

City of California City

Budget

Fiscal Year(s)

July 1, 2007 – June 30, 2008

July 1, 2008 – June 30, 2009

Mayor David Evans

City Council

Mayor Pro tem

Nicholas Lessenevitch

Michael Edmiston

Kevin Schafer

Cathy Strong

Submitted: July 6, 2007

Adopted:

Executive Summary

The City Council requested a multi-year operating budget for fiscal years 07/08 and 08/09. This budget represents a two year fiscal plan, with the greatest emphasis on the 07/08 fiscal year. During the course of the next ten months refinements will be made to the 08/09 fiscal plan, along with development of the 09/10 fiscal year budget. Thus the City will maintain a two year budgeting cycle.

These budget documents include several Excel workbooks. Each reflects different levels of detail.

Schedule A- Payroll data at the most detailed level.

Schedule B- Development forms for financial detail for each major activity level (i.e. City Council). This articulates brief explanations of various proposed expenditures.

Schedule C- Spreadsheets depicting Major activities.

Schedule D- Spreadsheets depicting Functional areas. Functional areas combine similar major activities.

Schedule E- Spreadsheets depicting the equivalent of Department level functions. This workbook combines functional areas.

Schedule F- Single summary worksheet depicting proposed appropriations.

Schedule G- Full budget summary workbook. This includes pages for total Revenues, Expenditures and Fund Balances, and a combined page for all Forecasts, Projections and Appropriations.

Revenues

This budget reflects an 07/08 Forecast Revenue of \$12,878,750. This is a reduction from 06/07 in the amount of \$6,730,119. It forecasts a \$252,917 reduction from 06/07 estimated year end revenues.

06/07 Forecast-	19,608,869
06/07 Estimated Y/E-	13,131,667
07/08 Forecast-	12,878,750

The variance is due to three major factors:

1. Approximate \$5,000,000 USDA Loan classified in 06/07 as revenue.
2. Approximate \$1,000,000 FAA and CalTrans grants for the airport in 06/07.
3. Reductions in projected revenue from new housing starts.

Expenditures

This budget reflects an 07/08 proposed appropriation of \$16,164,922. This is a reduction from 06/07 in the amount of \$3,334,780. It forecasts a \$265,464 reduction from 06/07 estimated year end revenues.

These variances are due to the same factors which reduce revenues.

Revenues vs. Appropriations

Proposed expenditures exceed revenues by \$3,551,636.

07/08 Forecast-	12,878,750
07/08 Appropriation	<u>16,164,922</u>
	(3,551,636)

Projected Available Fund Balances are \$4,602,500. Use of available fund balances offset the deficit conditions between Forecasts and Proposed Appropriations.

07/08 Forecast-	12,878,750
07/08 Appropriation-	<u>16,164,922</u>
	(3,551,636)
Available Fund Balance	<u>4,602,500</u>
	1,050,864

Major Appropriations Comments

Subject to cost neutral additional organizational changes the personnel plan (Schedule A) reflects an approximate \$600,000 increase over the 06/07 staffing plan.

These increases result from substantive changes in Police, Code Enforcement, and facility maintenance functions. Contemplated is an increase in three new police officers and associated equipment. Also contemplated is an additional full-time Code Enforcement Officer. We are adding three additional entry level maintenance employees for grounds, builds and equipment.

This staffing plan reflects a five percent merit pay increases, plus a 2.5% COLA increase.

In addition to the full-time positions it is contemplated to hire four seasonal employees to work in the waste management function. These will be 40 hr/12 week positions. Their work plan will be to do public area and lot cleanup of blowing trash.

Heavy equipment and replacement vehicles account for the largest portion of the capital outlays, other than road reconstruction. The City's heavy equipment needs are extraordinary with significantly aged vehicles.

This budget reflects acquisition of an ambulance for the Fire Department. With the hiring of a new Fire Chief, management believes the City must make a firm commitment to the Fire/medical/rescue aspects of the department. This will include long-term progressive growth into the full scope of services, including ambulance response and transport. Negotiations will be required with the Kern County EMS.

Upgrades to the Police Department communications and software systems are essential. State requirements and upgrades to exterior systems make integration a growing problem. Capital expenditures reflect the necessary upgrades for the next two years.

Other Comments

As noted above the 08/09 budget are generalized projections. Over the course of the next ten months significant work will be required on that fiscal year.

Of greatest concern to management is the lack of a practical Capital Improvement Plan. Budgeting in the City for many years has only been at the operational level. Except for the past two years adherence to operational budgets has been lax. Although operational needs are demanding major refocusing must be placed on the immediate development of a seven year revolving Capital Improvement Plan prior to adoption of a firm 08/09 budget.

Conclusion

This budget is intended to meet what Management perceives as the City Council's priorities; Policing, Code Enforcement, routine aesthetic value for the community (cleanliness and trash control). This budget is also an attempt to streamline city operations, while maintaining flexibility.

The time and efforts expended in preparing this budget have included attempts to ensure accuracy. Yet, all spreadsheets and formulas were generated as an ongoing process. Any observations regarding errors or areas of improvement will be welcomed. This format is designed to replicate new accounting software, into which the adopted budget will be entered. This action will allow for far greater flexibility, and correlation, in financial reports. The account numbers used in this budget document will coincide with a new Chart of Accounts.

This budget is recommended for adoption at the July 17, 2007 City Council Meeting.

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