

# FY 2017-18

# MUNICIPAL BUDGET

CITY OF SOUTH GATE

APRIL 28, 2017

# South Gate Municipal Code

- Title 1, Chapter 1.22, Section 030, states that prior to June 15<sup>th</sup> of each year, the Chief Administrative Officer (City Manager) shall submit a budget to the City Council for adoption.

# General Fund

- Main operating fund of the City. Accounts for the majority of the day-to-day costs of operating the City.
  - General Fund revenues come from taxes, permits, fines & forfeitures, use of money & property, intergovernmental, fees & charges and other revenues.
  - General Fund expenditures include administration, police, community development, parks & recreation, public works and administrative services.

# General Fund Revenues

|   | Revenue Sources                    | FY 2016-17        | FY 2017-18        | % of Total |
|---|------------------------------------|-------------------|-------------------|------------|
| 1 | Sales Tax                          | 20,812,842        | 21,126,054        | 44.0%      |
| 2 | Property Taxes                     | 12,093,456        | 12,314,651        | 25.6%      |
| 3 | Other Taxes                        | 4,854,401         | 4,928,818         | 10.2%      |
| 4 | Other Revenues                     | 3,894,140         | 3,655,380         | 7.6%       |
| 5 | Fees & Charges                     | 2,528,048         | 2,300,029         | 4.8%       |
| 6 | Permits                            | 1,464,004         | 1,492,892         | 3.2%       |
| 7 | Use of Money & Property            | 1,149,075         | 1,116,489         | 2.4%       |
| 8 | Fines & Forfeitures                | 927,500           | 950,600           | 2.0%       |
| 9 | Intergovernmental                  | 266,891           | 67,500            | 0.2%       |
|   | <b>Total General Fund Revenues</b> | <b>47,990,357</b> | <b>47,952,413</b> |            |

# General Fund Expenditures

|   | By Category                            | FY 2017-18        | % of Budget   |
|---|--|-------------------|---------------|
| 1 | Salaries & Benefits                    | 34,678,499        | 72.8%         |
| 2 | Supplies & Services                    | 10,205,514        | 21.4%         |
| 3 | Debt Service                           | 2,016,685         | 4.2%          |
| 4 | Admin Fees & SERAF Payments            | 450,400           | 1.0%          |
| 5 | Transfers-Out                          | 300,000           | 0.6%          |
| 6 | Capital Outlay                         | 18,600            | 0%            |
|   | <b>Total General Fund Expenditures</b> | <b>47,669,698</b> | <b>100.0%</b> |

# General Fund Expenditures

|   | By Department                          | FY 2017-18        | % of Budget   |
|---|--|-------------------|---------------|
| 1 | Police                                 | 26,706,939        | 56.0%         |
| 2 | Parks & Recreation                     | 7,434,370         | 15.6%         |
| 3 | Public Works                           | 3,909,437         | 8.2%          |
| 4 | Administrative Services                | 3,703,183         | 7.8%          |
| 5 | Administration                         | 3,036,557         | 6.4%          |
| 6 | Community Development                  | 2,879,212         | 6.0%          |
|   | <b>Total General Fund Expenditures</b> | <b>47,669,698</b> | <b>100.0%</b> |

# General Fund Balance

| Category                              | 6-30-16           |
|---------------------------------------|-------------------|
| Unassigned                            | 14,569,918        |
| Emergency Reserve                     | 5,000,000         |
| Capital Asset & Equipment Replacement | 4,000,000         |
| Building & Infrastructure Maintenance | 2,000,000         |
| Courthouse Rehabilitation             | 5,000,000         |
| Capital Projects                      | 3,116,000         |
| Parks & Recreation                    | 341,312           |
| Public Works                          | 115,000           |
| Non-Spendable/Restricted              | 11,985,345        |
| <b>Total General Fund Balance</b>     | <b>46,127,575</b> |

# General Fund

- The City's General Fund has been trending in a positive direction for the last few years.
  - Sales taxes have increased from \$11M in FY 2010/11 to \$20.8M in FY 2016/17.
  - Fund balance reserves have been established or increased.
  - After many years of no salary increases, employees received salary increases in 2015/16 and 2016/17.
  - FY 2017-18 Proposed Budget estimates revenues in excess of expenditures of \$282,715.



# General Fund

- Issues of concern for the General Fund:
  - CalPERS rates are going up more than originally anticipated due to CalPERS decision to reduce the discount rate from 7.5% to 7%.
  - Health insurance premiums expected to increase by approximately 5%.
  - ICRMA has implemented a special assessment for member cities to try to recoup excess losses from prior years. \$289K/yr. for 10 yrs.

# Other Fund Types

- Enterprise Funds
  - Funds that are operated similar to a business. Fees are charged to the users in amounts sufficient to cover all costs of operating “the business” as well as to accumulate funds for infrastructure and equipment maintenance.
    - Water Fund
    - Sewer Fund
    - Refuse Collection Fund

# Other Fund Types (Cont.)

- Internal Services Funds
  - Funds that account for internal services provided by one department or division to others to enable them to operate efficiently. Similar to enterprise funds, internal service funds should charge its customers amounts sufficient to cover its operating costs.
    - Information Systems Fund
    - Fleet Management Fund
    - Insurance Fund
    - Capital Asset & Equipment Replacement Fund
    - Building & Infrastructure Maintenance Fund

# Other Fund Types (Cont.)

- Special Revenue Funds
  - Funds that account for revenues received that are restricted as to their use. Often these funds are grants or specific taxes levied for specific purposes. The City has many special revenue funds.
    - Traffic Safety Fund
    - Gas Tax Fund
    - TDA Bikeway Fund
    - Street Sweeping
    - Road Repair & Accountability Act (SB1) Fund

# Other Fund Types (Cont.)

- Special Revenue Funds (Cont.)
  - Prop A Transit Fund
  - Prop C Transit Fund
  - AQMD Fund
  - Measure R Fund
  - Measure M Fund
  - Law Enforcement Grants Fund
  - Asset Seizure Fund
  - Housing Authority Fund
  - HOME Program Fund

# Other Fund Types (Cont.)

- Special Revenue Funds (Cont.)
  - CDBG Fund
  - Street Lighting & Landscaping Fund
  - Federal & State Grants Fund
  - UDAG Fund
  - Public Access Corporation Fund
  - Park Enhancement Fund
  - Measure A Park Improvements Fund
  - Successor Agency Fund

# 2017-18 Proposed Budgets

| Fund            | Revenues  | Expenditures | Surplus/Shortfall |
|-----------------|-----------|--------------|-------------------|
| Traffic Safety  | 165,240   | 305,515      | (140,275)         |
| Gas Tax         | 1,940,183 | 3,184,690    | (1,244,507)       |
| TDA Bikeway     | 127,968   | 0            | 127,968           |
| Street Sweeping | 706,021   | 674,361      | 31,660            |
| RR&AA (SB1)     | 689,895   | 0            | 689,895           |
| Prop A Transit  | 2,240,951 | 2,484,052    | (243,101)         |
| Prop C Transit  | 1,517,511 | 411,408      | 1,106,103         |
| AQMD            | 127,390   | 174,383      | (46,993)          |

# 2017-18 Proposed Budgets

| Fund                | Revenues  | Expenditures | Surplus/Shortfall |
|---------------------|-----------|--------------|-------------------|
| Measure R           | 1,119,919 | 8,665        | 1,111,254         |
| Measure M           | 1,323,009 | 0            | 1,323,009         |
| Law Enf. Grants     | 332,500   | 481,266      | (148,766)         |
| Asset Seizure       | 1,519,380 | 1,275,257    | 244,123           |
| Housing Authority   | 4,471,200 | 4,783,369    | (312,169)         |
| HOME Program        | 548,587   | 548,587      | 0                 |
| CDBG                | 1,994,262 | 2,586,497    | (592,235)         |
| Street Light & Land | 2,007,506 | 2,992,661    | (985,155)         |



# 2017-18 Proposed Budgets

| Fund               | Revenues   | Expenditures | Surplus/Shortfall |
|--------------------|------------|--------------|-------------------|
| UDAG               | 2,000      | 104,800      | (102,800)         |
| Public Access Corp | 0          | 51,751       | (51,751)          |
| Park Enhancement   | 272,517    | 0            | 272,517           |
| Measure A Parks    | 250,000    | 0            | 250,000           |
| Successor Agency   | 272,480    | 160,000      | 112,480           |
| Water              | 20,710,197 | 18,847,717   | 1,862,480         |
| Sewer              | 1,384,000  | 1,317,532    | 66,468            |
| Refuse Collection  | 3,803,468  | 3,733,098    | 70,370            |

# 2017-18 Proposed Budgets

| Fund                  | Revenues  | Expenditures | Surplus/Shortfall |
|-----------------------|-----------|--------------|-------------------|
| Insurance             | 3,752,279 | 4,281,432    | (529,153)         |
| Fleet Management      | 1,700,561 | 1,764,394    | (63,833)          |
| Information Services  | 753,373   | 1,309,159    | (555,786)         |
| Capital Asset         | 672,086   | 589,563      | 82,523            |
| Bldg & Infrastructure | 0         | 591,400      | (591,400)         |
| Debt Service          | 6,315,427 | 5,832,987    | 482,440           |

# More to come

- Public Hearing – May 9<sup>th</sup>
- Departmental Presentations – May 9<sup>th</sup> & 23<sup>d</sup>
- More Budget Details and General Fund 5-year projections – May 9<sup>th</sup>
- Additional Review & Discussion – May 9<sup>th</sup> & 23<sup>rd</sup>
- Budget Adoption – May 23<sup>rd</sup>