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# MEMORANDUM CITY OF TORRINGTON

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TO: MAYOR & COUNCIL  
FROM: LYNETTE STRECKER, BUDGET OFFICER/CLERK-TREASURER  
SUBJECT: BUDGET HIGHLIGHTS FOR FY21  
DATE: 6/16/20

Needless to say, this has been a very challenging budget session, in fact it has been the most difficult budget session since I started 18 years ago. Revenue projections were particularly difficult due to these unprecedented times we are facing. No one knows just how much the COVID-19 pandemic will affect the economy. The proposed budget takes a conservative approach to revenue projections. Sales tax and Optional tax are projected to go down 15% compared to last year. Gas tax and Special Fuels tax receipts are projected to decrease 25%. Utility revenues are projected to decrease 15% due to reduced usage and increase in non-payments. I will continue to monitor revenues very closely throughout the year. In December, revenue projections will be re-evaluated at which time some of the budget requests for capital and equipment, as well as employee COLA and Merit increases may be reconsidered.

I have listed below highlights for the Fiscal Year 2021 Budget:

- The total budget **decreased** in FY21 by \$2,925,366 (8.9%) compared to FY20.
- The total operating budget **decreased** by \$1,031,233(4.92%).
- The vehicle and equipment budget **decreased** \$294,337 in FY21 compared to FY20.
- Capital Projects **decreased** \$1,599,796 compared to last year.
- General Fund's total budget **decreased** in FY21 \$1,316,213 compared to FY20
- Water and Sewer utility rate increases for FY20 were tabled in April to be reconsidered at a later time (Due to Covid-19). FY21 utility rates will be reviewed again in October of 2020. At that time revenue projections will be analyzed and adjustments will be made to the rates as required by ordinance.
- A full cost of service study is expected to begin in FY21 (postponed in FY20 due to Covid-19) to evaluate current and future operating expenses and revenues for the Electrical Fund. This study will analyze and separate in-town and out-of-town cost

of service as well as examine the net cost of the loss of our largest industrial power customer.

- Recycling Services were suspended in FY21 which reduced the operating budget of the Sanitation Fund by \$50,000 contributing to the **reduction** in the total Sanitation budget of \$457,608 compared to last year.
- The swimming pool opening was delayed in FY20 due to COVID-19 restrictions and social distancing. The pool will be opened with capacity limits and shorter open swimming sessions. In FY21, the budget is projected to have a **decrease** in revenue of \$10,000 for the pool due to the revised rate schedule and capacity limits. Operating expenses were reduced to compensate for lost revenue. The net revenue will be monitored closely and evaluated at the end of the season.
- Personnel costs **decreased** by \$247,887 or 2.82% due to a reduction in the Workers Compensation rate and reduction in staffing. Eight seasonal positions were cut in FY21. The Police Department reduced staffing through attrition in FY21 by 1 full-time and 1 part-time position and the Clerk/Treasurer Department converted one full-time position to a part-time position on a trial basis.
- COLA and Merit increases for employees were postponed until December at which time the budget projections will be re-evaluated.
- Health insurance costs remain the same for FY21.
- Total cash balances for all funds for the fiscal year ending June 30, 2020 are projected to be at \$7,916,540. Funds falling short of their target cash reserve balances are the General Fund, Water Fund, Airport Fund, Golf Fund, Swimming Pool Fund, Ambulance Fund, and the Cemetery Fund. An estimated \$3,390,030 was taken from Cash Carryover to balance the budget.

As fiscal year 2020 comes to an end and fiscal year 2021 begins, there are many financial concerns that will play a significant factor in the City of Torrington's future budget projections. One of these items is the State of Wyoming's budget reductions which may affect the Direct Distribution to local governments, mineral revenue, and other state revenue sources. It is also unknown if local governments will receive any of the CARES act funding available for COVID-19 related expenses. Future federal stimulus packages may also play a key factor in our future budget. All in all, I think the FY21 budget is in good shape considering the uncertainty that is before us. We should take heart and be proud of what we accomplished this budget session. Thank you all for your support and patience through this process.