



**Town of Paradise
Council Agenda Summary
Date: June 9, 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 and Measure "C" Funding

Council Action Requested:

1. Receive a 2014/15 and 2015/16 budget update; and
2. Consider and approve the recommendations submitted by the Measure "C" Citizen Oversight Committee for the 2015/16 Budget; and
3. Provide feedback to staff on the proposed reporting format for the Measure "C" budget that is included in the package; or,

Alternatives:

1. Receive a 2014/15 and 2015/16 budget update; and
2. Consider the recommendations submitted by the Measure "C" Citizen Oversight Committee for the 2015/16 Budget, but approve revised funding; and
3. Provide feedback to staff on the proposed reporting format for the Measure "C" budget that is included in the package.

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.

Town staff met with the Measure "C" Citizen Oversight Committee on March 24, 2015, April 28, 2015 and May 26, 2015. At the first two meetings staff and departments shared with the committee their most critical needs and Town Council's priorities for operating expenses during 2015/16. At the last meeting the committee discussed these needs and created their recommendations for the 2015/16 budget.

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 or improving as compared to what has been previously reported to Town Council. Two most notable improvements for the general fund are as follows:

- ✓ The Town recently received an unexpected settlement that our Town Attorney was working on from Office Depot in the amount of \$12,647.
- ✓ The State Board of Equalization just submitted their invoice to the Town for their services in setting up the temporary transaction and use tax (Measure "C"). Their original estimates were \$17,000 to \$160,000, so the Town budgeted \$50,000. The invoice is \$8,361 a budget savings of \$41,639.

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

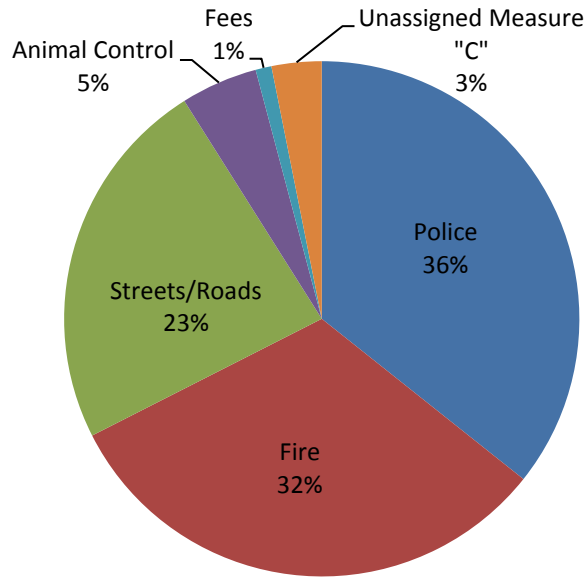
	2014/15 Adopted Budget	2014/15 Amended Budget	2014/15 Estimated Actual
Revenues (includes Measure "C")	10,036,524	10,555,236	10,655,654
Expenses	(10,036,524)	(10,193,063)	(9,961,776)
Net Difference	0	362,173	693,878
Designated Reserves			
<i>Non-spendable (RDA loan)</i>	2,015,945	2,006,863	1,999,731
<i>Assigned for Measure "C"</i>	0	148,000	189,608
<i>Unassigned (spendable)</i>	(81,449)	141,806	390,540

2015/16 Budget Process

Management and departments continue to work on balancing their budget proposals for 2015/16. As of the finalization of this staff report, \$12,046 is required to be cut from the draft 2015/16 general fund budget in order to present a balanced budget. These savings will be found and a proposed balanced 2015/16 general fund and complete capital and operating budget will be provided to Town Council for review on Monday, June 15, 2015. Staff will seek official budget approval from Town Council on June 29th or June 30th 2015.

As indicated above, the Measure "C" Citizen Oversight Committee has submitted the recommendation (included in your packet) which align with Council priorities and department need for the use of funds during the 2015/16 budget year. They propose to use a majority of the funds on Police, Fire, Roads and Animal Control and to set a small amount aside for future needs. Following is a graphical illustration of the recommended use of funds.

2014/15 and 2015/16 Operating Budget Status Update
June 9, 2015



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.