	\$ 13,659,945	19.5 %
Parks and Recreation	913,962	5,565,769	6,240,392	(674,623)	239,339	3.8 %
Street & Traffic Operations	1,133,950	6,478,808	6,518,584	(39,776)	1,094,174	16.8 %
General Government Subtotal	16,189,640	81,513,954	82,710,136	(1,196,182)	14,993,458	18.1 %
Other Governmental Operating Funds	12,755,307	29,267,731	18,831,776	10,435,955	23,191,262	123.1 %
Government Capital Funds	11,712,280	34,512,287	29,785,352	4,726,935	16,439,215	55.2 %
Enterprise Operating Funds ²	29,593,470	67,345,914	74,692,023	(7,346,109)	22,247,361	29.8 %
Enterprise Capital Funds ²	32,186,736	35,539,541	49,407,226	(13,867,685)	18,319,051	37.1 %
Internal Service Funds	2,536,084	10,002,954	8,652,271	1,350,683	3,886,767	44.9 %
Employee Benefit Reserve	5,304,968	17,700,231	16,935,080	765,151	6,070,119	35.8 %
Risk Management Reserves	3,555,419	5,826,575	5,554,763	271,812	3,827,231	68.9 %
Debt Service & Agency Funds	2,516,094	7,100,227	7,100,485	(258)	2,515,836	35.4 %
Total	\$ 116,349,998	\$ 288,809,414	\$ 293,669,112	\$ (4,859,698)	\$ 111,490,300	38.0 %

As of October 2021 and with the review of the 2022 Preliminary Budget, City Council has approved reserves of at least 16.7% of total expenditures, which represent two months of annual spending. Enterprise Funds reserve target is 25% of total annual operating expenditures.

¹ General Fund includes .3% Criminal Justice and the Firemen's Pension funds.

² It is customary for these funds to accumulate reserves for the purpose of upcoming expenditures toward new equipment and facility improvements, and then incurring large decreases in reserves when the projects move forward.

The budget reflects the policy priorities of the city at the time of budget preparation. Every year circumstances change requiring course corrections. Grants, for example, are not budgeted if award has not been confirmed. Staff will bring 1st Quarter, and subsequent quarter, amendments for changes as they become known.