



FISCAL YEAR 2021-22 OPERATING BUDGET OVERVIEW

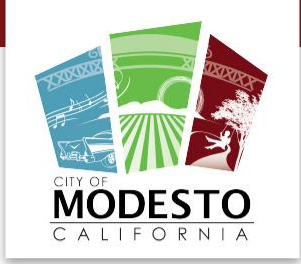
Joseph P. Lopez, City Manager

Steve Christensen, Budget Manager



CITY OF
MODESTO
CALIFORNIA

INTRODUCTION



City Manager Joseph P. Lopez



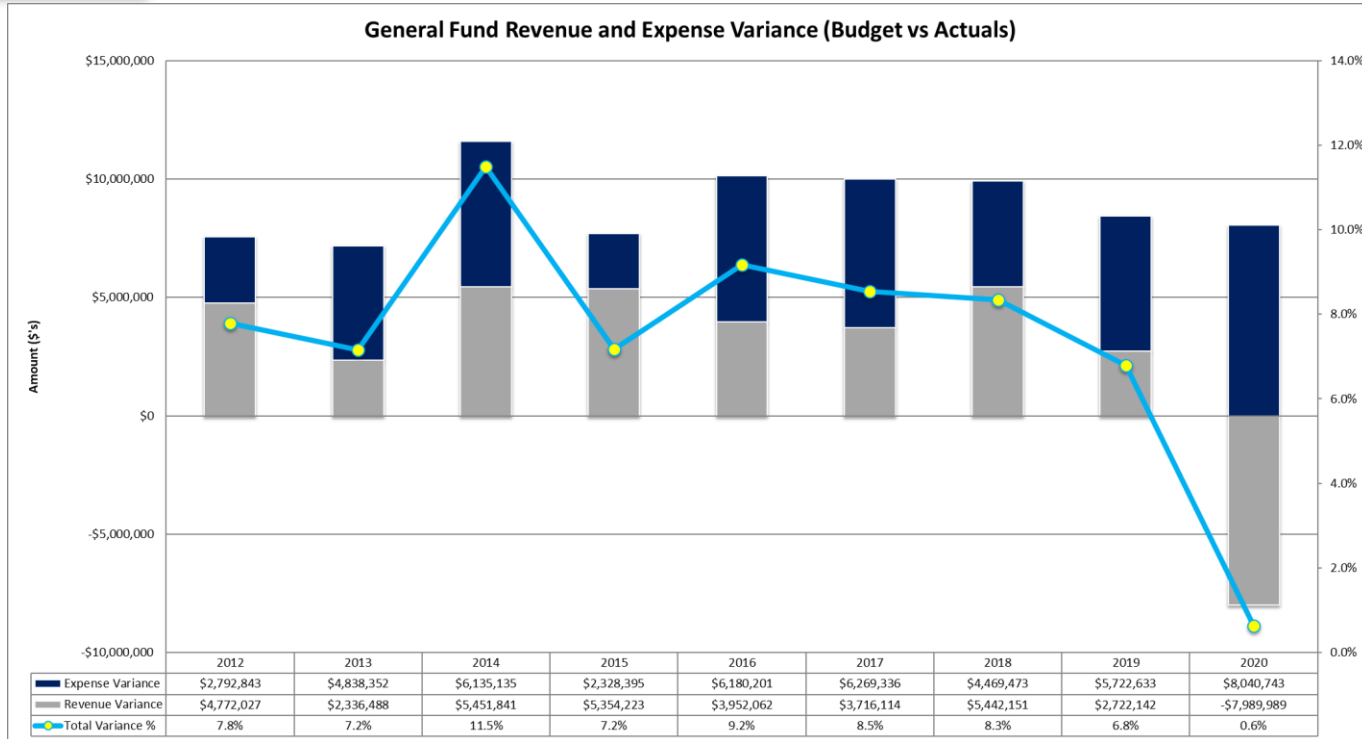
CITY OF
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GENERAL FUND HISTORICAL VARIANCE

CONFIDENTIAL



GENERAL FUND REVENUE AND EXPENDITURE VARIANCE (BUDGET VS ACTUALS)





GENERAL FUND REVENUE AND EXPENDITURE VARIANCE (BUDGET VS ACTUALS)

General Fund Surplus/(Deficit)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	116,922,100	120,369,703	126,547,754	118,157,318	104,187,342	106,601,730	\$106,650,813	\$108,016,391	\$112,975,605	\$117,932,791	\$118,891,551	\$124,631,707	\$127,062,311	\$131,892,698	\$143,268,365
Expenses	114,027,644	129,230,335	125,237,910	118,746,090	105,965,740	104,638,795	\$106,502,249	\$106,643,000	\$109,525,199	\$114,040,333	\$116,645,333	\$122,793,963	\$127,367,521	\$133,561,113	\$143,316,469
Surplus/(Deficit)	\$2,894,456	\$(8,860,632)	\$1,309,844	\$(588,772)	\$(1,778,398)	\$1,962,935	\$148,564	\$1,373,391	\$3,450,406	\$3,892,458	\$2,246,221	\$1,837,744	\$(305,213)	\$(1,668,415)	\$(48,104)
Annual % Surplus	2.5%	-6.9%	1.0%	-0.5%	-1.7%	1.9%	0.1%	1.3%	3.2%	3.4%	1.9%	1.5%	-0.2%	-1.2%	-0.03%



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FISCAL YEAR 2021-22 GENERAL FUND DRAFT PROPOSED OPERATING BUDGET



FY 2021-22 General Fund Draft Proposed Revenues

Revenues	FY 20-21 Current	FY 21-22 Draft Budget	FY 21-22 Prop Adjust	FY 21-22 Draft Prop	Variance FY 21-22 vs. FY 20-21	% Inc/Dec FY 20-21 to FY 21-22
Property Tax	\$36.98M	\$39.22M	-	\$39.22M	\$2.24M	6%
Sales Tax	\$30.68M	\$33.09M	-	\$33.09M	\$2.41M	8%
Utility Users Tax	\$20.79M	\$20.51M	-	\$20.51M	-\$0.28M	-1%
Transient Occupancy Tax	\$2.13M	\$2.90M	-	\$2.90M	\$0.77M	36%
Business License/Mill Tax	\$12.75M	\$13.40M	-	\$13.40M	\$0.65M	5%
Franchise Fees	\$5.11M	\$4.85M	-	\$4.85M	-\$0.26M	-5%
Motor Vehicle Fees	\$0.33M	\$0.33M	-	\$0.33M	\$0.0M	0%
Construction Revenues	\$2.29M	\$2.23M	-	\$2.23M	-\$0.06M	-3%
Cannabis Revenues	\$3.92M	\$5.55M	-	\$5.55M	\$1.63M	42%
Departmental Revenues	\$26.09M	\$24.00M	\$2.14M	\$26.14M	\$0.05M	0.2%
Transfers In	\$0.56M	\$0.63M	-	\$0.63M	\$0.07M	13%
Totals	\$141.63M	\$146.71M	\$2.14M	\$148.85M	\$7.22M	5%



General Fund Operating Budget by Appropriation Unit



Appr Unit	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Budget	FY 2021-22 Draft Proposed
Appr Unit A	\$95,157,057	\$105,220,870	\$108,651,706	\$121,534,710
Appr Unit AA	(\$1,262,368)	(\$1,225,083)	(\$1,151,762)	(\$1,154,532)
Appr Unit B	\$6,477,152	\$6,495,180	\$7,376,979	\$9,433,454
Appr Unit C	\$23,949,684	\$25,183,544	\$25,853,130	\$26,907,870
Totals	\$133,561,113	\$135,674,510	\$140,730,053	\$156,721,502

FY 2021-22 General Fund Draft Proposed Expenditures	Expenditures	FY 20-21 Current	FY 21-22 Draft	FY 21-22 Prop Adjust	FY 21-22 Draft Proposed	Variance FY 21-22 vs. FY 20-21
	Police Department	\$68.57M	\$74.32M	-\$1.90M	\$72.42M	\$3.85M
	Fire Department	\$39.36M	\$46.68M	-\$0.36M	\$46.32M	\$6.96M
	Parks, Recreation & Neighborhoods	\$12.53M	\$14.46M	-\$0.26M	\$14.20M	\$1.67M
	Community & Econ Development	\$6.20M	\$6.76M	-\$0.11M	\$6.65M	\$0.45M
	City Council	\$0.45M	\$0.47M	-	\$0.47M	\$0.02M
	City Manager's Office	\$2.61M	\$2.85M	-\$0.05M	\$2.80M	\$0.19M
	Human Resources	\$1.63M	\$1.75M	-\$0.02M	\$1.73M	\$0.01M
	City Attorney's Office	\$1.92M	\$2.03M	-\$0.15M	\$1.88M	-\$0.04M
	City Clerk's Office	\$1.30M	\$0.59M	-	\$0.59M	-\$0.71M
	Office of the City Auditor	\$0.30M	\$0.59M	-\$0.22M	\$0.37M	\$0.07M
	Finance Department	\$5.43M	\$5.80M	-\$0.05M	\$5.75M	\$0.32M
	Non-Departmental	\$0.43M	\$0.43M	-	\$0.43M	\$0.0M
	Transfers Out	\$7.11M	\$7.44M	-	\$7.44M	\$0.33M
	Variance Rate	-\$5.79M	-\$6.07M	-	-\$6.07M	-\$0.28M
	Workers Comp ISF Rate Redux	-	-	-\$1.41M	-\$1.41M	-\$1.41M
	Empl Benefits ISF Rate Redux	-	-	-\$0.62M	-\$0.62M	-\$0.62M
	Totals	\$142.05M	\$158.10M	-\$5.15M	\$152.95M	\$10.90M



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FY 2021-22 POTENTIAL BUDGET BALANCING STRATEGIES



FY 2021-22 Estimated Shortfall and Reduction Strategy

FY 2021-22	Amount
Total Revenues	\$146.72M
Total Expenditures	(\$164.16M)
Variance Rate (5%)	\$6.07M
Estimated Shortfall	(\$11.37M)

FY 2021-22	Amount
Estimated Shortfall	(\$11.37M)
All Adjustments	\$7.29M
Remaining Shortfall	(\$4.08M)

Adjustments	Detail	Amount
Additional Revenues	Increase Department Revenues	\$2.14M
Vacant Positions (Eliminate/Freeze)	19.0 positions	\$2.32M
Department Discretionary Reductions	Various across all Departments	\$0.80M
Workers Compensation ISF	25% Rate Redux	\$1.41M
Employee Benefits Fund ISF	25% Rate Redux	\$0.62M
Total Adjustment Savings		\$7.29M

→	FY 21-22 Public Safety Expenditures and Revenue Losses related to COVID-19 Pandemic (American Rescue Plan Funds)	\$4.08M
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PROPOSED REDUCTIONS



FY 2021-22 Proposed Adjustments

Revenue Increases	Amount
Fire Department	\$332,918
First Responder Insurance Recovery	\$1,610,471
Community & Economic Development	\$196,000
Total Revenue Increases	\$2,139,389

Fire Department	Amount
Freeze Firefighter Positions (2.0) Vacant	\$245,502
Freeze Senior Fire Inspector Position (1.0) Vacant	\$112,228
Total Fire Department Reductions	\$357,730

Police Department	Amount
Discretionary Reductions	\$372,225
Eliminate Police Cadet Positions (4.0) Vacant	\$255,864
Eliminate Community Service Officer II Positions (3.0) Vacant	\$241,607
Eliminate Police Support Specialist II Positions (3.0) Vacant	\$255,917
Eliminate Senior Admin Office Assistant Position (1.0) Vacant	\$74,588
Freeze Police Sergeant Position (1.0) Vacant	\$184,206
Freeze Police Lieutenant Position (1.0) Vacant	\$226,000
Freeze 1 Assistant Police Chief Position (Vacant)	\$286,955
Total Police Department Reductions	\$1,897,362



FY 2021-22 Proposed Adjustments

Parks, Recreation & Neighborhoods	Amount
Freeze Cultural Services Manager Position (1.0) Vacant	\$113,746
Reduce Watering Utility Expenditure	\$150,000
Total Parks, Recreation & Neighborhoods Reductions	\$263,746

Community & Economic Development Department	Amount
Freeze Associate Planner Position (1.0) Vacant	\$107,000

Human Resources ISFs	Amount
Workers Compensation ISF Rate Reduction (25%)	\$1,404,656
Employee Benefits ISF Rate Reduction (25%)	\$621,737

Other General Fund Departments	Amount
City Manager's Office (Discretionary)	\$50,000
Human Resources (Part-time and Training)	\$17,775
City Attorney's Office (Legal Services Expenses)	\$152,058
Finance Department (Discretionary and Part-time)	\$53,882
Office of the City Auditor (Vacancy Savings from Positions)	\$221,744
Total Other General Fund Departments	\$495,459

Total Revenue and Expense Adjustments

\$7,287,079



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FY 2021-22 GENERAL FUND PROFORMA



General Fund Proforma: Revenues

City of Modesto - General Fund Proforma
as of 4.15.21

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REVENUES:

	FY 2019-20 Actuals	FY 2020-21 Current Budget	FY 2021-22 Draft Proposed Budget	FY 2021-22 Draft Proposed Adjustments	FY 2021-22 Draft Proposed Budget w/Adj
Taxes:					
Property Tax - Property	\$ 17,954,605	\$ 18,526,054	\$ 19,850,000		\$ 19,850,000
Property Tax - VLF Swap	\$ 17,596,741	\$ 18,451,466	\$ 19,374,039		\$ 19,374,039
Sales Tax	\$ 30,534,694	\$ 30,684,925	\$ 33,090,991		\$ 33,090,991
Utility Users Tax	\$ 19,803,218	\$ 20,794,217	\$ 20,510,000		\$ 20,510,000
Transient Occupancy Tax	\$ 2,964,806	\$ 2,132,145	\$ 2,900,000		\$ 2,900,000
Business License/Mill Tax	\$ 13,269,467	\$ 12,746,581	\$ 13,400,000		\$ 13,400,000
Fees:					
Franchise Fees	\$ 5,151,286	\$ 5,113,484	\$ 4,852,284		\$ 4,852,284
Motor Vehicle Fees	\$ 381,066	\$ 330,000	\$ 330,000		\$ 330,000
Construction Revenues	\$ 1,992,292	\$ 2,288,514	\$ 2,227,396		\$ 2,227,396
Departmental Revenues	\$ 24,804,764	\$ 21,204,663	\$ 19,115,660	\$ 1,956,471	\$ 21,072,131
<i>Oakdale Fire Contract Revenue</i>	\$ 4,392,745	\$ 4,889,789	\$ 4,889,789	\$ 182,918	\$ 5,072,707
Cannabis Revenues	\$ 3,201,365	\$ 3,572,448	\$ 5,200,000		\$ 5,200,000
Cannabis Admin Fee	\$ 267,676	\$ 347,840	\$ 347,840		\$ 347,840
American Rescue Plan Reimbursement (COVID Expenditures and Revenues Losses)	\$ -	\$ -	\$ -	\$ 4,082,430	\$ 4,082,430
Total Operating Revenues	\$ 142,314,725	\$ 141,082,126	\$ 146,087,999	\$ 6,221,819	\$ 152,309,818
Transfers In	\$ 953,640	\$ 563,640	\$ 628,640		\$ 628,640
TOTAL REVENUES	\$ 143,268,365	\$ 141,645,766	\$ 146,716,639	\$ 6,221,819	\$ 152,938,458



General Fund Proforma: Expenditures

City of Modesto - General Fund Proforma
as of 4.15.21

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EXPENDITURES:

	FY 2019-20 Actuals	FY 2020-21 Current Budget	FY 2021-22 Draft Proposed Budget	FY 2021-22 Draft Proposed Adjustments	FY 2021-22 Draft Proposed Budget w/Adj
Police Department	\$ (65,301,447)	\$ (68,571,699)	\$ (74,315,320)	\$ 1,897,362	\$ (72,417,958)
Fire Department	\$ (35,693,100)	\$ (35,596,735)	\$ (42,006,526)	\$ 357,730	\$ (41,648,796)
<i>Oakdale Fire Contract Expense</i>	\$ (3,875,985)	\$ (3,766,346)	\$ (4,672,182)		\$ (4,672,182)
Parks, Recreation, and Neighborhoods	\$ (11,832,097)	\$ (12,530,578)	\$ (14,464,279)	\$ 263,746	\$ (14,200,533)
Community and Economic Development	\$ (6,346,611)	\$ (6,198,687)	\$ (6,760,395)	\$ 107,000	\$ (6,653,395)
Public Works	\$ (563,774)	\$ -	\$ -		\$ -
City Council	\$ (455,804)	\$ (447,015)	\$ (471,266)		\$ (471,266)
City Manager's Office	\$ (2,719,829)	\$ (2,605,557)	\$ (2,845,847)	\$ 50,000	\$ (2,795,847)
Human Resources	\$ (1,508,643)	\$ (1,629,143)	\$ (1,747,644)	\$ 17,775	\$ (1,729,869)
City Attorney's Office	\$ (1,668,384)	\$ (1,916,281)	\$ (2,027,434)	\$ 152,058	\$ (1,875,376)
City Clerk's Office	\$ (499,942)	\$ (1,298,799)	\$ (589,127)		\$ (589,127)
Office of the City Auditor	\$ (55,766)	\$ (301,305)	\$ (589,246)	\$ 221,744	\$ (367,502)
Finance Department	\$ (4,787,933)	\$ (5,434,858)	\$ (5,799,136)	\$ 53,882	\$ (5,745,254)
Non-Departmental	\$ (365,196)	\$ (433,050)	\$ (433,100)		\$ (433,100)
Total Department Expenses	\$ (135,674,510)	\$ (140,730,053)	\$ (156,721,502)	\$ 3,121,297	\$ (153,600,205)
Other Expense Adjustments (Variance Rate)	\$ -	\$ 5,785,126	\$ 6,074,382		\$ 6,074,382
Transfers Out	\$ (7,641,959)	\$ (7,113,407)	\$ (7,439,027)		\$ (7,439,027)
Workers Compensation ISF Rate Reduction (25%) - GF Savings	\$ -	\$ -	\$ -	\$ 1,404,656	\$ 1,404,656
Employee Benefits Fund ISF Rate Reduction (25%) - GF Savings	\$ -	\$ -	\$ -	\$ 621,737	\$ 621,737
TOTAL EXPENSES	\$ (143,316,469)	\$ (142,058,334)	\$ (158,086,147)	\$ 5,147,690	\$ (152,938,457)



General Fund Proforma: Reserve Levels

City of Modesto - General Fund Proforma
as of 4.15.21

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RESERVES:

	FY 2019-20 Actuals	FY 2020-21 Current Budget	FY 2021-22 Draft Proposed Budget	FY 2021-22 Draft Proposed Adjustments	FY 2021-22 Draft Proposed Budget w/Adj
TOTAL REVENUES	\$ 143,268,365	\$ 141,645,766	\$ 146,716,639	\$ 6,221,819	\$ 152,938,458
TOTAL EXPENSES	\$ (143,316,469)	\$ (142,058,334)	\$ (158,086,147)	\$ 5,147,690	\$ (152,938,457)
Net Operating Surplus/Deficit	\$ (48,105)	\$ (412,568)	\$ (11,369,508)	\$ 11,369,509	\$ 1
RESERVES:					
Beginning Fund Balance	\$ 25,582,871	\$ 25,755,949	\$ 23,344,324		\$ 23,344,325
CAFR Adjustments	\$ 221,183	\$ -	\$ -		\$ -
Ending Fund Balance	\$ 25,755,949	\$ 25,343,381	\$ 11,974,816		\$ 23,344,326
Non-Spendable	\$ 2,503,546	\$ 2,499,499	\$ 2,499,499		\$ 2,499,499
Restricted	\$ 2,137,896	\$ 2,137,896	\$ 2,137,896		\$ 2,137,896
Committed for Emergency Reserves	\$ 18,397,817	\$ 18,397,817	\$ 18,397,817		\$ 18,397,817
Assigned	\$ 309,114	\$ 309,114	\$ 309,114		\$ 309,114
Unassigned Reserves	\$ 2,407,576	\$ 1,999,055	\$ (11,369,510)		\$ 0
Required \$7M Reserve (Letter of Credit)	\$ -				
Unrestricted Reserves (Carryover at Year-End)	\$ 2,407,576	\$ 1,999,055	\$ (11,369,510)		\$ 0
Emergency Reserves Running Balance	\$ 18,397,817	\$ 18,397,817	\$ 18,397,817		\$ 18,397,817



CITY OF
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AMERICAN RESCUE PLAN

FEDERAL STIMULUS FUNDS



AMERICAN RESCUE PLAN

- Signed by President Biden on March 11, 2021 with the intent to fund vaccinations, provide immediate relief to families bearing the brunt of the COVID-19 pandemic, and support struggling communities.
 - The bill resulted in \$350 billion in federal relief funds for cities, towns and villages across the United States.
 - The City of Modest is eligible to receive **\$47.3 million** in funds from the American Rescue Plan.
-



AMERICAN RESCUE PLAN: USE OF FUNDS

- Guidelines from the Treasury Department are still being defined but initial language in the American Rescue Plan states the following for possible eligible uses:
 - Replace revenue that was lost, delayed, or decreased as determined based on the projections of the government as of January 27, 2020 as a result of the COVID-19 emergency
 - Respond to the COVID-19 emergency and address its economic effects, including through aid to households, small businesses, nonprofits, and industries such as tourism and hospitality
 - Cost overruns incurred as a result of the COVID-19 emergency
 - Local governments cannot use the funds towards pensions
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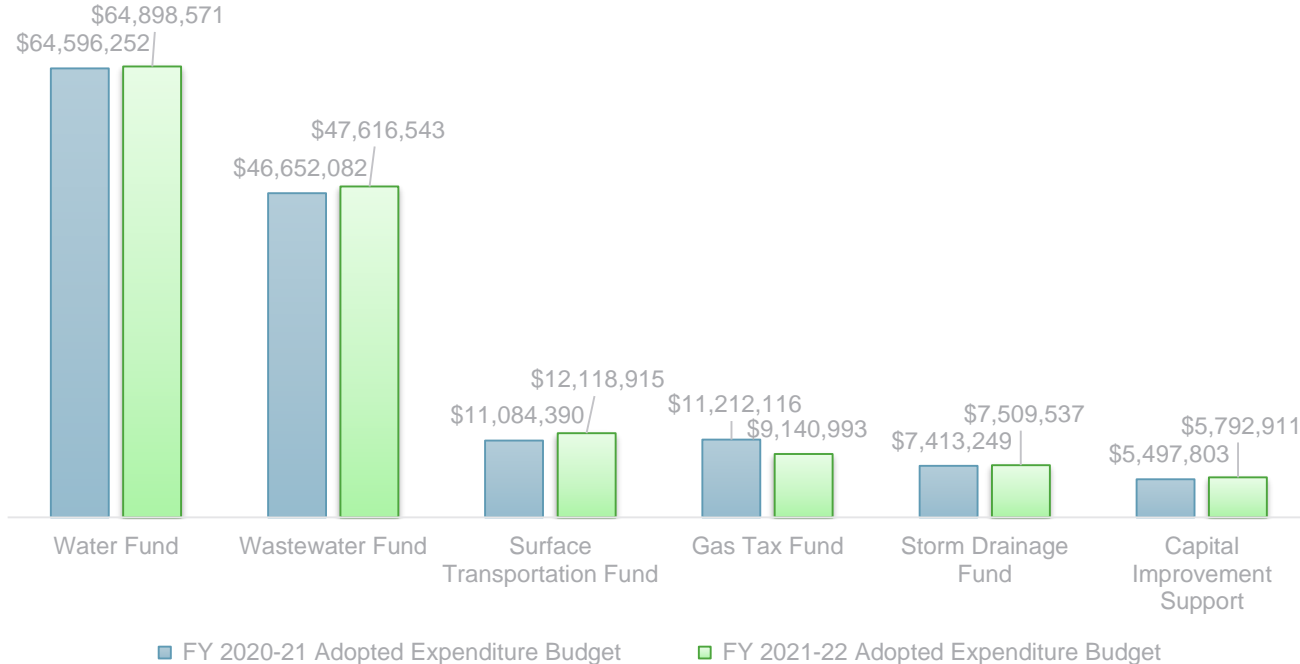
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NON-GENERAL FUNDS



Breakdown of Non-General Funds

FY 2021-22 Proposed Operating Budgets vs FY 20-21 Adopted Operating Budgets





Internal Service Funds

Fund Name	Beg Fund Balance FY 20-21	FY 20-21 Current Budget	FY 21-22 Proposed Budget
Employee Benefits	\$7.87M	\$25.29M	\$31.07M
Fleet	\$3.99M	\$17.66M	\$10.48M
Information Technology	\$3.30M	\$9.69M	\$9.72M
Workers Compensation	\$8.68M	\$6.98M	\$6.50M
Liability Insurance	\$2.80MM	\$3.19M	\$5.11M
Property Insurance	\$0.59M	\$0.94M	\$1.03M
Mail Services	\$0.08M	\$0.33M	\$0.34M

- Internal Service Funds are funds that are established for internal departments that provide goods or services to other internal departments within the organization, other agencies, or other governments on a cost-reimbursed basis.



Centre Plaza Fund Subsidy

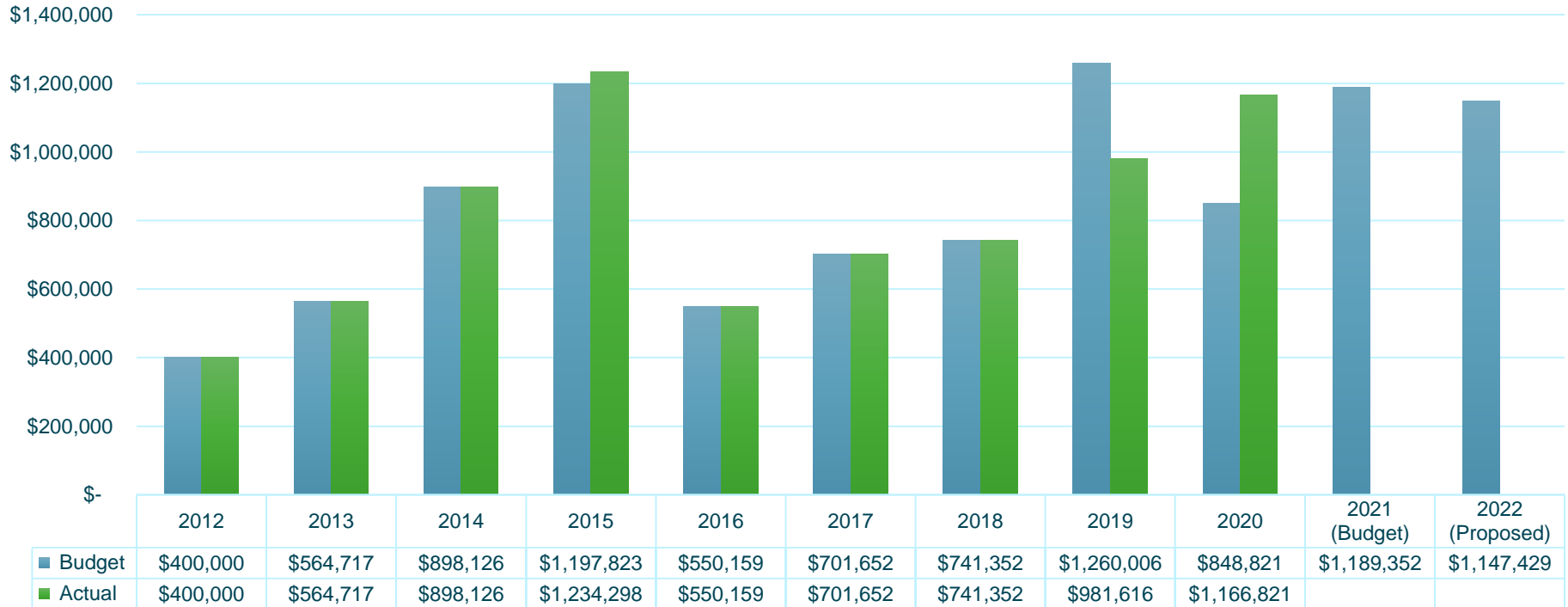
Center Plaza Fund/General Fund Subsidy History





Golf Fund Subsidy

Golf Fund/General Fund Subsidy History





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FINANCE COMMITTEE BUDGET WORKSHOP SCHEDULE



Week of Monday April 19th, 2021 to Friday April 23rd, 2021 *Thursday April 22nd and Friday 23rd (if necessary)

Operating Budget

FY 2021-22 Budget Overview Presentation

General Fund Presentations

City Manager's Office

City Attorney's Office

City Clerk's Office

Human Resources Department

Finance Department

General Fund Presentations

Community & Economic Development Department

Parks, Recreation & Neighborhoods Department

Modesto Fire Department

Modesto Police Department



Week of Monday April 19th, 2021 to Friday April 23rd, 2021 *Thursday April 22nd and Friday 23rd (if necessary)

Non-General Fund Presentations

- Utilities Funds (Utilities Department)
Water, Wastewater, Storm Drain
- Surface Transportation Fund (Public Works Department)
- Building Services/Parking/Airport/Solid Waste Funds (Public Works Department)

Internal Service Funds (ISF)

- Workers Compensation ISF
- Liability ISF
- Employee Benefits ISF
- Fleet ISF
- Information Technology ISF



Week of Monday April 19th, 2021 to Friday April 23rd, 2021
***Thursday April 22nd and Friday 23rd (if necessary)**

Special Presentations

- Capital Improvement Program (Highlights)
- Grant Status
- Revenue Manual/Fee Increases
- Hardware/Software Maintenance

Special Presentations

- Pension
- Deferred Maintenance
- American Rescue Plan (will be presented on Wednesday at 1 PM)



Week of Monday April 19th, 2021 to Friday April 23rd, 2021
***Thursday April 22nd and Friday 23rd (if necessary)**

Presentations will be posted at the following link on the City's website beginning Tuesday afternoon:

<https://www.modestogov.com/252/Operating-Budgets>

There will be a special page titled 2021-22 Budget Workshop Presentations at the link above that will contain a list of all of the presentations that have been given during the Finance Committee Budget Workshops.



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