



# Midyear Budget Update FY 18-19

Finance Commission

February 25, 2019

# Tonight's Objectives

## Presentation

- Receive update on General Fund financial projections
- Review Pension/OPEB funding status
- Discuss Midyear budget amendment request

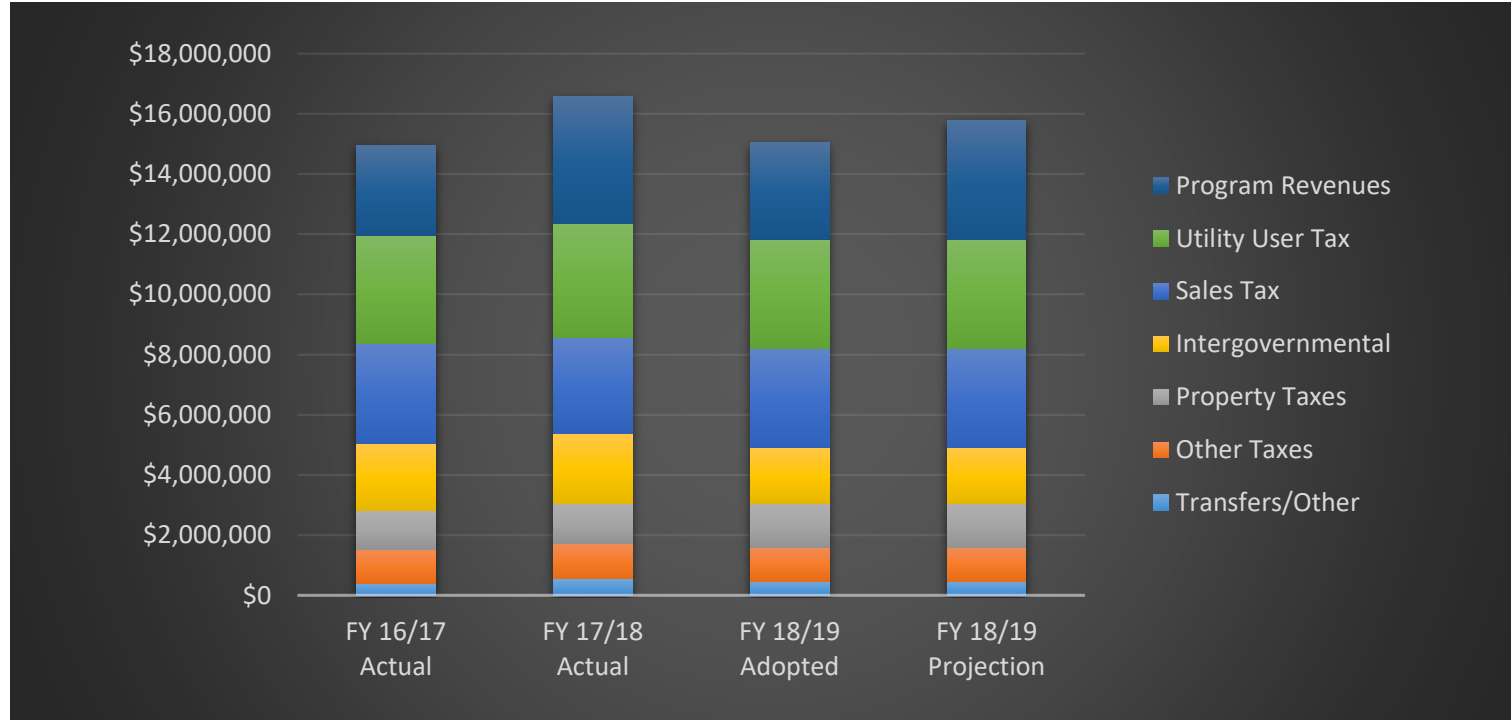
## Action

- Consider Resolution to Amend FY 18-19 budget

# General Fund Highlights

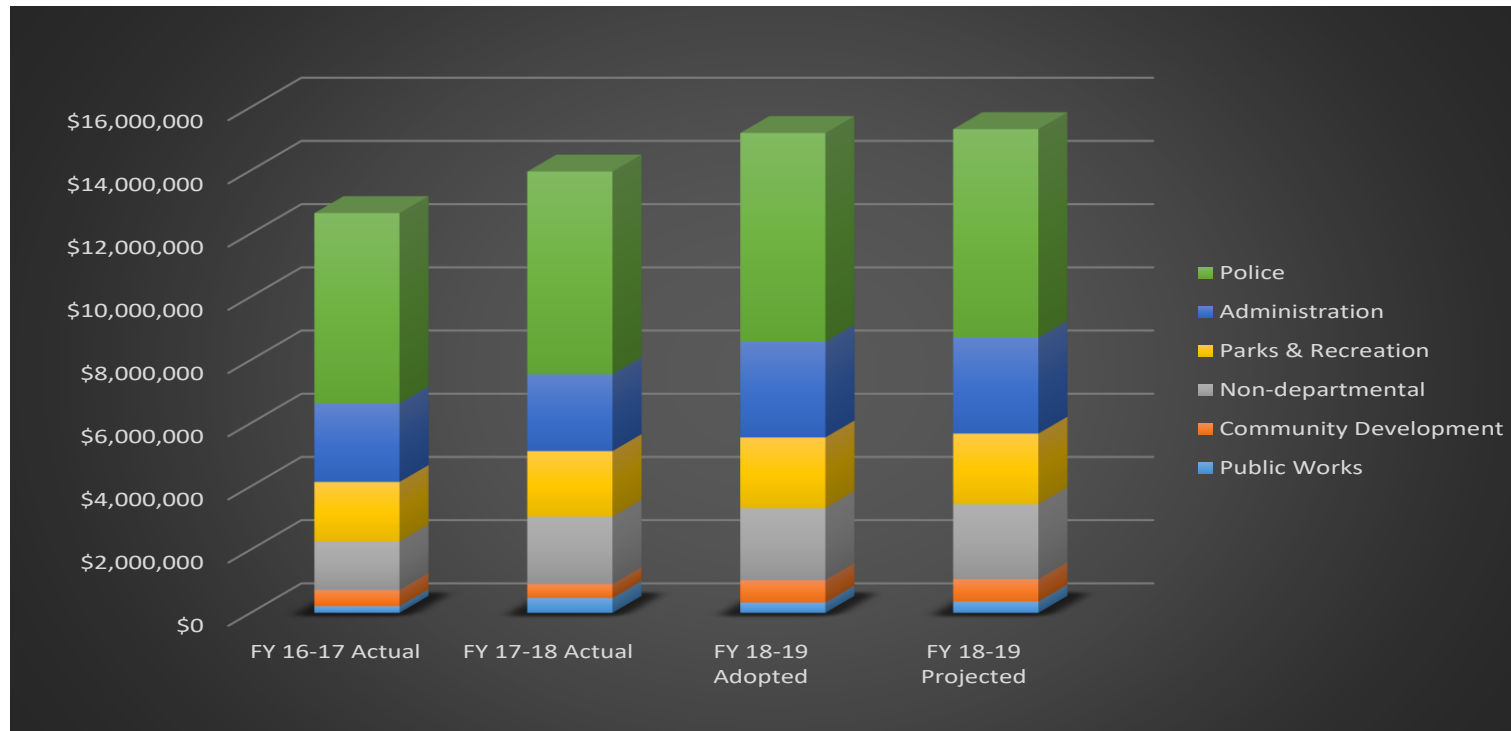
- ▶ Steady revenue growth improves the City's financial position
- ▶ Minimal midyear operating expenditure requests
  - ▶ Focused on new position and unanticipated facilities maintenance issues
- ▶ Changes in CalPERS/OPEB assumptions shadow long-term forecast
  - ▶ Additional Pension/OPEB City contribution is reducing risk

# General Fund Revenues



- FY 18-19 Midyear adds +\$265K vs. original budget
- Total FY 18-19 General Fund revenues \$15.3 million

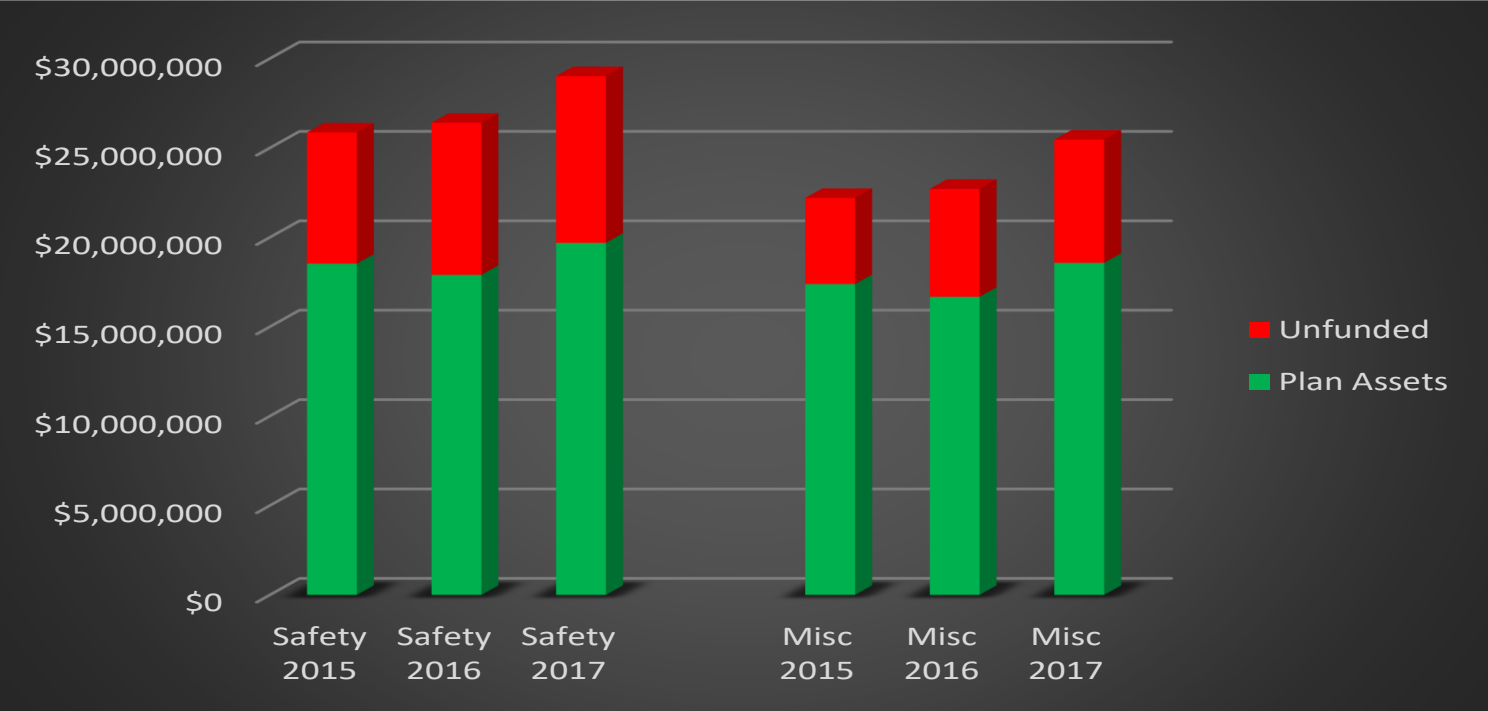
# General Fund Expenditures



- FY 18-19 Midyear adds +99,000 operating expenditures
- FY 18-19 General Fund operating expenditures \$19.1 million; including one-time annual Pension/OPEB additional contribution, increase to fiscal neutrality reserve, and decision packages

# CalPERS Pension Funding Status

 June 2017 CalPERS Actuary Report

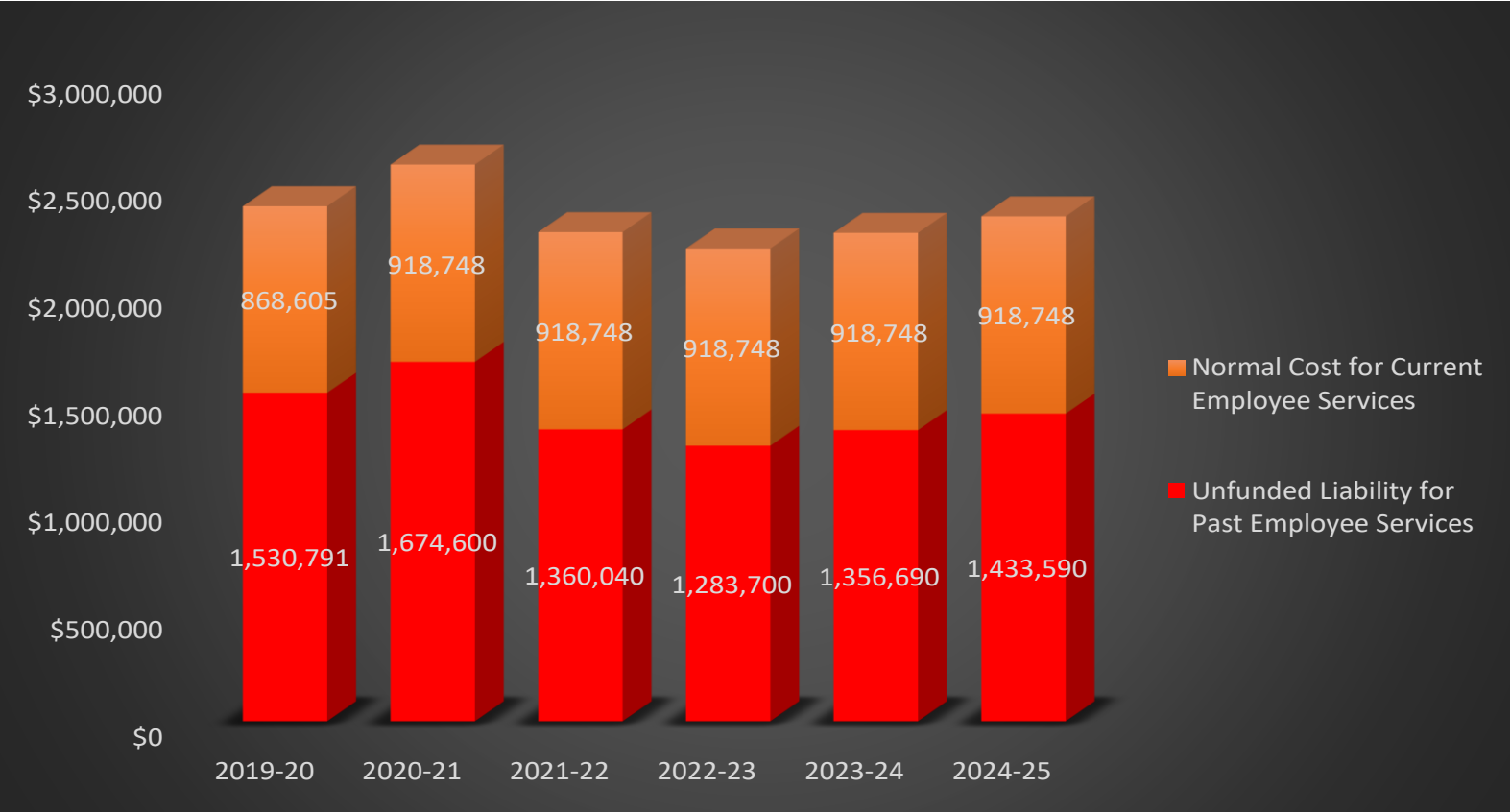


<u>June 2017</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Accrued Liability	\$ 29,025,468	\$ 25,472,717	\$ 54,498,185
Plan Assets	19,702,271	18,581,448	38,283,719
Unfunded	9,323,197	6,891,269	16,214,466
Fund Ratio %	68%	73%	70%

# CalPERS Payment Schedule

## Normal Cost and Unfunded Liability

June 2017 Actuary Report



# Pension/OPEB Funding

- ▶ Based on June 2017 CalPERS actuarial report, the City's funding ratio is 70%. The Fitch (a credit rating agency) generally considers a funded ratio of 70% to be adequate.
- ▶ The adopted General Fund budget includes an annual contributions to the Pension and OPEB trust funds, in the amounts of \$200,000 and \$1,000,000, respectively.

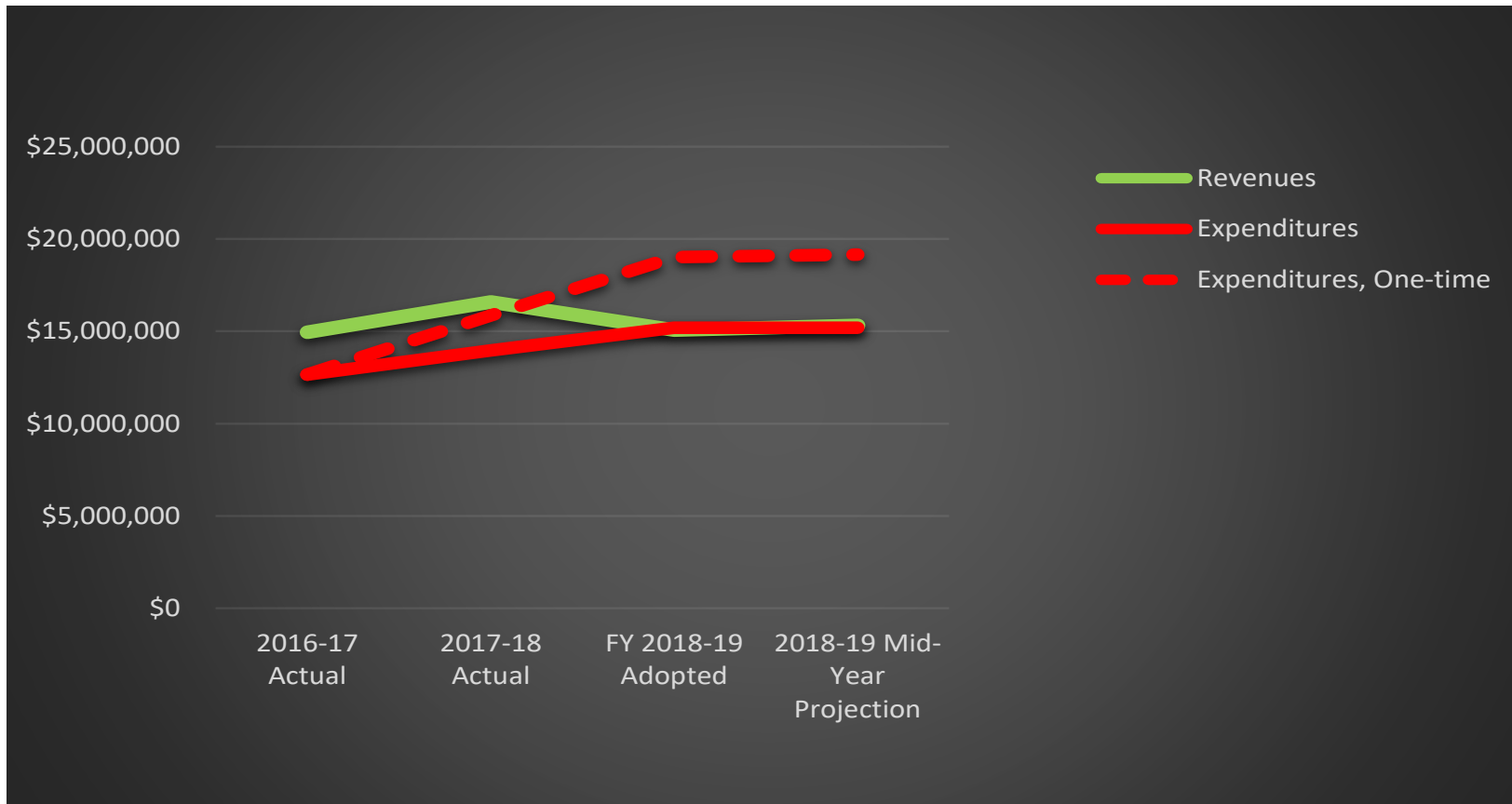


# General Fund

## FY 18-19 Midyear Projection

	<u>Adopted Budget</u>	<u>Midyear Adjustments</u>	<u>Midyear Proposal</u>
Revenues	<u>15,064,000</u>	<u>265,000</u>	<u>15,329,000</u>
Expenditures			
Operations	15,191,000	98,000	15,289,000
One-time draw of reserves	<u>3,840,000</u>	<u>-</u>	<u>3,840,000</u>
	<u>19,031,000</u>	<u>98,000</u>	<u>19,129,000</u>
Net Annual Activity			
Operations	<u>(127,000)</u>	<u>167,000</u>	<u>40,000</u>
With One-time draw of reserves	<u>(3,967,000)</u>	<u>167,000</u>	<u>(3,800,000)</u>

# General Fund Net Annual Activity



- FY 18-19 includes one-time draw of reserves
- On-going operating revenues/expenditures gap closes in FY 18-19

# Other Funds/Programs

- ▶ Other funds, such as Special Revenue, Capital Projects funds, are restricted in nature
- ▶ Revenues and expenses are tracked differently from the General Fund
- ▶ Sufficient funds are available for the completion of the current projects
- ▶ Additional programs and projects are dependent upon availability of future funding sources
- ▶ Appropriated when funding becomes available

# Proposed FY 18-19 Midyear Budget Amendment

## ► City Manager's Office and Public Works \$30,000

- Additional Staffing (Management Analyst Position) Starting March 1, 2019 through June 30, 2019 (3-months), Funding are coming from the following sources:

Fund	Percentage Allocated	2018/19 Cost
General Fund	25%	\$6,750
Sewer	30%	\$8,100
Streets	25%	\$6,750
Solid Waste	10%	\$2,700
Facilities	10%	\$2,700

## ► Public Works \$92,000

- Janitorial services for City Hall, Library and Senior Center
- Unanticipated increase in Electricity
- Unanticipated roof repairs
- Unanticipated HVAC repairs

# Wrap Up

▶ Questions?

▶ Requested City Council Action

- ▶ Consider Resolution to Amend FY 18-19 Budget