



**Town of Paradise
Council Agenda Summary
Date: May 12, 2015**

Agenda Item: 7

Originated by: Lauren Gill, Town Manager
Gina S. Will, Finance Director/Town Treasurer

Subject: Town 2014/15 and 2015/16 Operating and Capital Budget Status Update

Council Action Requested:

Review and file the budget update presented by staff.

Alternatives:

Refer the matter back to staff for further development and consideration.

Background:

The 2014/15 Operating and Capital Budget was adopted June 25, 2014. Each month staff has completed analysis of the financial transactions recorded to date and additional information received to identify the potential impact to the 2014/15 budget. In February 2015 a comprehensive mid-year review and financial diagnostic was presented to Town Council. It indicated that the worst of the financial crisis is behind the Town (revenues are no longer decreasing), and the Town is able to achieve short term goals of maintaining a balanced budget. Conversely, it was indicated that to achieve long term financial stability the Town must address depleted reserves, long term obligations, diminished assets and diversify its revenue stream. Invested appropriately, funds provided by Measure "C" the next six years can build a bridge to a more stable economic future for the Town organization.

Discussion:

Accounts and funds are still on continuous review by finance and other departments to ensure that all fund budgets remained balanced. Estimated actuals for the 2014/15 are being formulated as part of the 2015/16 budget process. The overall numbers are holding close to levels previously reported to Town Council.

Following is the current estimated actual General Fund revenues and expenses for the 2014/15 fiscal year:

	2014/15 Adopted Budget	2014/15 Amended Budget	2014/15 Estimated Actual
Revenues (includes Measure "C")	10,036,524	10,555,236	10,631,512
Expenses	(10,036,524)	(10,193,063)	(10,168,063)
Net Difference	0	362,173	463,449
Designated Reserves			
<i>Non-spendable (RDA loan)</i>	2,015,945	2,006,863	2,006,863
<i>Assigned for Measure "C"</i>	0	148,000	148,000
<i>Unassigned (spendable)</i>	(81,449)	141,806	243,082

2015/16 Budget Process

Town staff met again with the Measure "C" Citizen Oversight Committee on April 28, 2015. In alignment with Town Council's budget priorities for 2015/16, town departments shared with the Committee their initial recommendations and approximate costs for use of Measure "C" funds.

Police proposes to use about \$260,000 to hire a detective sergeant, to lease purchase three police vehicles, to purchase body cameras, to replace the Live Scan machine, and to increase officer training. \$35,000 is proposed to use toward maintaining appropriate staffing levels for Animal Control. Fire proposes to use about \$250,000 to lease purchase a type 1 fire engine, to maintain existing staffing under the CAL FIRE agreement and to replace some SCBAs. Public Works proposes to use about \$200,000 toward Pearson road improvements between Pentz and Clark. These funds coupled with grant and other road improvement funds will allow for shoulder widening, an overlay and drainage improvements.

The Committee will further discuss at the next meeting recommendations for the remaining \$105,000 of the estimated \$850,000 to be received. The initial consensus to put more funding toward police, fire and roads rather than address facility, sewer or financial reserves. The Committee intends on finalizing their recommendation at their next meeting on May 26, 2015.

Departments continue to work on balancing their budget proposals for 2015/16 and will meet with the finance committee this month to review proposed projects and expenditures.

Fiscal Impact Analysis:

The Town is on track to bring forward and adopt a balanced 2015/16 Operating and Capital Budget by the end of June 2015. Staff will continue to keep Council informed about changes in the 2014/15 budget and the progress of the 2015/16 budget.