



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 19, 2007

ITEM NUMBER: VII-3(b)

SUBJECT: ADOPTION OF THE FISCAL YEAR 2007-2008 BUDGET

DATE: JUNE 14, 2007

FROM: FINANCE DEPARTMENT, ADMINISTRATION DIVISION

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: BOBBY YOUNG AT (714) 754-5241

RECOMMENDED ACTION:

- 1) Adopt the attached Resolution Number 07-__ approving the Fiscal Year 2007-2008 Operating and Capital Improvement Budget.
- 2) Provide direction on the outstanding items as listed herein.

BACKGROUND:

Staff presented to the City Council, the Proposed Operating & Capital Improvement Budget for Fiscal Year 2007-2008 during the budget study session held on June 12, 2007. The attached Resolution reflects the recommended adoption of the proposed budget as the City's spending plan for Fiscal Year 2007-2008.

ANALYSIS:

The total proposed appropriations for all funds are \$130,022,676. The adjustments made to the proposed budget (after the document was distributed to the City Council) decreased the total appropriations by \$118,473 per Attachment 2. Compared to the Fiscal Year 2006-2007 adopted budget, the Fiscal Year 2007-2008 proposed budget represents an increase of \$1.7 million or 1.33%, 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.

PROPOSED BUDGET - ALL FUNDS					
<u>Appropriations/ All Funds</u>	<u>Proposed FY 07-08</u>	<u>Adopted FY 06-07</u>	<u>Increase (Decrease)</u>		<u>Percent of Total</u>
			<u>Amount</u>	<u>Percent</u>	
Operating Budget	\$120,871,896	\$111,103,929	\$9,767,967	8.79%	92.96%
Transfers Out	2,060,780	1,482,240	578,540	39.03%	1.58%
Capital Budget	7,090,000	15,724,900	(8,634,900)	(54.91%)	5.46%
Total	\$130,022,676	\$128,311,069	\$1,711,607	1.33%	100.00%

The following table is a summary of the Fiscal Year 2007-2008 total appropriations by fund type for all funds, compared with the adopted budget for the current year:

Fund Type	Proposed FY 07-08	Adopted FY 06-07	Increase (Decrease)		Percent of Total
			Amount	Percent	
General Fund*	\$110,305,535	\$101,640,877	\$8,664,658	8.52%	84.84%
Special Revenue Funds*	6,791,814	6,734,098	57,716	0.86%	5.22%
Capital Projects Funds*	4,825,000	12,380,920	(7,555,920)	(61.03%)	3.71%
Internal Service Funds*	8,100,327	7,555,174	545,153	7.22%	6.23%
Total	<u>\$130,022,676</u>	<u>\$128,311,069</u>	<u>\$1,711,607</u>	<u>1.33%</u>	<u>100.00%</u>

* Includes transfers out

The following table illustrates the total estimated revenue, total appropriations, and total fund balances used for all funds. A total of \$6.3 million of available fund balances, which includes \$164,457 of PEG funds reserve, may be used to balance the budget for all funds. The \$1.5 million "use of fund balances" listed under the "All Other Funds" column represents the net effect of both the use of fund balance by some funds and total resources exceeding total appropriations by other funds.

Description	General Fund	All Other Funds	Total
Estimated Revenue	\$103,483,674	\$18,178,300	\$ 121,661,974
Transfers In	2,060,780	-	2,060,780
Use of PEG Funds Reserve	164,457	-	164,457
Use of Fund Balances	4,596,624	1,538,841	6,135,465
Total Resources	\$110,305,535	\$19,717,141	\$ 130,022,676
Total Appropriations*	110,305,535	19,717,141	130,022,676
Estimated Balance	\$ -	\$ -	\$ -

* Include transfers out

The Fiscal Year 2007-2008 proposed budget includes the use of fund balance by some funds including the General Fund. The estimated amounts of fund balances to be used by those funds are listed in the following table:

<u>ESTIMATED FUND BALANCES TO BE USED</u>	
<u>Fund</u>	<u>Amount</u>
General Fund*	\$ 4,761,081
Prop 172 Fund	335,274
AQMD Fund	21,000
Drainage Fees Fund	31,100
Supplemental Law Enforcement Fund	15,098
Narcotics Forfeiture Fund	33,700
Capital Improvement Fund	2,303,000
Equipment Replacement Fund	809,484
Total use of fund balances	<u>\$ 8,309,737</u>

* Includes use of PEG Cable Funds \$164,457

In addition to consideration of the Fiscal Year 2007-2008 Proposed Operating and Capital Improvement Budget, as presented above, staff is requesting further direction on the following three items:

1. City of Costa Mesa Seasonal Banner Program.
2. City Manager Newsletter, including frequency and method of distribution.
3. Council Chamber Audio Visual Upgrades/Renovations.

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

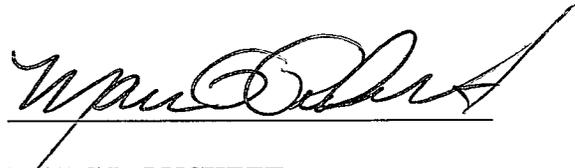
The City Attorney has reviewed and approved the attached resolution as to form.

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 Fiscal Year 2007-2008 proposed budget at your convenience.



BOBBY YOUNG
Budget & Research Officer



MARC R. PUCKETT
Director of Finance

Attachment 1: Resolution Adopting the Budget for FY 07-08

Attachment 2: Reconciliation of Changes to the Proposed Budget for FY 07-08

RESOLUTION NO. 07-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ADOPTING A BUDGET FOR THE FISCAL YEAR 2007-2008.

THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, the Proposed Budget for Fiscal Year 2007-2008 year has been prepared in compliance with Section 2-153 of the Costa Mesa Municipal Code.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1: The annual budget for the City of Costa Mesa for the Fiscal Year beginning July 1, 2007 and ending June 30, 2008 is hereby adopted as set forth in the Proposed 2007-2008 Budget.

PASSED AND ADOPTED this 19th day of June, 2007.

Allan R. Mansoor, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie Folcik, City Clerk

Kimberly Hall Barlow, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, JULIE FOLCIK, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 07-_____ and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 19th day of June, 2007, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 20th day of June, 2007.

JULIE FOLCIK, CITY CLERK

(SEAL)

CITY OF COSTA MESA
ADJUSTMENTS TO THE FY 07-08 PROPOSED BUDGET

<u>DEPARTMENT</u>	<u>AMOUNT</u>	<u>COMMENTS</u>
<u>Budget Adjustment</u>		
MIS	129,600	Oracle/Peoplesoft license agreement
Police	16,927	Gang Prevention and Supression Officer
Risk Management	(165,000)	Reduction of Insurance Premium estimate
Citywide Traffic Calming Guidelines Project	(100,000)	Remove Project as directed
Total	<u>\$ (118,473)</u>	
 <u>Funding Sources:</u>		
General Fund	\$ 16,527	
AQMD Fund	(100,000)	
Equipment Replacement Fund	(35,000)	
Total	<u>\$ (118,473)</u>	
 <u>Account Distribution</u>		
Consulting	\$ 129,600	525700-101-14500-50710
Other Costs	16,927	540900-101-15300-10135
Buildings & Personal Property	(130,000)	540500-101-14400-50661
Sub-total - General Fund	<u>\$ 16,527</u>	
Citywide Traffic Calming Guidelines Project - AQMD Fund	<u>(100,000)</u>	no distribution assigned
Physical Damage - Equipment Replacement Fund	<u>\$ (35,000)</u>	540400-601-19500-50920
Total	<u>\$ (118,473)</u>	
 <u>RECAP:</u>		
Total Proposed Budget for All Funds	\$ 130,141,149	
Adjustments	(118,473)	
Revised Proposed Budget	<u>\$ 130,022,676</u>	