



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 20, 2006

ITEM NUMBER:

SUBJECT: ADOPTION OF THE FISCAL YEAR 2006-2007 BUDGET

DATE: JUNE 14, 2006

FROM: FINANCE DEPARTMENT, ADMINISTRATION DIVISION

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: AGNES WALKER AT (714) 754-5241

RECOMMENDED ACTION:

- 1) Adopt the attached Resolution approving the Fiscal Year 2006-2007 Budget.

BACKGROUND:

Staff presented to the City Council, the Proposed Operating & Capital Improvement Budget for FY 06-07 during the budget study session held on June 13, 2006. The attached Resolution reflects the adoption of the proposed budget as the City's spending plan for FY 06-07.

ANALYSIS:

The total proposed appropriations for all funds is \$126,863,406. The adjustments made to the proposed budget (after the document was distributed to the City Council) increased the total appropriations by \$957,711 per Attachment 2. Compared to the FY 05-06 adopted budget, the FY 06-07 proposed budget represents an increase of \$8.5 million or 7.17%, as shown in the following table. The proposed budget includes the operating and capital improvement budgets for the following funds: General Fund, Special Revenue, Capital Projects, and Internal Service Funds.

<u>PROPOSED BUDGET - ALL FUNDS</u>					
Appropriations/ <u>All Funds</u>	Proposed <u>FY 06-07</u>	Adopted <u>FY 05-06</u>	<u>Increase (Decrease)</u> <u>Amount</u>	<u>Percent</u> <u>t</u>	Percent <u>of Total</u>
Operating Budget	\$110,526,266	\$104,535,301	\$5,990,965	5.73%	87.12%
Transfers Out	1,047,240	1,874,000	(826,760)	44.12%	0.83%
Capital Budget	15,289,900	11,970,254	3,319,646	27.73%	12.05%
Total	<u>\$126,863,40</u>	<u>\$118,379,55</u>	<u>\$8,483,85</u>	<u>7.17%</u>	<u>100.00</u> %

The following table illustrates the total estimated revenue, total appropriations, and total fund balances used for all funds. A total of \$5.6 million of available fund balances plus \$369,593 of PEG funds may be used to balance the budget for all funds. The \$1.6 million estimated balance under the "All Other Funds" column simply represents the difference between total resources and total appropriations requests.

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The FY 06-07 General Fund proposed budget is using current available fund balance including \$369,593 set aside as PEG (Public Education & Government) funds to provide cable television services. The estimated fund balances to be used are listed in the following table:

<u>ESTIMATED FUND BALANCES TO BE USED</u>	
<u>Fund</u>	<u>Amount</u>
	\$
General Fund*	2,742,664
Prop 172 Fund	263,361
AQMD Fund	41,000
HOME Fund	27,506
Park Development Fees Fund	456,820
Supplemental Law Enforcement Fund	10,611
Narcotics Forfeiture Fund	174,000
Capital Improvement Fund	944,800
Vehicle Parking Districts	40,890
Equipment Replacement Fund	1,121,293
Self-Insurance Fund	153,711
	\$
Total use of fund balances	<u>5,976,656</u>

* Includes use of PEG Cable Funds \$369,593

The following table is a summary of the FY 06-07 total appropriations by fund type for all funds, compared with the adopted budget for the current year:

Fund Type	Proposed	Adopted	Increase (Decrease)	
	FY 06-07	FY 05-06	Amount	Percent
General Fund	\$100,628,214	\$95,055,890	\$5,572,324	5.86%
Special Revenue Funds*				11.10%

	6,734,098	7,575,064	(840,966)	
Capital Projects Funds*	11,945,920	8,692,615	3,253,305	37.43%
Internal Service Funds*	<u>7,555,174</u>	<u>7,055,986</u>	<u>499,188</u>	7.07%
Total	<u>\$126,863,406</u>	<u>\$118,379,555</u>	<u>\$8,483,851</u>	<u>7.17%</u>
* 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 within existing resources.

Staff is available to answer any questions you may have about the FY 06-07 proposed budget at your convenience.

AGNES T. WALKER
Budget & Research Officer

MARC R. PUCKETT
Director of Finance

- Attachment 1: [Resolution Adopting the Budget for FY 06-07](#)
Attachment 2: [Reconciliation of Changes to the Proposed Budget for FY 06-07](#)