

BUDGET KICK-OFF

April 9, 2018



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Budget Process

January

Measure V Survey Questions reviewed

February

Measure V Survey posted & mailed

March

Measure V Survey results revealed
Goal Setting

April

Budget Kick-off, Goal Setting contd.

May

Study Sessions (May 14 & May 24)

June

Budget Adoption (June 4)



Government Finance 101

- Governments are the provider of many services that are not based on fees for service, although some activities operate as business-type activities that are based on user fees such as the water, sewer and electric utilities.
 - Service fees are based on cost recovery.
 - Taxes must be voter approved.
- A budget is a financial plan projecting revenues and expenditures for a defined period of time.
- The City prepares annual financial statements in accordance with generally accepted accounting principles.



Government Finance 101, contd.

- City has many funds each with different purposes:
 - The **General Fund** is used to account for general operations and activities. Council has significantly more discretion about how they can spend this revenue.
 - The enterprise funds are used for services provided to the public on a user charge basis, similar to the operations of a commercial enterprise. The City's enterprise funds include the **Water Fund**, **Sewer Fund** and the **Electric Fund**.
 - The rate revenue received must cover the operations and capital expenses of the utility.
 - Budgeted annual expenditures for the three funds for the current fiscal year exceeds \$36 million.



Government Finance 101, contd.

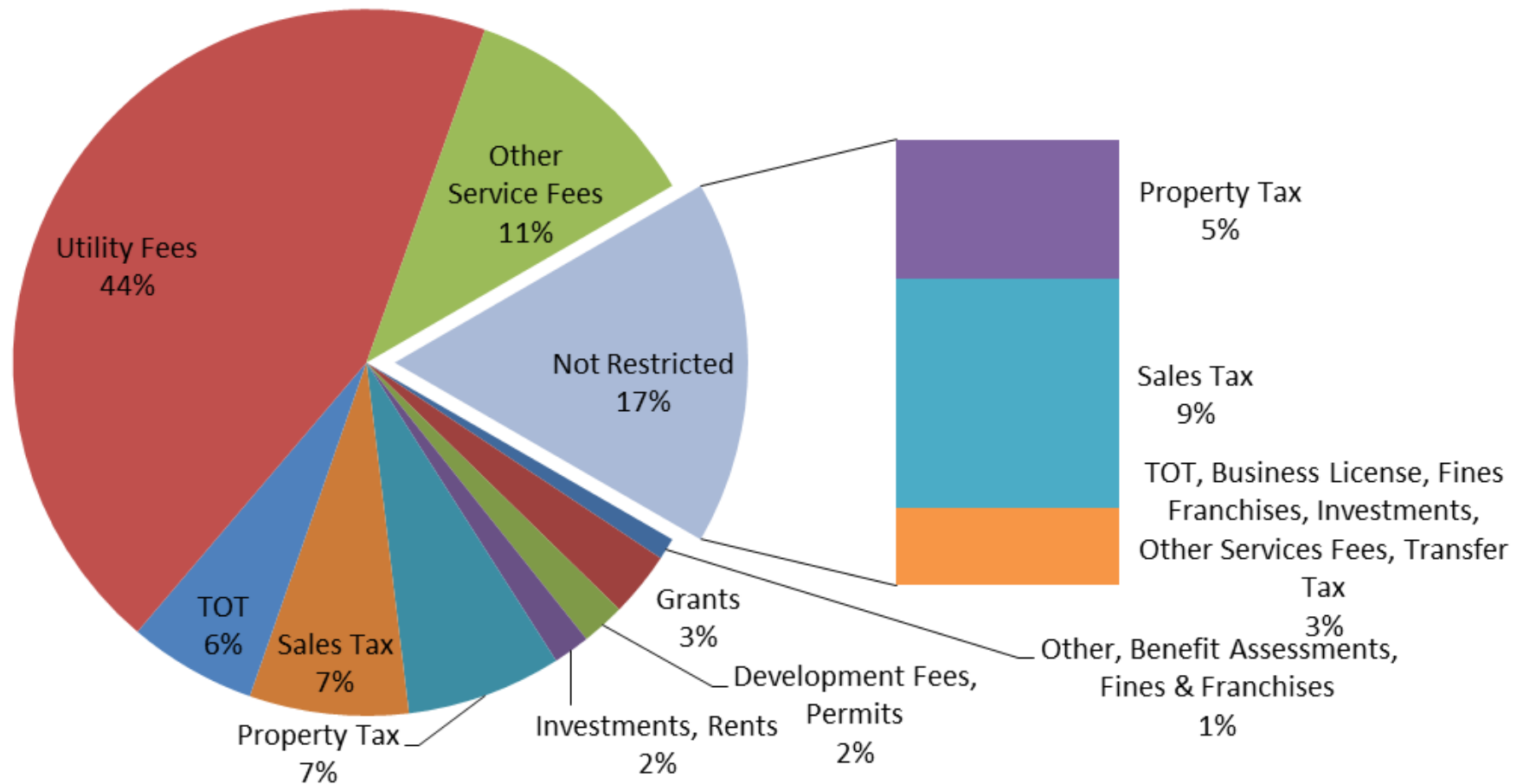
- City has many funds each with different purposes:
 - The special revenue funds are used to account for financial resources that are restricted by law or contractual agreement to specific purposes other than debt service or major capital projects.
 - The **Community Services Fund** is a special revenue fund. By ballot, the voters restricted the use of the 10% of the 14% total transient occupancy tax rate to community services related activities.
 - Activities include Recreation Programs, After School Programs, Senior Services, Parks and Trails, Open Space, Swim, Concerts and the Arts.
 - Total FY 2017-18 expenditure budget exceeds \$6 million



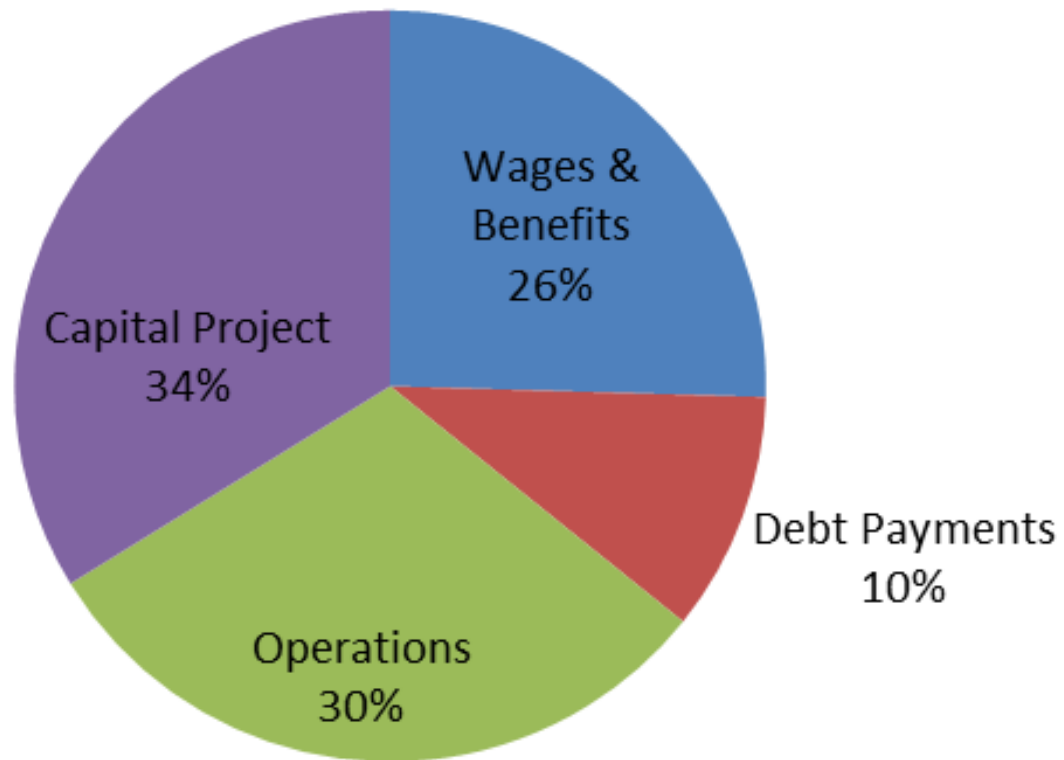
Restricted Funds

- Restricted funds exist when constraints placed on the use of resources are either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments.
- For example:
 - TOT – 10% to Community Services, 2% to General Fund (unrestricted), 2% toward Housing
 - Grants from other governments – designated for special purposes
 - Bond Proceeds – must be spent for the designated purpose, within five years – consequences to exceeding the five years includes the required use of the proceeds toward the payment of debt

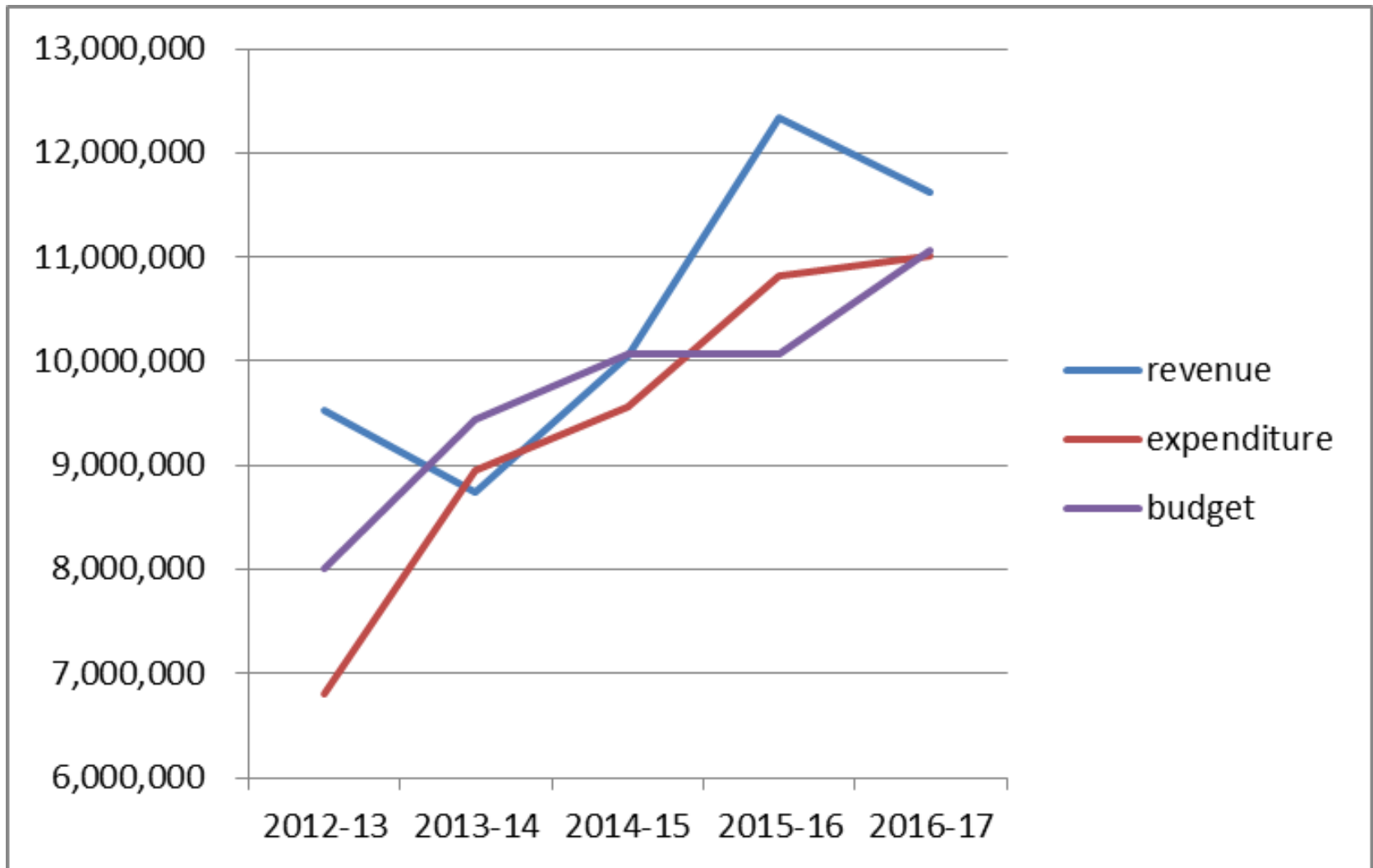
City Revenue



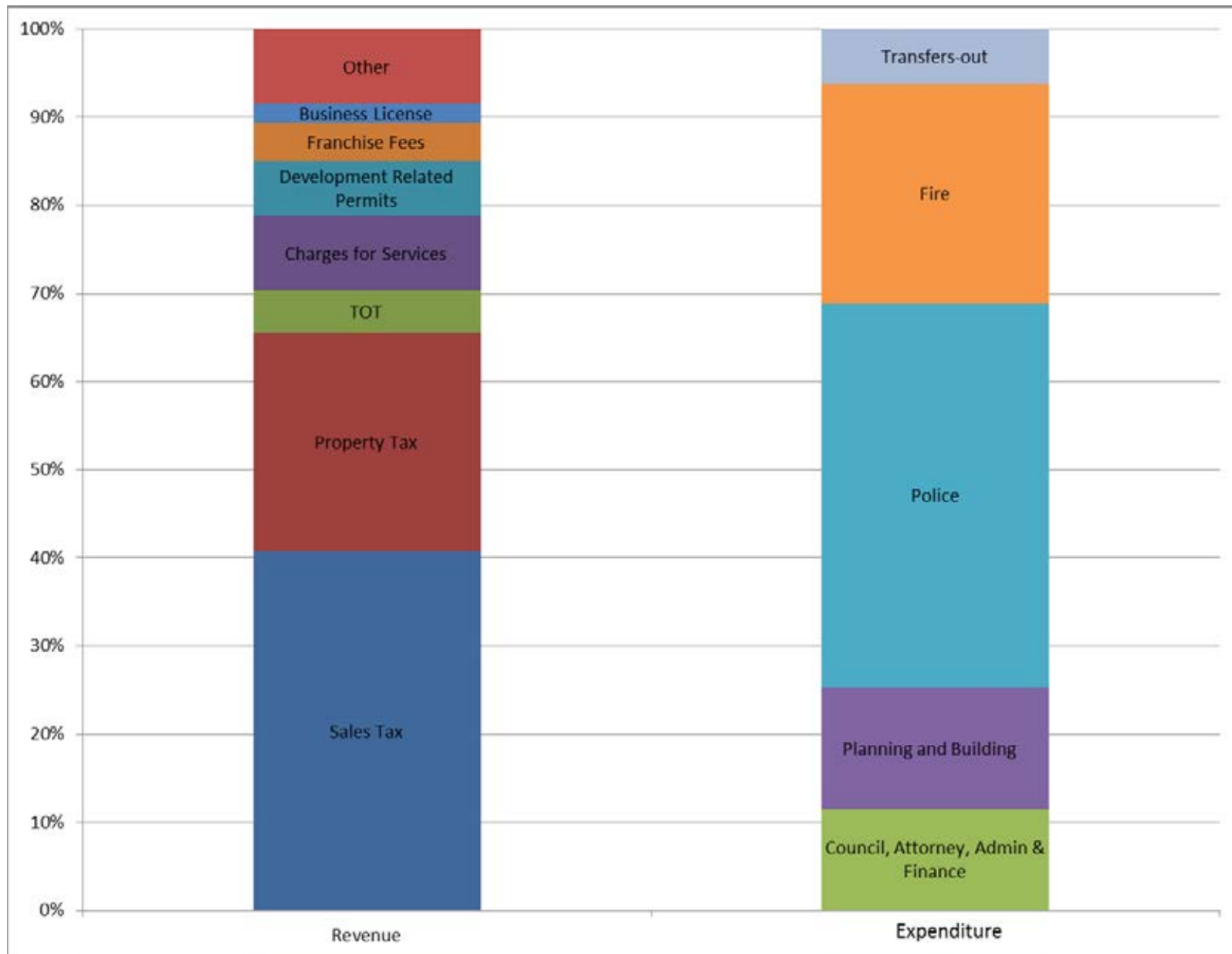
City Expenses



General Fund



General Fund





Fiscal Year 2017-18



FY 2017-18 General Fund Revenue

	FY 16-17 as of 1/31	Amended Budget	FY 17-18 as of 1/31	% Budget	% change PY vs CY
Sales Tax	2,437,746	4,734,644	2,572,359	54%	6%
Property Tax In-Lieu of VLF	603,341	1,256,317	641,780	51%	6%
Property Tax	692,141	1,121,296	1,057,656	94%	53%
Charges for Services	282,976	991,643	369,202	37%	30%
Development Related Permits	540,770	714,635	592,180	83%	10%
Transient Occupancy Tax	336,161	546,012	361,445	66%	8%
Franchise Fees	260,688	502,000	271,348	54%	4%
RDA Residual Receipts	546,980	500,000	614,181	123%	12%
Business License	128,645	250,000	124,952	50%	-3%
Intergovernmental	67,634	169,508	52,541	31%	-22%
Transfer Tax	45,881	100,000	72,010	72%	57%
Fines & Collections	51,085	87,000	77,335	89%	51%
Interest Earned & Rents Received	103,269	68,001	105,806	156%	2%
Miscellaneous	100,587	23,210	27,538	119%	-73%
Transfers-in	255,742	541,563	283,259	52%	11%
Total Revenue	\$ 6,453,646	\$ 11,605,829	\$ 7,223,592	62%	12%



FY 2017-18 General Fund Revenue

- **Sales Tax.** For the six month period ended December 31, the City received 54% of the budget, 6% more than the same period last fiscal year. The City contracts with HDL for sales tax projections.
- **Property Tax.** The City received 106% of the adopted budget, and 1% less than last fiscal year. Secured property tax revenue increased 6.1%, and unsecured property decreased by 9.9%.
- **RDA Residual Receipts.** The City received 123% of the adopted budget, and 12% more than last fiscal year. While this revenue source will fluctuate with assessed valuations, the expenses of the Successor Agency also have an impact.
- **Transient Occupancy Tax.** The City received 66% of the adopted budget, an 8% increase over the prior year.
- **Development Related Permits.** This category includes building and planning plan check and permit revenue. The City's received 83% of the budgeted revenue, a 10% increase over last year.



FY 2017-18 General Fund Expenditure

	FY 16-17 as of 1/31	Amended Budget	FY 17-18 as of 1/31	% Budget	% change PY vs CY
City Council	97,289	158,357	102,976	65%	6%
City Attorney	248,392	282,150	185,456	66%	-25%
City Manager's Office	1,240,479	2,591,206	1,248,826	48%	1%
Finance	907,713	1,605,004	970,399	60%	7%
Planning and Building	1,051,122	1,691,720	994,165	59%	-5%
Police	2,804,683	5,329,847	3,073,369	58%	10%
Fire	1,771,335	3,061,407	2,132,938	70%	20%
Transfers-out	1,670,315	762,638	694,290	91%	-58%
G&A Allocation	(1,576,740)	(3,223,545)	(1,604,384)	50%	2%
Total Expenditure	\$ 8,214,589	\$ 12,258,784	\$ 7,798,035	63.6%	-5%



FY 2017-18 General Fund Expenditure

	FY 16-17 as of 1/31	Amended Budget	FY 17-18 as of 1/31	% Budget	% change PY vs CY
Wages & Benefits	5,451,018	10,373,075	6,228,675	60%	14%
Other Employee Related Expenses	95,385	193,600	93,395	48%	-2%
Internal Service & Replacement Fees	1,093,211	1,900,129	1,108,408	58%	1%
Contracted Services	1,068,463	1,574,759	832,601	53%	-22%
Meetings Travel & Training	95,739	135,380	76,456	56%	-20%
Other Operating Expense	45,061	113,656	88,462	78%	96%
Utility Services	62,270	98,146	56,061	57%	-10%
Bank Fees	72,707	89,962	76,868	85%	6%
Maintenance & Supplies	37,818	72,092	29,761	41%	-21%
Telecommunication & Data Service	27,229	53,765	31,788	59%	17%
Printing	15,791	33,879	7,250	21%	-54%
Government Fees	18,124	28,711	24,119	84%	33%
Licenses, Membership & Dues	18,393	25,274	16,344	65%	-11%
Support of Local Organizations	9,000	17,000	9,000	53%	0%
Noticing	10,804	10,263	9,743	95%	-10%
Election Expense	-	-	19,197	100%+	0%
Transfers-out	1,670,315	762,638	694,290	91%	-58%
G&A Allocation	(1,576,740)	(3,223,545)	(1,604,384)	50%	2%
Total Expenditure	\$ 8,214,589	\$ 12,258,784	\$ 7,798,035	63.6%	-5%



FY 2017-18 General Fund

	FY 15-16 Actual	FY 16-17 Actual	FY 17-18 Amended
Beginning Fund Balance	\$ 7,552,141	\$ 8,897,332	\$ 8,148,416
Total Revenue	12,774,807	12,090,920	11,605,829
Total Expenditure	<u>(11,429,616)</u>	<u>(12,839,836)</u>	<u>(12,258,784)</u>
Estimated Ending Fund Balance	<u>\$ 8,897,332</u>	<u>\$ 8,148,416</u>	<u>\$ 7,495,461</u>
Change in Ending Fund Balance	\$ 1,345,191	\$ (748,916)	\$ (652,955)
<u>Components of Fund Balance</u>			
Reserve Policy	\$ 3,428,885	\$ 3,851,951	3,677,635
Pension Stabilization	2,597,673	3,104,144	3,487,144
Unrestricted, Unreserved	<u>2,870,774</u>	<u>1,192,321</u>	<u>330,682</u>
Total	<u>\$ 8,897,332</u>	<u>\$ 8,148,416</u>	<u>7,495,461</u>



What's Next

May

Study Sessions May 14

General Fund, Community Services & related CIPs

Study Session May 24

Water, Wastewater, Electric and related CIPs

June

Budget Adoption (June 4)



Questions?