



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 15, 2010

ITEM NUMBER: 1

SUBJECT: ADOPTION OF THE FISCAL YEAR 2010-2011 BUDGET

DATE: JUNE 11, 2010

FROM: FINANCE DEPARTMENT, ADMINISTRATION DIVISION

PRESENTATION BY: BOBBY YOUNG, BUDGET AND RESEARCH OFFICER

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

RECOMMENDED ACTION:

- 1) Adopt the attached Resolution Number 10-__ approving the Fiscal Year 2010-2011 Operating and Capital Improvement Budget.
- 2) Provide direction on the outstanding items as listed herein.

BACKGROUND:

Staff uses the Study Session to present to the City Council in more detail, the Proposed Operating & Capital Improvement Budget for Fiscal Year 2010-2011. The proposed budget is the City's preliminary spending plan for Fiscal Year 2010-2011.

ANALYSIS:

The total proposed appropriations for all funds are \$108,245,490. Compared to the Fiscal Year 2009-2010 adopted budget, the Fiscal Year 2010-2011 proposed budget represents a decrease of \$10.0 million or (8.47%), 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/ All Funds	Proposed FY 10-11	Adopted FY 09-10	<u>Increase (Decrease)</u>		Percent of Total
			Amount	Percent	
Operating Budget	\$102,350,838	\$111,853,766	(\$9,502,928)	(8.50%)	94.55%
Transfers Out	2,076,064	1,543,000	533,064	34.55%	1.92%
Capital Budget	3,818,588	4,864,020	(1,045,432)	(21.49%)	3.53%
Total	<u>\$108,245,490</u>	<u>\$118,260,786</u>	<u>(\$10,015,296)</u>	<u>(8.47%)</u>	<u>100.00%</u>

The following table is a summary of the Fiscal Year 2010-2011 total appropriations by fund type for all funds, compared with the adopted budget for the current year:

Fund Type	Proposed FY 10-11	Adopted FY 09-10	Increase (Decrease)		Percent of Total
			Amount	Percent	
General Fund*	\$ 93,134,519	\$102,408,217	(\$9,273,698)	(9.06%)	86.12%
Special Revenue Funds*	6,227,554	5,921,151	306,403	5.17%	5.76%
Capital Projects Funds*	3,317,069	3,765,753	(448,684)	(11.91%)	3.07%
Internal Service Funds*	5,466,348	6,165,665	(699,317)	(22.09%)	5.05%
Total	<u>\$108,145,490</u>	<u>\$118,260,786</u>	<u>(\$10,115,296)</u>	<u>(8.51%)</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. The negative \$1,676,727 “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	\$ 83,187,650	\$13,234,244	\$96,421,894
Transfers In	1,976,064	100,000	2,076,064
Use of Fund Balances	8,070,805	1,676,727	9,747,532
Total Resources	<u>\$ 93,234,519</u>	<u>\$15,010,971</u>	<u>\$108,245,490</u>
Proposed Operating Budget	93,134,519	9,216,319	102,350,838
Proposed Capital Budget	-	3,818,588	3,818,588
Transfers Out	100,000	1,976,064	2,076,064
Total Appropriations	<u>\$ 93,234,519</u>	<u>\$15,010,971</u>	<u>\$108,245,490</u>

The Fiscal Year 2009-2010 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	\$ 8,070,805
Drainage Fees Fund	180,800
Narcotics Forfeiture Fund	129,000
Capital Improvement Fund	1,626,064
Measure “M” Turnback Fund	150,000
Equipment Replacement Fund	2,105,163
Total use of fund balances	<u>\$ 12,261,832</u>

It should be noted, the Proposed General Fund use of fund balance of \$8,070,805 is merely a placeholder as the City continues to analyze other options for reducing the use of fund balance. These other options are a combination of: the meet and confer process with employee union groups, increase in revenue sources, and possible further reduction in appropriations from what is presented above. It is the City's intend to reduce the use of fund balance to the lowest amount possible during the 2010-11 fiscal year.

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 for all funds except the General Fund. Currently, the proposed budget estimates a use of fund balance in the amount of \$8.1 million. Through the combination of: the meet and confer process, increase in revenue sources and possible further reduction in appropriations from what is proposed above, the City intends to reduce the use of fund balance in the General Fund to the lowest amount possible during the 2010-11 fiscal year.

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 including the use of fund balance for some funds. Staff is available to answer any questions you may have about the Fiscal Year 2010-2011 proposed budget at your convenience.

BOBBY YOUNG
Budget & Research Officer

Attachment 1: [Resolution Adopting the Budget for FY 10-11](#)