

Draft FY 2014-15 Budget

City Council Meeting
April 15, 2014

Agenda

Forecast

- Sustainable Financial Plan
- General Fund Revenues/Fund Balances

Budget

- General Fund Expenditures
- Utility Fund Expenditures

Budget

- Internal Service Fund Expenditures
- Special Revenue Fund Expenditures

CIP

- 5 Year Capital Improvement Program
- What's Next

Sustainable Financial Plan (SFP)

- Provide Sustainable Financial Future
- Balance Need for Quality Services and Facilities in short and long term
- Allow for Flexibility
- Keep Financial Planning Realistic
 - Based on solid facts and reasonable assumptions
- Be Transparent and Understandable

Sustainable Financial Plan (SFP)

○ Plan Guidelines

- Full funding of Reserves to recommended levels by end of 11-year plan
- Development of 10 Year CIP and one-time needs projection
- 6.4% of projected ongoing General Fund revenues and 100% of projected one-time revenues devoted to CIP and one-time needs
 - NOT for ongoing General Fund operations

Sustainable Financial Plan (SFP)

- 10 Year CIP Presented 3/18 with SFP
- Unknown One-Time Needs and Estimates presented 3/18 with SFP
 - Energy Assessment/Street Lights \$2.9 million
 - Unfunded OPEB Liabilities \$393,000
 - Unfunded Retirement Liabilities \$7.2 million
 - Unfunded Leave Time \$606,000
 - Tyler Technology \$110,000
 - City Hall Replacement \$6-10 million
 - HdL Code Enforcement/Business Licensing Software Project \$ 48,400
 - 5410-14 La Palma Improvements \$200,000

Assumption and Forecast Differences

- April 1 - City Council approved Tyler Technologies project including additional project costs for a total project of \$125,000 from General Fund Reserves
- Projected Revenues Adjusted
 - \$10,024,724 revised to \$9,937,140 (Net \$87,584)
 - Minor changes to Building fees adjusted for known projects
 - Unisource Loan Repayment \$106,122 removed from FY 2013-14 and future years
 - These funds were originally earmarked for the Economic Development Fund but the plan included them in General Fund Revenues available for General Fund Expenses

Assumption and Forecast Differences

○ Internal Service Fund Allocations

- Prior Budgets vs FY 2014-15 at 100%
- Employee Benefits – 100%
- Risk Management – 80% \$258,420 in FY 2013-14 to \$503,100 in FY 2014-15 excluding the \$225,000 Surcharge
- Facilities Maintenance – 90% of FY-11-12 Actuals
- Vehicle and Equipment Replacement – 100%
- Technology – 70%

Assumption and Forecast Differences

○ Internal Service Fund Allocations

- Risk Management

- SFP forecast @ \$420,000 vs Actual @ \$492,500
- Surcharge forecast @ \$220,000 vs Actual \$225,000 offset by \$169,000 in Seasons revenues

- Facilities Maintenance

- SFP forecast a 2.6% increase over FY 2013-14 budget vs current allocation at 100% of projected FY costs

Assumption and Forecast Differences

- Redevelopment/Successor Agency
 - SFP assumed current charges to Housing Authority for Community Development Director
 - Increased charges for Code Enforcement Officer position
 - SA Housing revenues forecasted at a lesser amount based on 5 Year Trend of Seasons Payments
 - \$59,100 of CDD and CEO salaries and benefits moved back to General Fund budget

SFP vs Draft Budget

	Financial Plan	2014-15 Draft Budget	Difference	% Increase/ Decrease	% of Total Budget	Financial Plan % of Total Budget
Administration	\$ 1,421,944	\$1,450,595	\$28,651	2.01%	14.63%	14.58%
Police	\$ 5,274,667	\$5,335,980	\$61,313	1.16%	53.81%	54.09%
Community Services	\$ 1,981,493	\$1,933,500	-\$47,993	-2.42%	19.50%	20.32%
Community Development	\$ 432,241	\$559,870	\$127,629	29.53%	5.65%	4.43%
Transfer 6.4%	\$ 641,582	\$635,977	-\$5,605	-0.87%	6.41%	6.58%
	\$ 9,751,928	\$9,915,922	\$163,994	1.68%		
Projected GF Revenues	\$10,024,724	\$9,937,140	-\$87,584	-0.87%		
Surplus	\$ 272,796	\$21,218	-\$251,578			

Fund Balances

○ Fund Balances

- To Be Provided with Proposed Budget on May 6
- Fund Balance Review
 - Review of Fund Balances and SFP Directed Transfers
 - SFP and Reserve Policies to insure proper CAFR reporting
- Successor Agency Review
 - ROP Reconciliation and Budgeting Review
 - Department of Finance Meet and Confer April 14
 - DOF Error dating back to June 2012
 - Formula Errors on ROPS III (13-14B) Incorrect Reporting by City

Revenues

○ General Fund

- \$ 9,937,140 FY 2014-15
 - Variance in Other Revenues
 - Change in Accounting for \$250,000 Administrative Charges allowed by DOF for Successor Agency
- \$10,111,267 FY 2015-16

○ Special Revenue Funds

- No significant changes

○ Capital Projects Fund/One-Time Projects Fund

- Proposed revenues transfers called for in SFP (6.4% = \$635,977) not yet shown in the draft but will be included in proposed on 5/6

Revenues

◉ Enterprise Funds

- Water Capital Reserve-055
 - \$600,000 one-time transfer will occur in 2013-14 not 2014-15 – so will change with proposed budget on May 6

◉ Internal Service Funds

- Vehicle Maintenance allocations reduced and actual maintenance charges moved out to department administration budgets consistent with SFP

Proposed Budget

○ Proposed Budget on May 6 to include:

- Individual Department Presentations
- Budget Message and Summaries
- Organizational Charts
- Department Overviews
- Department Performance Measures
- Breakdown of Ongoing vs One-time Costs and Revenues
- Detail Regarding SFP Implementation – Fund Transfers, Balances, Policy

Proposed Budget

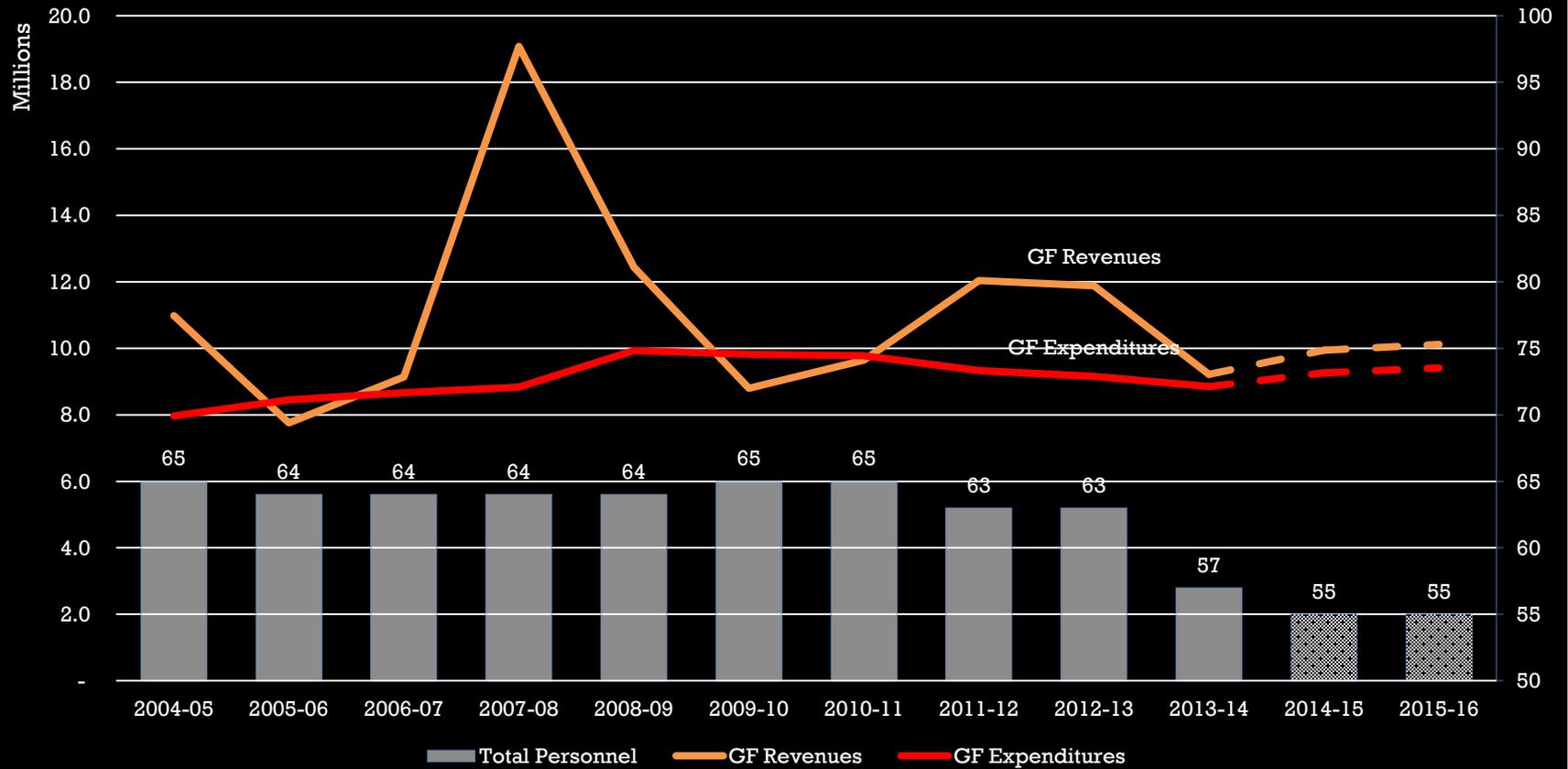
- Proposed Budget on May 6 to include:
 - Budgets for new funds
 - Transfer Summary to show SFP transfers
 - Other Restructuring as Advised by Finance Consultants
 - GASB Reporting
 - Successor Agency Budgeting per DOF Reporting Requirements

General Fund Expenditures

- ◉ Proposed Expenditures include:
 - All changes related to the Community Services and Administrative Services Department Reorganizations
 - Proposed changes related to the Police Department Reorganization

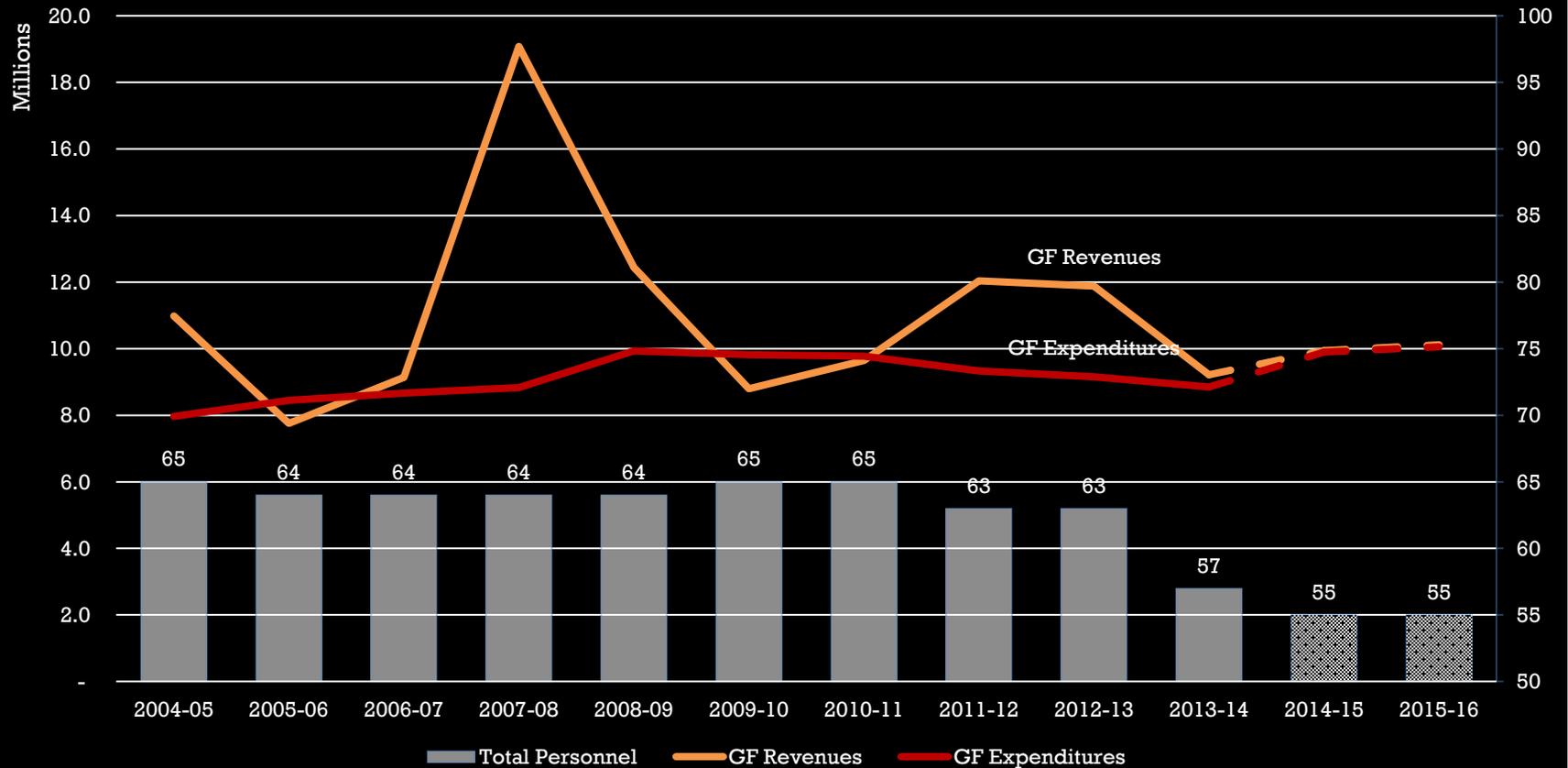
General Fund Expenditures

Without SFP Transfer



General Fund Expenditures

With SFP 6.4% Transfer



Internal Service Funds

- All Internal Service Funds are allocated to achieve 100% funding of ongoing costs and 100% target fund balances by end of SFP period
- Risk Management Fund
 - First Payment of \$676,710 surcharge made FY 2012-13 in amount of \$225,570
 - Second Payment due July 1, 2014 - \$231,049
 - Third Payment due July 1, 2015 - Can save \$3,672 if paid early

Internal Service Funds

○ Employee Benefits

- Draft budget draws down fund balance by \$64,000 but still above target fund balance
- Maintains 100% funding

○ Technology Fund

- Draft budget includes reinstatement of some hours on 13 Fridays for IT service to help facilitate technology improvements
- RFP for IT service has been delayed due to impact of FY 2013-14 technology projects

Special Revenue Funds

○ AQMD

- Revenue and Expenditures reduced based on prior years' trends

○ Asset Seizure

- Expenditures adjusted to spend funds received in FY 2013-14

○ Public Safety Augmentation

- Expenditures adjusted to match revenue forecast

○ Successor Agency Housing Authority

- Expenditures adjusted to match reduced revenue forecast

Five Year Capital Improvement Plan (CIP)

- New Look
- Provides breakdown of projects and funding sources together – better transparency
- Two projects moved from Facilities Maintenance to CIP (funding moved as part of SFP transfers)
 - Community Center Door Replacements
 - City Yard Interior Repairs

Five Year CIP

Summary by Project Type									
				Adopted / Estimated					
				Fiscal Year 2014-15 Estimated	Fiscal Year 2015-16 Estimated	Fiscal Year 2016-17 Estimated	Fiscal Year 2017-18 Estimated	Fiscal Year 2018-19 Estimated	
Water System Improvements				425,000	342,500	395,000	2,695,000	365,000	
Sewer System Improvements				275,000	284,000	275,000	275,000	275,000	
City Yard				65,500	198,500	-	-	-	
Community Center and Parks				263,000	-	-	-	-	
City Hall				1,955,000	115,000	525,000	95,000	95,000	
Police Facilities				35,000	-	-	-	30,000	
5410-14 La Palma Ave.				100,600	-	-	-	-	
Arterial Street Rehabilitation				1,750,000	1,000,000	200,000	350,000	450,000	
Residential Street Rehabilitation				425,000	125,000	375,000	325,000	325,000	
Intersection Improvements				-	-	-	-	-	
Total Capital Improvement Plan				\$ 5,294,100	\$ 2,065,000	\$ 1,770,000	\$ 3,740,000	\$ 1,540,000	

Five Year CIP

Summary by Funding Source								
				Adopted / Estimated				
				Fiscal Year 2014-15 Estimated	Fiscal Year 2015- 16 Estimated	Fiscal Year 2016- 17 Estimated	Fiscal Year 2017- 18 Estimated	Fiscal Year 2018-19 Estimated
	Capital Outlay Reserve (COR)			4,120,653	943,386	584,374	236,630	353,723
	Gas Tax/HUTA			182,215	186,358	190,595	194,931	199,366
	Measure M			291,232	308,756	325,031	338,439	346,911
	Sewer			275,000	284,000	275,000	275,000	275,000
	Water			425,000	342,500	395,000	2,695,000	365,000
	Total Capital Improvement Plan			\$ 5,294,100	\$ 2,065,000	\$ 1,770,000	\$ 3,740,000	\$ 1,540,000

What's Next

- Complete Fund Balance Review
- Complete ROPS Reconciliation
- Resolution and Ordinance Formally Adopting Revenue Policies and SFP (required by GASB)
- Make Transfers per SFP
- Review Proposed Budget vs SFP
- Complete Fund Balance Projections
- May 6 – Presentation of Proposed Budget
- May 20 – Discussion of Proposed Budget
- June 3 – Adoption of Proposed Budget

Discussion

