

**AGENDA
ITEM**

3



**CITY COUNCIL
AGENDA STAFF REPORT**

DATE: June 26, 2025
TO: Mayor and City Council
APPROVED BY: Armando Orozco, Interim City Manager *AO*
PREPARED BY: Karla Chaparro, Finance Director *KC*
SUBJECT: Annual Budget Resolution for Fiscal Year July 1, 2025 to June 30, 2026

=====
Recommendation:

It is recommended that the City Council consider a resolution to adopt the 2025-26 Annual Budget.

Background:

The City Council received a presentation on the 2025-26 Proposed Budget on June 24, 2025. City staff responded to a series of questions from the City Council about the proposed budget.

Discussion & Analysis:

Updates to Proposed Budget

No updates to the proposed budget have been requested as of the time of agenda publication.

Budget Recommendations Based Upon Current Financial Information

The City’s budget resolution requires that the annual budget adoption agenda report include information about the status of the City’s annual audited financial statements, general ledger analysis, and bank reconciliations to ensure that budget recommendations are based upon current financial information. The City Council received the June 30, 2024 audited financial statements along with a presentation from the City’s auditor on April 16, 2025. General ledger analysis and bank reconciliations are complete through the 3rd quarter of the 2024-25 fiscal year. A 2024-25 3rd quarter budget status result was presented to the City Council on May 21, 2025. Accordingly, the 2025-26 budget recommendations are based upon current financial information.

Fiscal Impact

The budget resolution provides staffing and expenditure authority for the upcoming 2025-26 fiscal year. The resolution also establishes reserve policies as a framework for the City's financial targets. The supporting budget book provides detailed revenue and expenditure data, historical trends, and future projections for each fund of the City as the basis for the proposed budget. Collectively, the budget informs the City Council and the public about the financial status of the City's various programs and the impact of the proposed budget.

Attachments:

1. Resolution
2. Exhibit 1 to the Resolution

ATTACHMENT 1

RESOLUTION NO. 2025-_____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO APPROVING
THE BUDGET FOR FISCAL YEAR JULY 1, 2025 TO JUNE 30, 2026**

WHEREAS, the City of Calexico is a general law city that operates under the council-manager form of government; and

WHEREAS, the City Council of the City of Calexico annually adopts a budget that estimates revenues and authorizes expenditures, subject to the City's existing purchasing policies and procedures, employment policies and other adopted city policies; and

WHEREAS, the City Council of the City of Calexico received a presentation on the 2025-26 Proposed Budget on June 24, 2025;

NOW, THEREFORE, be it resolved, determined, and ordered by the City Council of the City of Calexico:

Section 1. Expenditure Authority

The fiscal year 2025-26 Budget, attached hereto as Exhibit 1, shall be the budget for the City of Calexico for the fiscal year 2025-26. The City Manager, or their duly appointed representative, has the authority to expend appropriated amounts subject to policies and procedures adopted by the City Council.

Section 2. Budgetary Control Levels

Budget appropriations shall be controlled at the department level within the General Fund, at the fund level for other funds, and at the capital project level within the capital improvement program. The City Manager is authorized to transfer appropriations between accounts within a General Fund Department, and within other individual funds, to meet the operating needs of the City. The City Manager is also authorized to carry-over any unspent capital project or grant appropriations to the following fiscal year until the projects are complete.

Section 3. Authorized Staffing

The City Manager, or their duly appointed representative, is authorized to fill staff positions as listed in the full-time staff position chart in the budget.

Section 4. Fund Balance Reserve Policies

The City's Fund Balance Reserve Policies provide contingency funds in the event of economic or other disruption in City operations, as follows:

A. General and Measure H Funds

It will be the City Council's policy to target a fund balance reserve for the combined General Fund and Measure H Funds that follows the Best Practices established by the Government Finance Officers Association (September 2015) equal to 60 days (16%) of General Fund operations.

Over the next five years, it will be the City Council's policy to further build and delineate the combined General Fund and Measure H Fund reserve as follows:

- a. Working Capital Reserve
16% of Annual Expenditures (60 Days of operations)

The Working Capital Reserve provides a General Fund cash balance to cover anticipated cash flow requirements to sustain payroll and other operating payments during the collection period for General Fund tax and fee revenue collections, including the 2-month collection period for Sales Tax revenue from the State of California and up to 5-month Property Tax revenue collection period from the County of Imperial.

- b. Emergency Reserve
10% of General Fund Sales Tax (8 Days of operations)

The Emergency Reserve will be targeted by the continued phase in of the Measure H policy to reserve 10% of annual Measure H revenues (Adopted September 2011, Resolution # 2011-99).

B. Street Maintenance Funds (Gas Tax and RMMA Funds)

The Fund Balance Reserve will be 8% of Annual Expenditures (30 Days of operations).

C. Capital Reserve (Local Capital Fund)

The Fund Balance Reserve will be \$250,000.

D. Water and Wastewater Enterprise Funds

The Operating Fund Balance reserve will be 50% of Operating Expenditures.

Water and Wastewater revenues that exceed the amounts needed to maintain this operating reserve will be transferred to the respective Water and Wastewater Capital Funds for investment in their long-term capital improvement programs.

E. Airport Enterprise Fund

The Fund Balance Reserve will be 8% of Annual Expenditures (30 Days of operations)

F. Internal Service Funds (Active and Retiree Medical, Workers Compensation, Unemployment, and General Liability Programs)

The Fund Balance Reserve will be 8% of Annual Expenditures (30 Days of operations).

The Workers Compensation and General Liability Claim Reserves will be accrued at the Actuarial 70% confidence level.

G. Unfunded Liabilities

Unfunded retiree medical (OPEB) liabilities will be amortized over 30 years through annual contributions to an OPEB Section 115 Trust.

Unfunded employee compensated absence liabilities (accrued vacation and other leave balance payable upon separation) will be funded from one-time sources or annual year-end operating surplus as available.

Fund Balance Reserves may be drawn at City Council direction to fund one-time or other unplanned expenditure requirements. Reserves that are drawn or otherwise fall below policy targets will be replenished by adjusting revenues and/or expenditures to cause operating surpluses during the subsequent three annual budget cycles.

Section 5. User Fee Policy

To ensure that City fees and rates are sufficient to pay for the costs of providing services, an annual report will be provided to City Council with a listing of user fees, the schedule for fee and rate study updates, and the status of fee updates and adjustments.

Section 6. Spanish Translation Policy

To facilitate public participation in the budget process, key portions of the annual budget and quarterly budget presentations will have Spanish translation.

Section 7. Current Financial Information Policy

To ensure that budget actions are based upon current financial information, the agenda reports proposing annual budget adoption and quarterly budget updates will include information about the status of the City's annual audited financial statements, general ledger analysis, and bank reconciliations.

Section 8. 2024-25 Budget Update

The 2024-25 Budget is updated to reflect the following current projections. The net General Fund impact of the proposed adjustments is positive. The June 30, 2025 combined General Fund/Measure H Fund Balance continues to be projected to exceed the 68-day Fund Balance reserve policy.

General Fund Revenues

\$23,125,804	Current Budget
15,500	Program Revenues – Police
<u>57,885</u>	Program Revenues – Planning, Engineering, Building
\$23,199,189	Adjusted Budget

PASSED, ADOPTED and APPROVED this 26th day of June, 2025, by the City Council of the City of Calexico.

Diana Nuricumbo, Mayor

ATTEST:

Veronica L. Alvarado, City Clerk

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL) SS.
CITY OF CALEXICO)

I, Veronica L. Alvarado, Interim Deputy City Clerk of the City of Calexico do hereby certify that the foregoing Resolution No. 2025-xx was passed and adopted by the City Council on the 26th day of June 2025 by the following vote to-wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

Veronica L. Alvarado, City Clerk

ATTACHMENT 2



EXHIBIT 1 to Resolution

*City of Calexico
2025-26 Budget*

*City-wide Expenditures
Summary of Expenditures by Fund*

		2024-25	2025-26					
		Gross Projection Including Transfers	Salaries/ Benefits	Other Operations	Capital/ One Time Items	Debt Service	Inter-fund Transfers	Total
General Fund								
111	General Fund	\$ 23,054,002	\$ 17,849,975	\$ 5,929,984	\$ -	\$ 232,804	\$ 98,000	\$ 24,110,764
120	Measure H Sales Tax	4,403,000	-	-	-	-	3,910,350	3,910,350
Operating Grant Funds								
221	Library Grants	84,767	-	67,633	-	-	-	67,633
222	Community Donations	32,506	-	44,320	-	-	-	44,320
224	New River Operations	300,000	124,757	325,011	-	-	-	449,769
231	Gas Tax	1,689,397	551,187	628,150	-	-	-	1,179,337
237	Road Maintenance Rehab	769,700	480,000	570,000	3,460,000	-	-	4,510,000
241	Asset Seizure/Forfeiture	-	-	-	-	-	-	-
242	Prop 172/Public Safety Tax	328,000	328,000	-	-	-	-	328,000
243	COPS State Grant Program	236,000	150,000	-	50,000	-	-	200,000
245	HIDTA	47,000	47,000	-	-	-	-	47,000
246	Stonegarden	150,000	55,000	20,000	-	-	-	75,000
258	National Opioid Settlement Fund	-	-	-	-	-	-	-
281	Solid Waste	2,964,301	240,141	2,609,180	70,000	-	-	2,919,320
299	Operating Grants	385,827	117,000	365,319	-	-	-	482,319
712	Business Imp District	-	-	-	-	-	-	-
Housing Funds								
802	Successor Housing	100,000	-	100,000	-	-	-	100,000
840	Fed CDBG - Program Income	8,500	-	8,500	-	-	-	8,500
841	Fed Home - Program Income	6,000	-	6,000	-	-	-	6,000
842/3	Local Funds	61,500	-	61,500	-	-	-	61,500
846	CalHome - Program Income	1,000	-	1,000	-	-	-	1,000
Capital Project and Debt Service Funds								
223	Art in Public Places	26,500	-	21,000	96,000	-	-	117,000
233	LTA/Measure D	1,889,847	-	150,000	11,582,765	-	-	11,732,765
234/6	Transportation Development	41,116	-	-	282,000	-	-	282,000
255	FEMA/Disaster Recovery/ARPA	2,517,566	-	-	3,163,942	-	-	3,163,942
402	Measure D Bond Proceeds	-	-	-	2,951,905	-	-	2,951,905
411	Local Capital Projects	695,995	-	-	2,862,969	-	-	2,862,969
412	Capital Grants	2,954,482	-	-	10,990,116	-	-	10,990,116
430-6	Development Impact Fees	33,000	-	-	2,258,868	-	-	2,258,868
452-64	Development Projects	13,000	-	-	1,654,565	-	-	1,654,565
475	New River Improvements	9,546,327	-	-	9,599,500	-	-	9,599,500
310	Measure H Debt Service	1,002,000	-	-	-	999,750	-	999,750
Enterprise Funds								
513	Water Operations	7,738,878	3,885,756	3,400,679	-	-	826,350	8,112,785
514	Water Debt Service	851,017	-	-	-	852,517	-	852,517
515	Water Development Fees	-	-	-	-	-	678,635	678,635
516	Water Capital Program	370,000	-	-	15,031,000	-	-	15,031,000
522	Airport Operations	446,302	142,014	277,405	-	-	-	419,419
544	Wastewater Operations	6,115,436	2,460,163	2,671,017	-	-	1,358,689	6,489,869
545	Wastewater Debt Service	1,174,029	-	-	-	1,175,229	-	1,175,229
546	Wastewater Impact Fees	-	-	-	-	-	326,528	326,528
547	Wastewater Capital	195,000	-	-	46,981,500	-	-	46,981,500
CFD/Special Districts								
261	Bravo Victoria	962,940	-	145,000	600,000	-	-	745,000
903	Hearthstone	409,993	-	-	-	737,149	-	737,149
906	Gran Plaza	535,082	-	-	-	533,302	-	533,302
Internal Service Funds								
601/2	Active and Retire Medical	4,073,000	-	5,247,376	-	-	-	5,247,376
603	Workers Compensation	1,399,000	-	1,601,000	-	-	-	1,601,000
604	Unemployment Insurance	73,574	-	74,763	-	-	-	74,763
605	General Liability Insurance	1,458,877	-	1,649,400	-	-	-	1,649,400
607	Compensated Absence Reserve	-	-	-	-	-	-	-
601-5	Net Internal Charges	(7,004,451)	-	(8,572,539)	-	-	-	(8,572,539)
Total		\$ 72,140,012	\$ 26,430,993	\$ 17,401,699	\$ 111,635,130	\$ 4,530,751	\$ 7,198,551	\$ 167,197,123
Net (Excluding Transfers)		\$ 64,457,494	Net Citywide Budget			\$ 159,998,572	-	