CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 21, 2004 **ITEM NUMBER:**

SUBJECT: ADOPTION OF THE FISCAL YEAR 2004-2005 BUDGET

DATE: JUNE 15, 2004

FROM: FINANCE DEPARTMENT, ADMINISTRATION DIVISION

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: MARC PUCKETT AT (714) 754-5243

RECOMMENDATION:

1) Adopt Resolution approving the Fiscal Year 2004-2005 (FY 04-05) Budget.

BACKGROUND:

Staff presented the FY 04-05 proposed budget to the City Council at the Budget Study Session held on June 14, 2004. The attached Resolution reflects the adoption of the proposed budget as the City's spending plan for FY 04-05.

ANALYSIS:

The total proposed appropriation for all funds for FY 04-05 is $110,147,608. The adjustments made to the proposed budget increased the total appropriations by $1.1 million, as shown on the attached Exhibit A, including the $1.3 million interfund transfer from the Financing Authority Construction Fund to the General Fund. Compared to the FY 03-04 adopted budget, the FY 04-05 budget represents a decrease of $1 million or 0.92%, as shown in the following table. The proposed budget includes the operating and capital budgets for the following funds: General Fund, Special Revenue, Capital Projects and Internal Service Funds.

Appropriations/ All Funds	Proposed FY 04-05	Adopted FY 03-04	Increase (Decrease) Amount	Increase (Decrease) Percent
Operating Budget	$ 96,488,870	$ 93,343,684	$ 3,145,186	3.37%
Transfers Out	2,938,680	1,145,089	1,793,591	156.63%
Capital Budget	10,720,058	16,677,314	(5,957,256)	-35.72%
Total	$ 110,147,608	$ 111,166,087	$ (1,018,479)	-0.92%

The following table illustrates the total estimated revenue, total appropriations, and total fund balances used for all funds. As illustrated, $9.3 million of available fund balances plus $818,410 of PEG Funds Reserve are used to balance the budget for all funds. The $3.4 million estimated balance under the "All Other Funds" column simply represents the difference between total resources and total appropriations requests.

	General Fund	All Other Funds	Total
Estimated Revenue	$ 80,664,670	$ 19,825,387	$100,490,057
Transfers In	2,938,680	-	2,938,680
Use of PEG Funds Reserve	818,410	-	818,410
Use of Fund Balances	3,508,220	$ 5,811,144	9,319,364
Total Resources	$ 87,929,980	$ 25,636,531	$113,566,511
Total Appropriations*	87,929,980	22,217,628	110,147,608
Estimated Balance	$ -	$ 3,418,903	$ 3,418,903

* Includes transfers out

The FY 04-05 General Fund proposed budget is using current available fund balance including $818,410 set aside for PEG (Public Education Government) to provide cable television services. Below is a list of fund balances proposed to be used in each of the fund:

Fund	Amount Used
General Fund*	$ 4,326,630
Gas Tax Fund	2,146,630
Prop 172 Fund	1,147,032
AQMD Fund	89,025
HOME Fund	336,754
CDBG Fund	110,707
Narcotics Forfeiture Fund	165,800
Capital Improvement Fund	524,580
Financing Authority Fund	1,264,100
Self Insurance Fund	26,516
Total use of fund balances	$ 10,137,774

** Includes use of PEG Funds $818,410*

The following table is a summary of the FY 04-05 total appropriations by fund type, compared with the adopted budget for the current year:

	Proposed FY 04-05	Adopted FY 03-04	Increase (Decrease) Amount	Increase (Decrease) Percent
General Fund	$ 87,929,980	$ 84,924,170	$ 3,005,810	3.54%
Special Revenue Funds*	10,308,880	14,888,369	$(4,579,489)	-30.76%
Debt Service Funds	-	261,250	$ (261,250)	-100.00%
Capital Projects Funds	6,251,093	5,280,815	$ 970,278	18.37%
Internal Service Funds	5,657,655	5,811,483	$ (153,828)	-2.65%
Total	$110,147,608	$111,166,087	$(1,018,479)	-0.92%

* Include transfers out

ALTERNATIVES CONSIDERED

The State Government Code requires the annual budget to be adopted prior to the beginning of the fiscal year, which is July 1. Therefore, no alternatives were considered.

FISCAL REVIEW

The proposed budget, as presented, provides for adequate resources to fund the total proposed appropriations and maintains the City's current General Fund Operating Reserve at $14.125 million.

LEGAL REVIEW

The City Attorney has reviewed and approved the attached resolution as to form.

CONCLUSION:

The proposed budget continues to provide an outstanding level of service and is balanced without an increase in taxes and fees to the citizens of Costa Mesa at this time.

Finally, please note that the community budget overview video prepared to air over the City's municipal access channel will begin airing over CMTV 24 pursuant to the following schedule:

Mondays - 5:00P.M.; Wednesdays - 4:00P.M.; Saturdays - 2:00P.M.; Sundays - 12:30P.M.

The first scheduled airing of the video is on Wednesday, June 16, 2004 at 4:00P.M.

Staff is available to answer any questions you may have about the FY 04-05 proposed budget at your convenience.

AGNES T. WALKER Budget & Research Officer	MARC R. PUCKETT Director of Finance

Attachments: Resolution Adopting the Budget for Fiscal Year 2004-2005
Exhibit A – Adjustments to the Proposed Budget for Fiscal Year 2004-2005