

City of La Palma



General Fund Budget Overview Fiscal Year 2013-14 April 16, 2013

Overview

- Multiple opportunities for budget discussions
 - January 28: first study session
 - March 11: second study session
 - Continuous review and refinement of proposed budget
 - Expanded, improved process this year

Overview

- Many fiscal status issues and items discussed year to date:
 - FY 2012-13 budget amendments (reductions)
 - Update of Master Fee Schedule
 - OPEB and unfunded liabilities
 - General Fund / Internal Service Fund reserve policies (new)
 - Outreach and Communication Plan

Tonight's Budget Session

- **FY 2013-14 General Fund Budget Overview**
 - Revenues
 - Expenditures
 - Impacts and Consequences
- **Comments and Questions**
- **Next Steps**

Context for Budget Development

- Address loss of major sales tax provider
- Sustainable budget:
 - Balance ongoing revenue and ongoing expenditures
- *2013 City Council goal:*
 - *Balance the budget*

Priority Based Budgeting

- Moving towards priority based budgeting model...
 - Several intermediate steps completed
 - Financial reporting has been updated
 - Presentation of one-time vs. ongoing and general vs. program revenues
- Ultimate goal:
 - Priority based / program budget

General Fund Revenue Overview

FY 2012-13

- Projected FY 2012-13 revenue:
 - *\$10,586,405 (updated through March)*
- \$1.745 million in one-time revenue:
 - \$105,000: over-charged property tax fee refund
 - \$800,000: triple-flip “true-up” revenue
 - \$779,000: redevelopment dissolution related revenue

General Fund Revenue Overview FY 2013-14

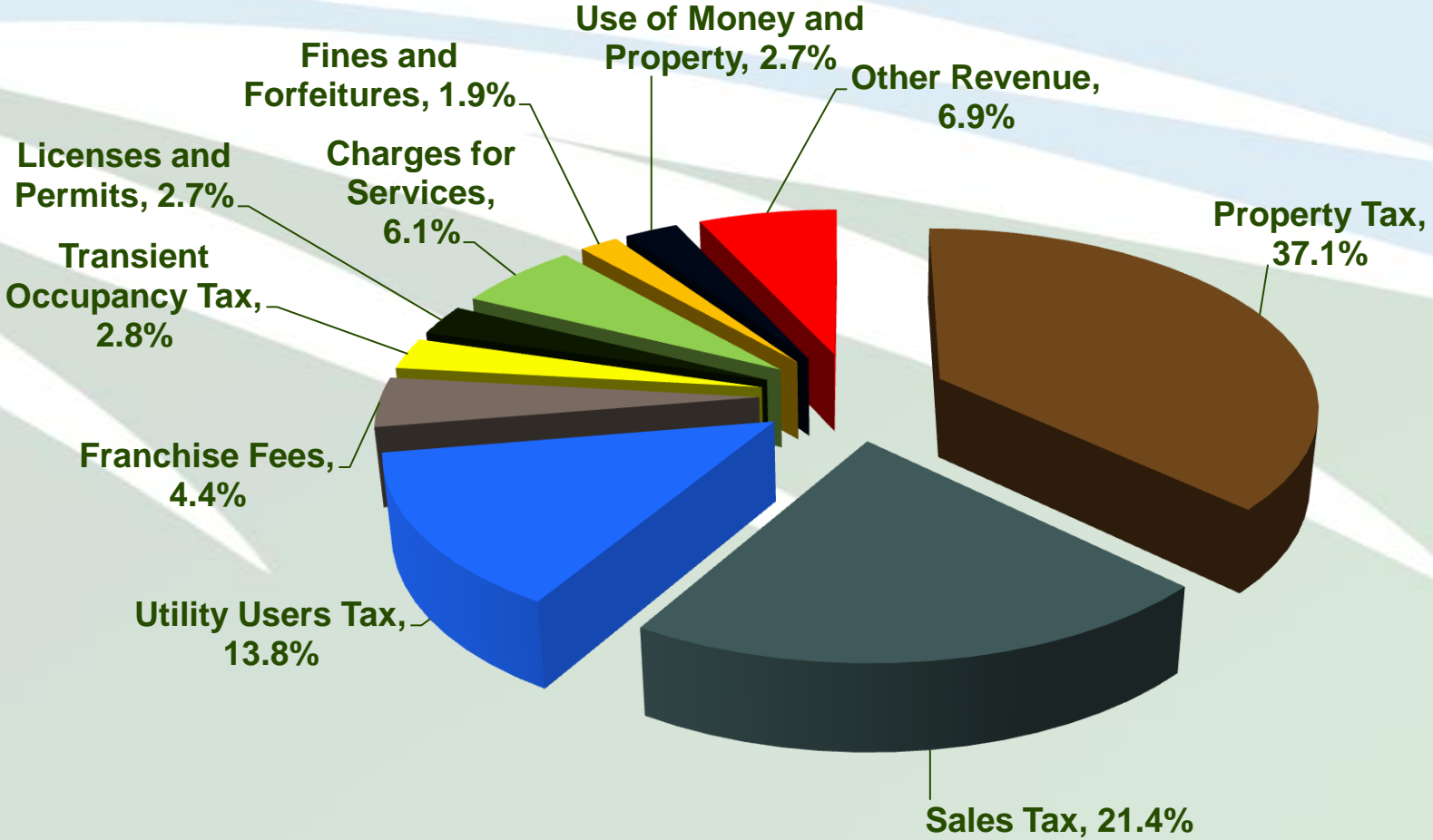
- FY 2013-14 revenue:
 - *\$8,328,100*
 - Down 21.3% from FY 2012-13 projected
 - Down 14.2% from FY 2012-13 adopted
- Majority of revenue is ongoing vs. one-time
 - Do not foresee any large, unexpected revenue deposits...

Fiscal Year 2013-14 General Fund Revenue

- Some bright spots compared with FY 2011-12 actuals:
 - 3.4% increase in total property tax
 - More active market = additional property transfer tax and supplemental revenue
 - 3.3% increase in TOT
 - End of recessionary effects on travel
 - 5.3% increase in Charges for Services
 - Additional revenue from updated Master Fee Schedule
 - \$50,000 increase in Recreation and Community Services

FY 2013-14 General Fund Revenues

\$8,328,100



General Fund Revenue Summary

Revenues by Type:	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Adopted	FY 2012-13 Projected	FY 2013-14 Proposed	FY 2014-15 Estimated
Property Tax	2,926,867	2,996,543	2,920,200	3,987,500	3,248,000	3,295,700
Sales Tax	3,221,887	5,610,509	3,827,500	3,627,500	1,780,000	2,114,400
Utility Users Tax	943,146	893,605	950,000	950,000	1,150,000	1,162,500
Successor Agency Admin*	-	143,234	50,000	-	-	-
Franchise Fees	353,974	357,553	354,700	350,000	370,000	375,300
Transient Occupancy Tax	216,387	227,539	220,000	250,000	235,000	279,000
Licenses and Permits	210,224	268,847	210,500	246,000	228,600	230,000
Intergovernmental	132,705	48,972	16,000	33,655	16,000	16,000
Charges for Services	447,474	482,884	426,600	420,550	508,600	510,100
Fines and Forfeitures	161,914	153,549	160,200	160,000	161,000	161,000
Use of Money and Property	332,864	303,057	211,000	201,200	222,000	224,200
Other Revenues	412,489	263,841	77,800	76,900	125,800	145,800
Interfund Transfers	283,100	283,100	283,100	283,100	283,100	283,100
Total Revenues	9,643,031	12,033,233	9,707,600	10,586,405	8,328,100	8,797,100

****Revenue related to redevelopment dissolution recorded in Property Tax***

General Fund Expenditure Overview

FY 2013-14

- Staff plan presented January 28:
 - City Council removed \$537,000 in proposed expenditure reductions
- Staff plan presented March 11:
 - City Council removed \$237,000 in proposed expenditure reductions
- Developments post-March 11:
 - \$212,000 in additional reductions off the table
 - Due to changes in initial assumptions
 - *Additional work to refine revenue and expenditure projections...*

Next Steps...

- Changes from and since March 11 study session ...
 - Required renewed focus on revenue and expenditure projections
- Additional analysis and data:
 - Allowed for better revenue projections
 - Produced more accurate expenditure estimates
- Other developments allowed for additional reductions...

New Developments

- Additional expenditure reductions:
 - \$91,000 related to OPEB trust / pre-funding (Citywide)
 - \$16,630 in election savings with no scheduled election in 2013 (City Clerk)
 - \$61,970 in professional services and salary savings from reduced 2013-14 General Plan scope and recent Code Enforcement vacancy (Community Dev)

General Fund Expenditure Overview

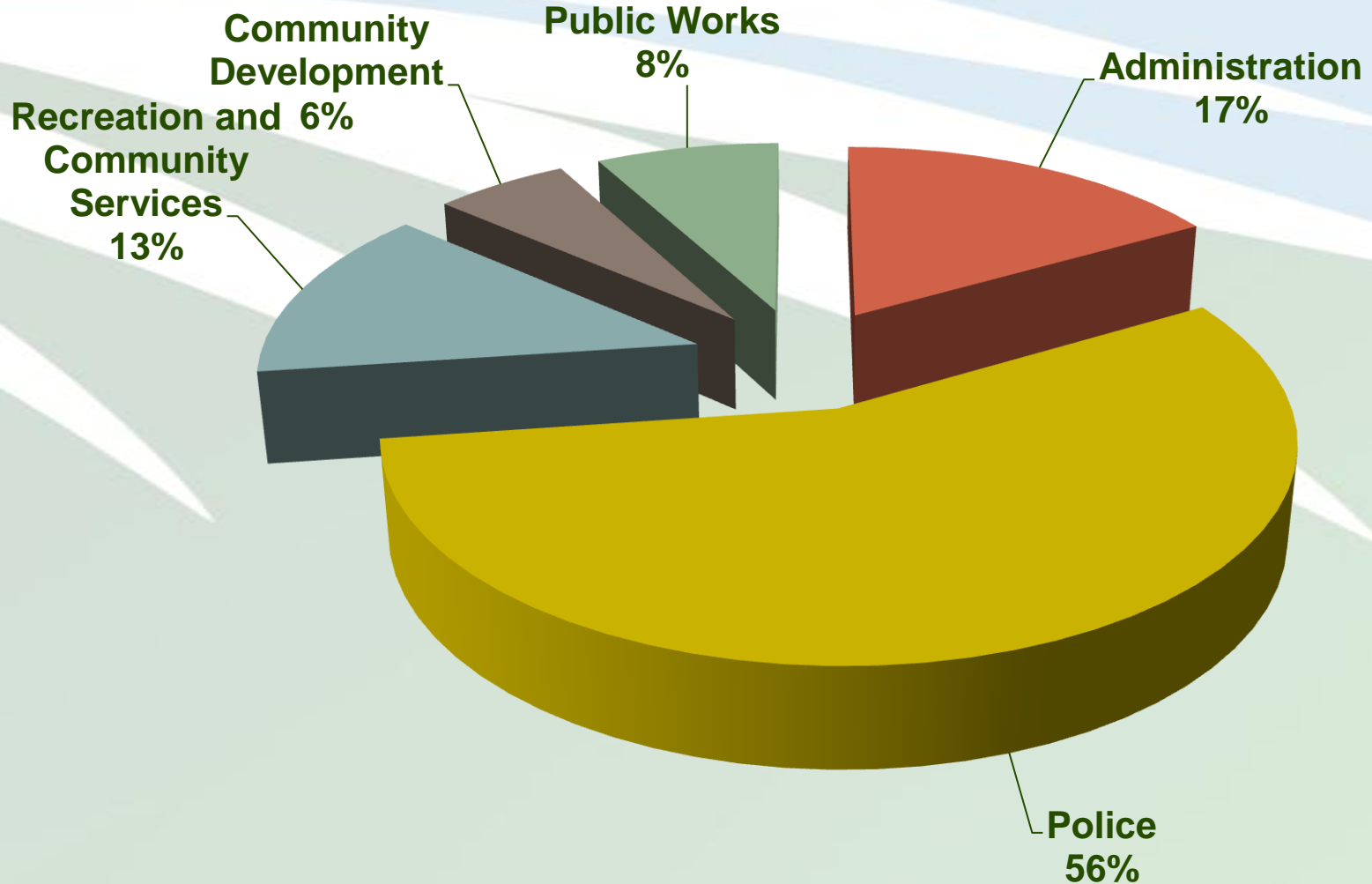
FY 2013-14

- Latest version of budget proposal...
- FY 2013-14 proposed expenditures:
 - *5.6% reduction* from FY 2012-13 projections
 - *8.5% reduction* from FY 2012-13 amended
 - *7.9% reduction* from FY 2011-12 actuals
- Proposal eliminates 10.0 positions compared with adopted FY 2012-13 budget
- Expenditure reductions in every department

Citywide and Department Reductions

- Majority of proposed March 11 reductions in service and revisions to operations still in place
- Expenditure reductions vary:
 - Staff cuts
 - Reductions to professional services
 - Program eliminations

Proposed General Fund Expenditures by Department \$8,569,745



General Fund Expenditure Summary

Expenditures by Department:	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Adopted	FY 2012-13 Amended	FY 2012-13 Projected	FY 2013-14 Proposed	FY 2014-15 Estimated
Administration	1,663,069	1,463,770	1,567,100	1,498,690	1,485,700	1,434,030	1,484,430
Police	5,219,801	5,012,595	5,164,800	5,140,720	4,903,800	4,808,905	4,896,165
Recreation and Community Services	1,573,006	1,385,445	1,489,400	1,339,380	1,315,000	1,154,760	1,183,640
Community Development	492,805	595,787	668,600	662,450	653,100	528,410	422,390
Public Works	829,440	866,544	754,300	751,940	741,800	665,530	675,870
Total Expenditures	9,778,121	9,324,141	9,644,200	9,393,180	9,099,400	8,591,645	8,662,505

General Fund Expenditure FY 2013-14 Percentage Change

Year Over Year Change (Percentage) from FY 2013-14 Proposed Budget	Change from FY 2011-12 Actual	Change from FY 2012-13 Adopted	Change from FY 2012-13 Amended	Change from FY 2012-13 Projected
Administration	-2.0%	-8.5%	-4.3%	-3.5%
Police	-4.1%	-6.9%	-6.5%	-1.9%
Recreation and Community Services	-16.6%	-22.5%	-13.8%	-12.2%
Community Development	-11.3%	-21.0%	-20.2%	-19.1%
Public Works	-23.2%	-11.8%	-11.5%	-10.3%
Total Expenditures	-7.9%	-10.9%	-8.5%	-5.6%

Progress Towards Sustainability

	<u>FY 2006-07*</u>	<u>FY 2007-08*</u>	<u>FY 2012-13 Projected</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
General Fund Operating Expenditures	\$ 8,335,665	\$ 8,575,977	\$ 9,099,400	\$ 8,591,645	\$ 8,662,505

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Change from FY 2012-13 Projected	-5.58%	-4.80%
Change from FY 2007-08 Actuals	0.18%	1.01%
Change from FY 2006-07 Actuals	3.07%	3.92%
CPI Change July 2006 - July 2007	2.90%	
CPI Change July 2007 - July 2012	8.40%	
CPI Change July 2006 - July 2012	11.50%	

Compare change in proposed FY 2013-14 and FY 2014-15 budgets with actual expenditures 5 and 6 years ago

Compare change in proposed FY 2013-14 budget with actual expenditures 5 and 6 years ago and CPI growth over same period

**From CAFR, total actual operating expenditures (net of capital), "Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual"*

FY 2013-14 General Fund Summary

Projected Revenues	\$8,328,100
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Proposed Expenditures	\$8,591,645
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Estimated Surplus / (Deficit)	(\$263,545)
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*At conclusion of March 11 study session, City Council provided initial approval of one-time use, FY 2013-14 only, of reserves in the amount of \$237,000 for operating

*Deficit approximately ties to the added operating sales tax revenue in FY 2014-15 (i.e. deficit represents a one-year only funding bridge)

General Fund Reserves FY 2012-13 Projected

General Fund Reserves, 06/30/2012 CAFR	\$	14,746,953
	Nonspendable \$	(915,758)
	Assigned \$	4,541,983
	Unassigned \$	9,289,212
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Total Available Fund Balance, 06/30/2012	\$	13,831,195
GF FY 2012-13 Projected Revenue	\$	10,586,405
GF FY 2012-13 Projected Expenditures	\$	(9,099,400)
Transfer to COR	\$	(1,700,000)
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(Draw On) / Contribution To Reserves	\$	(212,995)
<i>Projected GF Fund Balance, 06/30/2013</i>	\$	<i>13,618,200</i>
<i>06/30/2013 FB as % of Expend</i>		<i>149.7%</i>
<i>"Surplus" FB over 100%</i>	\$	<i>4,518,800</i>

General Fund Reserves FY 2013-14 Projected

Estimated FY 2013-14 General Fund Expenditures	\$	8,591,645	
Estimated FY 2013-14 General Fund Revenue	\$	8,328,100	
Variance (Deficit) / Surplus	\$	(263,545)	
Transfer to COR	\$	(400,000)	
Triple-Flip Over-Allocation	\$	(162,500)	
One-time Use of Reserves	\$	(2,130,000)	
TOTAL RESERVES USE	\$	(2,692,500)	
<i>Projected General Fund Reserves, 06/30/2014</i>	<i>\$</i>	<i>10,622,155</i>	
<i>06/30/2014 Fund Balance as % of Expenditures</i>			<i>124.1%</i>
<i>Dollar Amount Reserves above 100%</i>	<i>\$</i>	<i>2,070,510</i>	

Next Steps

- **May 7: Draft Budget Discussion**
- **May 21: Additional review/discussion of Budget**
- **June 4: Budget Adoption**



Questions?

City of La Palma



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