

Budget Symposium

MARCH 23, 2016

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TODAY YOU WILL SEE

**Overview
Budget 101**

**Funds,
Revenue and
Expenditures**

Question?

Key Definitions

- Revenues: Sources of income that the City collects and receives for the payment of expenses (i.e. income)
- Expenditures: the act of spending money for good, services, infrastructure or capital improvements (i.e. expenses)
- Fund: Self balancing set of accounts to provide reporting of revenues and expenditures
- Proposed Budget: Budget submitted by the City Manager to the City Council
- Adopted Budget: The budget formally adopted by City Council

Funds

- General Fund = General Government
- Special Revenue Fund = specific, segregated revenue stream
 - Disaster Contingency
- Capital Improvement Funds = For Capital projects

Funds (Continued)

- Enterprise Funds = Typically self-supporting
 - Wastewater (Sewer) Fund
- Internal Service Funds = Provides services to internal customers
 - Vehicle Replacement Fund

Reserves

- Reserves are similar to a savings account
- Reserves are funds accumulated for use in emergency
 - Disaster Contingency Fund (\$6.1 million)
- Reserves are restricted (held for specific uses) and unrestricted (available for use)
 - General Fund 20% reserve (\$11.6 million)

Budget Overview

BUDGET 101

What is a budget

- Main purpose is to present to City Council, the public, and city staff a clear picture of the services the city plans to provide over the next two years.
- Reflects the City Council and City Manager's approach to execute the goals, plans, and services of the City.
- Serves as the foundation for financial planning and control.
- A communication tool to the public on financial resources and spending.

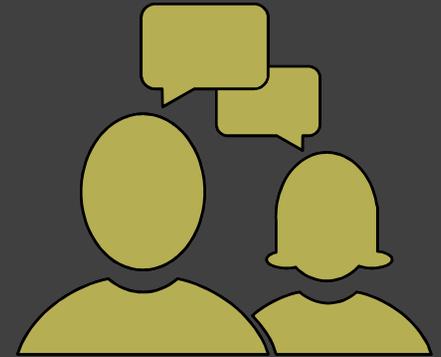
BUDGET 101

- A balanced two-year budget must be approved by the City Council before July 1
- It isn't just numbers
- It Reflects:
 - Goals
 - Ideals
 - Needs and
 - Priorities of the City



Budget 101

- In May City Manager releases the preliminary budget
- In May City Council begins public hearings
 - Budget workshop in May
 - Budgeting meeting in June
- Public Meetings in May and June is your chance to have your say on spending money on a certain services or projects.
- However, the budget has already gone through a rigorous process.



Earlier in the year...

- Framework for the budget begins months before the Budget Workshop
- In January, City Council sets strategic priorities for the next two years
- Each department puts together a budget to submit to the City Manager
- City Manager meets with departments to outline City goals and priorities to included in the budget
- Proposed budget to City Council by May 2



City Council

- From Preliminary budget, Workshops and Public Meetings The City Council gets input from:
 - Departments,
 - City Manager, and
 - The Public
- City Council Can Make changes at any time during the budget meetings
- Budget Adopted in June

The Process

Budget Document

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- Budget Transmittal Letter
 - Articulates priorities and issues for the upcoming two year and future years
 - Financial outlook and recent developments
 - Changes to employee position
 - Summary of significant issues and projects

Budget Document

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- Summary Financial Information
 - Fund Balance Schedules
 - Sources/Uses of Funds
 - Positions in Departments
 - Revenue Details
 - Expenditures by Department/Expenditures in total
 - 10-Year Capital Improvement Program

Organizational Structure

- The budget is presented by departments and by Fund
- There are 14 departments
- Revenues and Expenditures by Line item
 - Departments and Division
 - Allows evaluation on the basis of expenditures
- Strongest feature is the high degree of control

		Public Works Department Budget Detail		All Divisions	
Account No.	Account Title	Actual Expenditures 2013-14	Adopted Budget 2014-15	Adopted Budget 2015-16	Adopted Budget 2016-17
Salaries and Wages					
1001	Salaries, Full Time	\$3,549,522	\$3,884,100	\$4,192,000	4,317,400
1003	Salaries, Part Time	842,598	811,100	1,252,000	1,252,000
1006	Salaries, Overtime	176,518	161,400	187,300	187,300
1009	Salaries, Redistributed	42,100	42,400	28,100	28,100
1038	Sick Leave Payoff	55,576	33,300	37,800	39,100
1040	Vacation Payoff	59,641	73,600	72,800	76,700
1042	Comp Time Payoffs	2,500	2,500	2,000	2,000
1053	Holiday Allowance	1,616			
1101	Retirement	780,893	833,000	783,000	865,400
1103	P.A.R.S. Retirement	11,952	30,500	47,000	47,000
1104	P.E.R.S. Unfunded Liability		241,500	357,100	303,300
1201	Workers' Compensation	114,200	114,200	121,400	121,400
1300	Employee Group Insurance	683,400	751,800	865,600	939,100
1318	Medicare Insurance	50,765	63,200	78,900	80,700
	Subtotal	6,371,281	7,042,600	8,025,000	8,259,500
Maintenance and Operations					
2001	Uniforms and Laundry	21,505	33,100	40,000	40,000
2011	Training, Travel and Dues	19,138	27,600	33,900	34,100
2021	Natural Gas	5,274	8,500	5,900	6,200
2024	Electricity	280,460	307,800	282,600	296,700
2027	Water	232,487	158,200	223,600	235,600
2031	Telephone	16,248	31,400	20,400	21,300
2051	Gas and Lubrications	235,088	418,000	465,800	465,800
2101	Materials and Supplies	483,076	577,300	623,600	613,700
2150	Rents and Leases	541,695	510,100	760,000	762,400
2170	General Insurance	467,800	536,300	528,300	528,300
2201	Repairs and Maint. Automotive	218,988	188,000	236,000	236,000
2222	Repairs and Maint. Other	100,221	130,100	142,600	145,600
2281	Printing	24,299	49,100	56,800	56,800
2302	Legal Advertising		400	1,000	1,000
2401	Contractual Services	3,221,291	3,370,500	3,828,000	3,849,100
2432	Postage	5,041	6,000	2,500	2,500
2508	Vehicle Cost Redistribution	(120,444)	(90,000)	(90,000)	(90,000)
2804	Costs Redistributed	325,500	325,500	361,700	361,700
	Depreciation	197,697			
	Subtotal	6,275,364	6,587,900	7,522,700	7,586,800

City of Laguna Beach 91

What's In the City Budget?

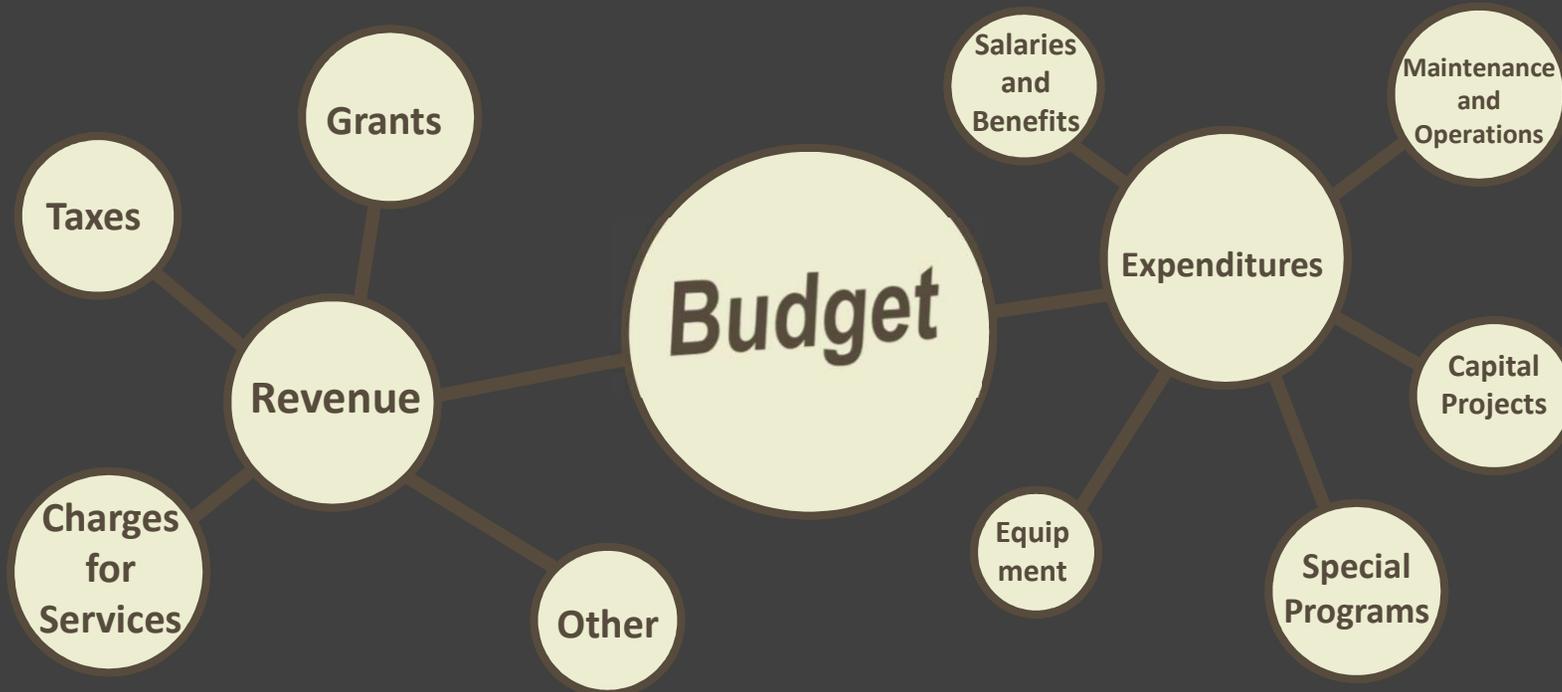


Revenue and Expenditures

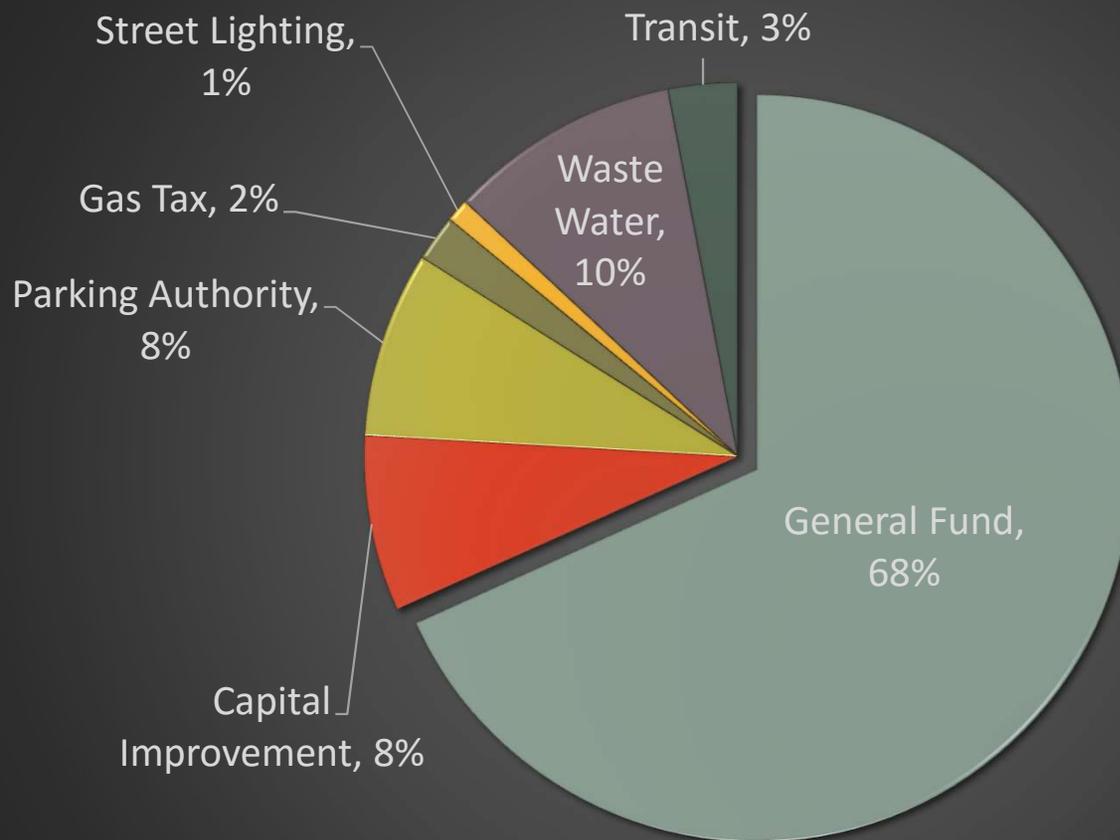
How Big is the Budget

- Budget is \$89 million
 - General Fund is \$55.8 million
 - Capital Projects \$6.3 million
 - Other Funds \$16.4 million
- Internal Service Funds \$10.5 million

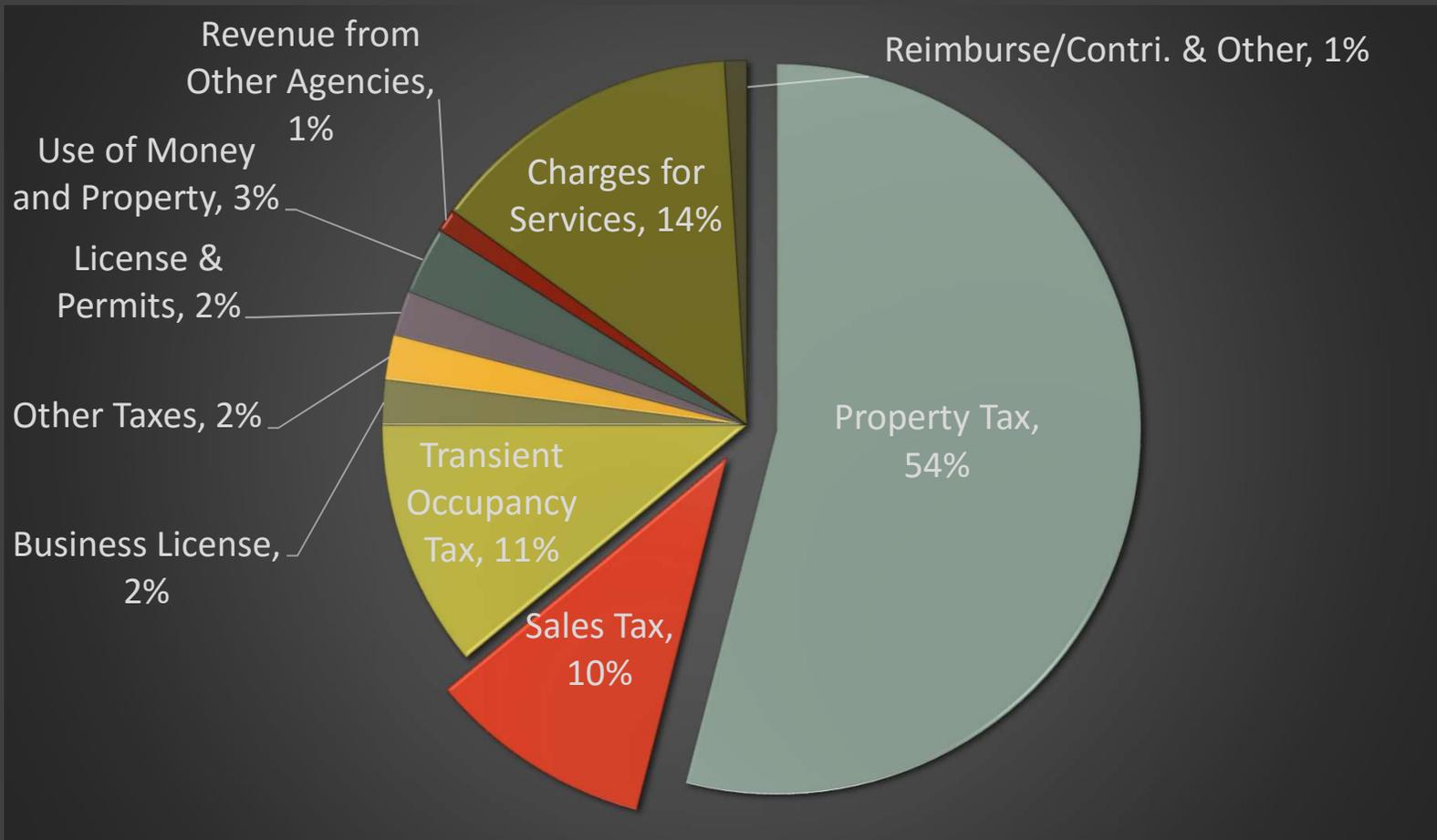
Preparing a budget



Revenues by Fund



General Fund Revenues



Property Taxes

How much goes to the City

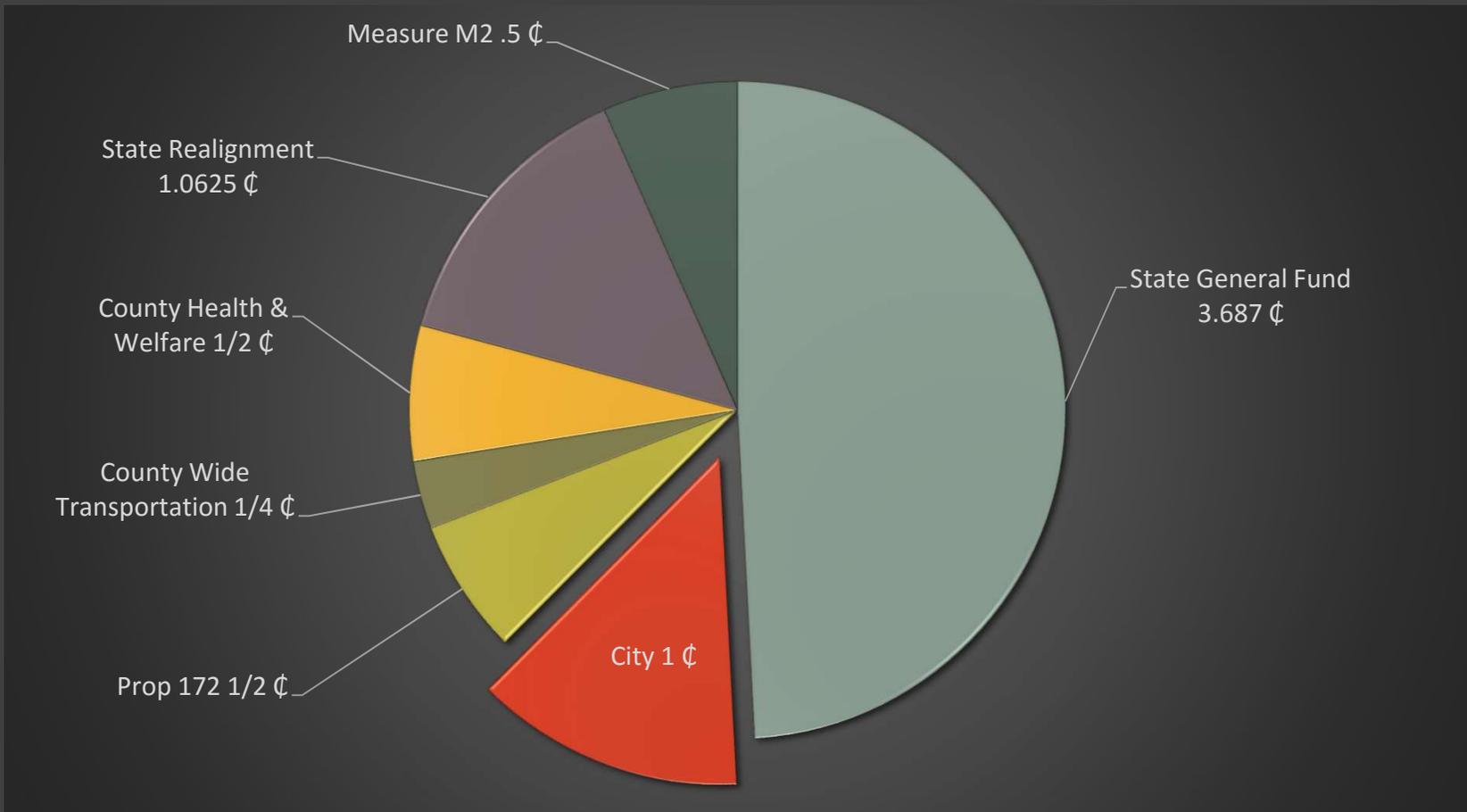
State, County,
Schools and
Special
Districts 76%

City, 24%



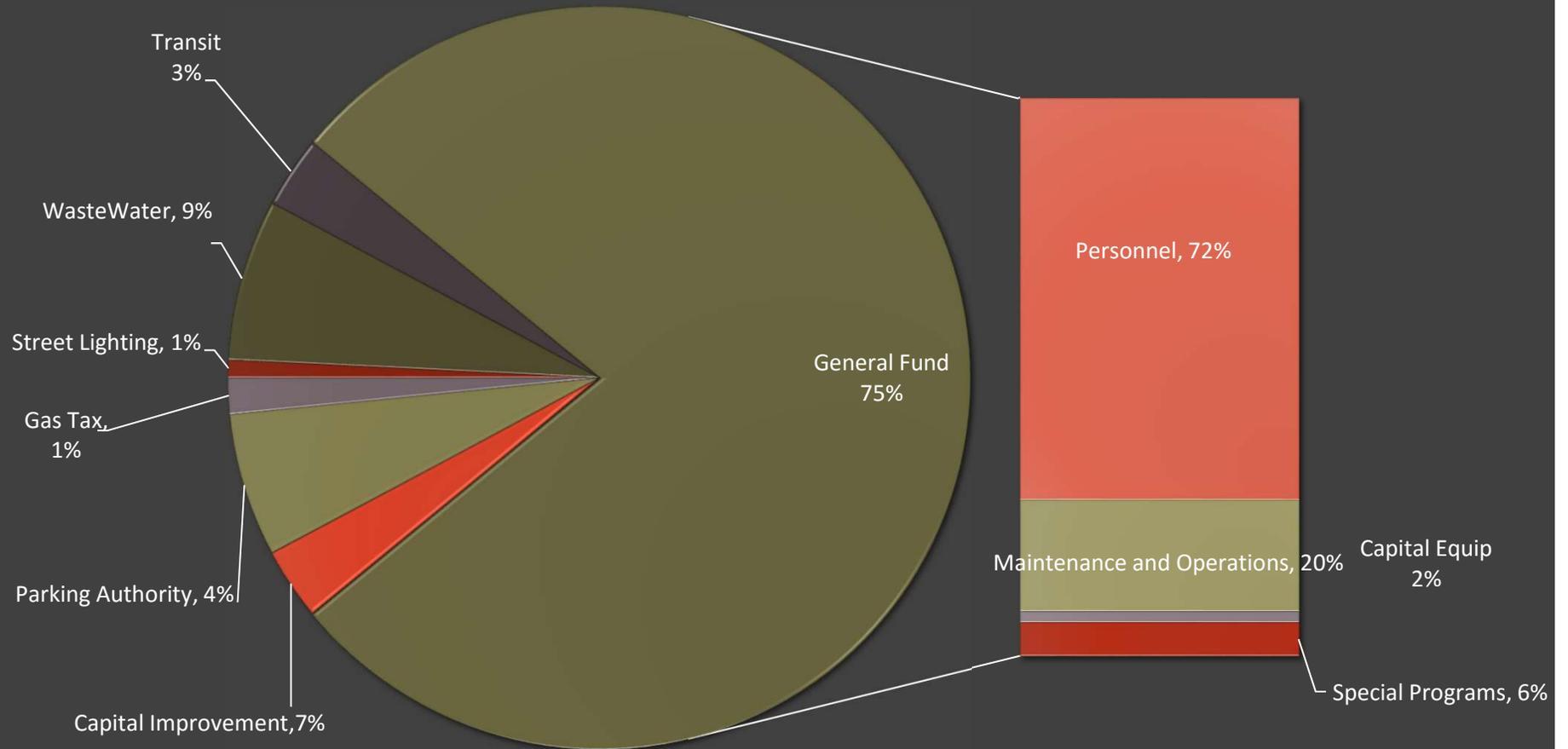
Sales Tax

For each dollar you spend

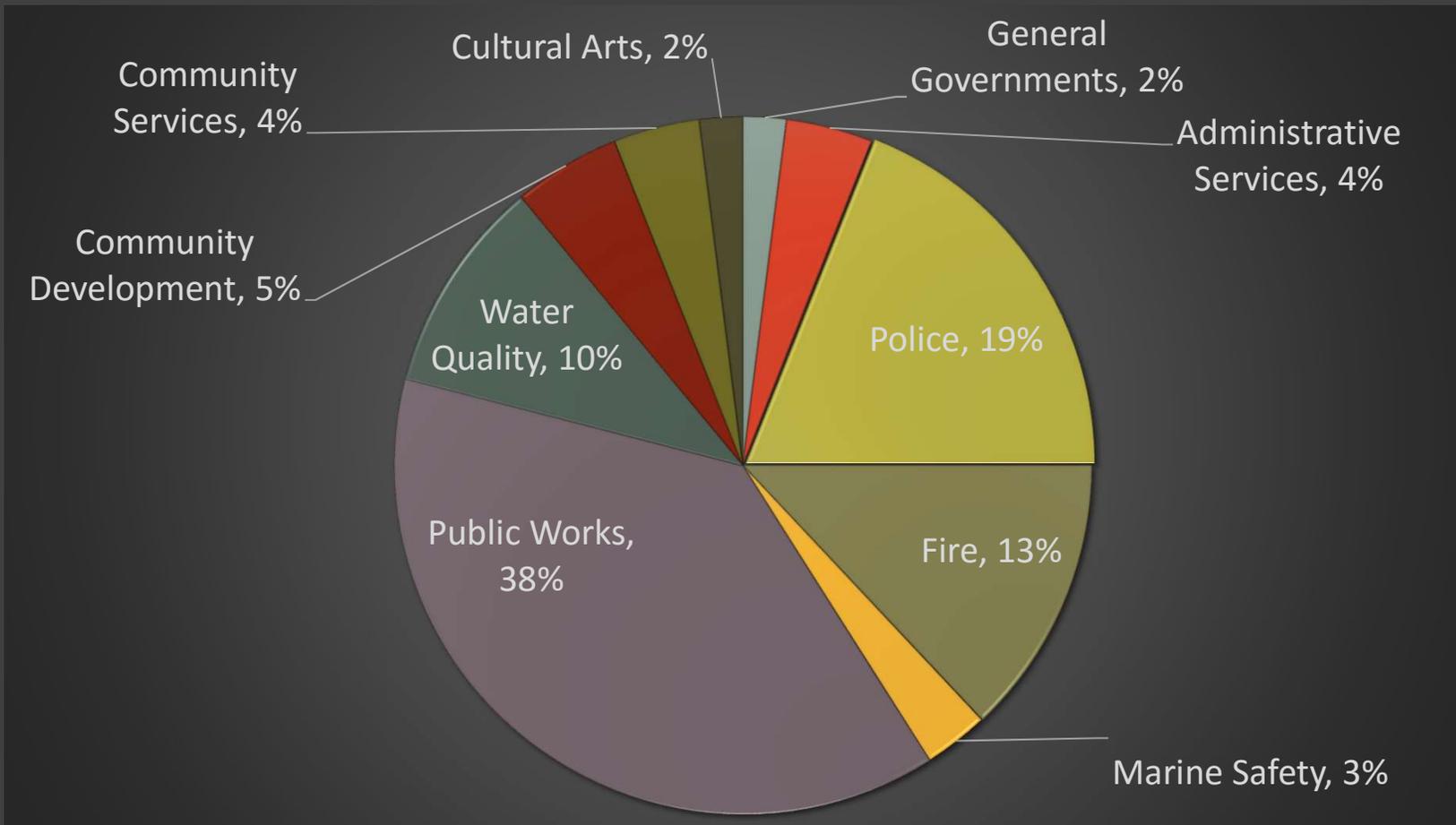


FY 2016-17 BUDGET BREAKDOWN

Expenditures by Fund



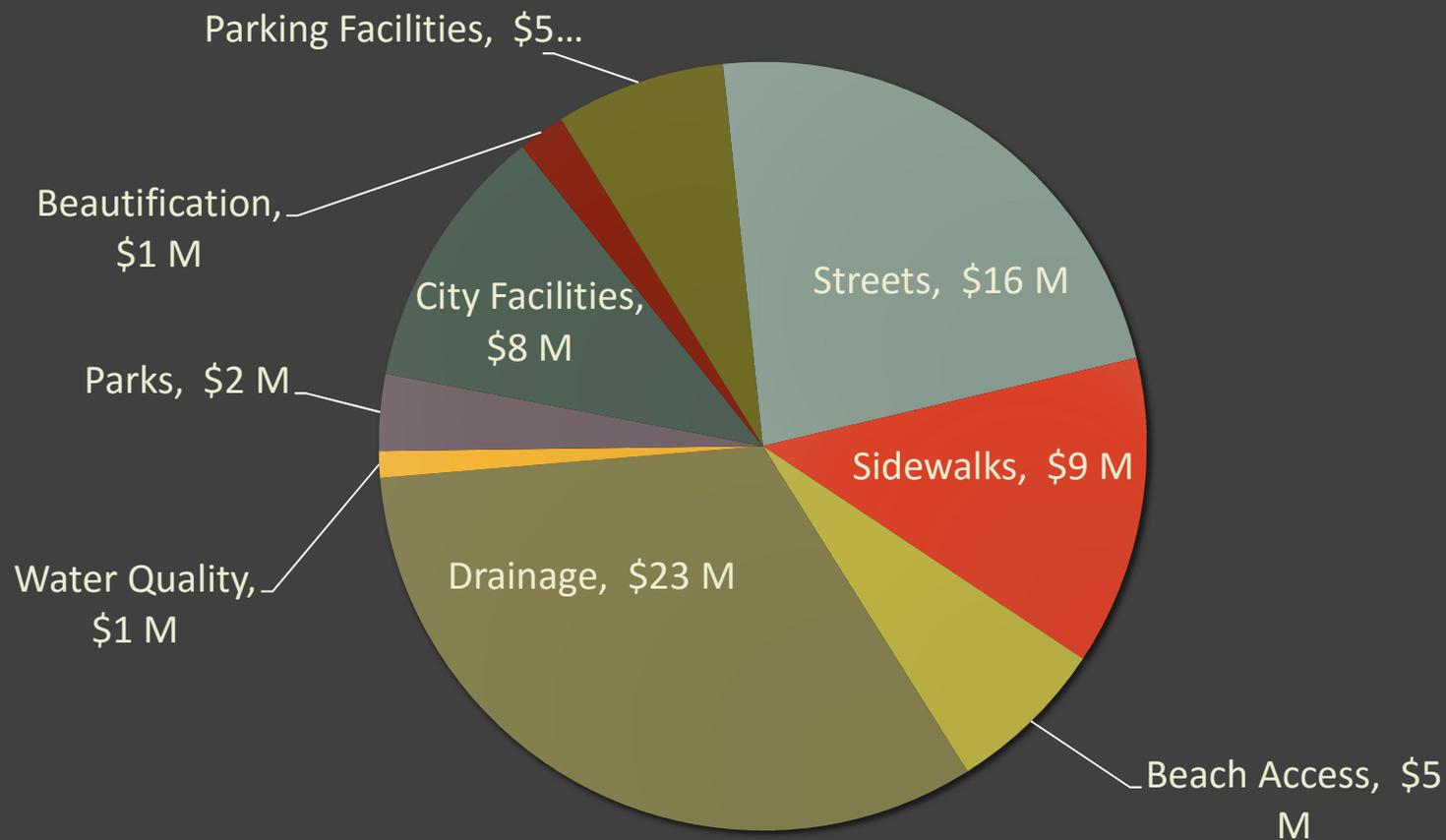
Expenditures by Department All Funds



Capital Improvement Program

- It's a ten-year Capital Improvement Program
- Large projects often constructed and budgeted over multiple years
- CIP Process
 - Review Revenue Projections
 - Review CIP from the past year
 - Add new projects
 - Re-prioritize projects

CIP 10-Year Distribution by Project Type Presented at Budget Workshop in 2013



The Process: A Review (Year 1)

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- Salary/Benefit, Healthcare and Fleet Inventory (Oct/Nov)
 - City Council strategies priorities communicated to staff (Jan)
 - Mid-year Presentation (January)
 - Revenue Estimates, two-year forecasts (March)
 - Comprehensive Department Review with City Manager (March)
 - Review 10-year CIP (March)
 - Preliminary Budget Submitted to City Council (May)
 - Budget Workshop (May)
 - Public Hearings (May/June)
 - Adoption of the Budget (June)

The Process: An Overview (Year 2)

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- City Council strategies priorities communicated to staff (Jan)
 - Mid-year Presentation (January)
 - Update revenue estimates (March)
 - Status Review with City Manager (March)
 - Review for any adjustments to 10-year CIP (March)
 - Preliminary Budget changes submitted to City Council (May)
 - Budget Workshop (May)
 - Public Hearings (May/June)
 - Adoption of the budget changes (June)

Fiscal Environment

The View for FY 2015-16 At Mid-Year

- The City's overall financial position is strong
- Positive growth in property tax, sales tax and transient occupancy tax
 - Chapman University Economic Forecast is positive growth through 2017
 - Property Tax increase in assessed value 6.75%
- Long Term Financial Issues:
 - Paying down the pension unfunded liability
 - Personnel Costs (salaries, benefits, healthcare)

Community Input Opportunities

- Preliminary Budget
- Budget Workshop in May
- Budget Meetings in June

Online Resources

- City website
 - www.lagunabeachcity.net
 - Includes Historical Budget Information
 - Includes Historical Financial Information
 - Search for video and documents of interest

Questions?

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