



City of Chowchilla Budget Workshop

Wayne Padilla,
Assistant City Administrator

6/14/10 Budget Workshop

- Forecast for FY 09-10 reflects the General Fund ending with a \$381k deficit
- Numerous accounting errors were committed over a period of 5 years
 - Employee benefit programs were improved during that time
 - Additional staffing was added
 - Costs were charged without regard to the city's ability to pay
 - Accounts receivable were recorded to hide expenses
 - Taxes to pay bonds were moved into the General Fund

6/14/10 Budget Workshop

- Budgets contained various errors in forecasting revenues and expenses
 - Overhead costs were spread throughout the city regardless of whether work was done for the program being charged
 - Created appearance of ample revenue and matching of costs to available revenues
- General Fund reserve previously reported was fiction
 - Financial statements from FY 07-08 have been removed from the city website

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City of Chowchilla - Summary of Prior Year Accounting Errors

	Est. 8/24	Est. 11/23
	<u>FY 09-10</u>	<u>FY 09-10</u>
6/30/08 Ending Fund Balance:	\$1,355,353	\$1,355,353
Budgeted Change in Fund Balance:	\$175,200	\$175,200
<u>FY 08-09 Adjustments:</u>		
Fund 410 - Police Grants Excess Salaries Charged	(\$61,738)	(\$66,095)
Fund 205 - Water Fund - Cancel Transfer to General Fund	(\$6,600)	(\$6,600)
Fund 315 - Measure A - Cancel Transfer to General Fund	(\$4,400)	(\$4,400)
Fund 430 - Ash Slough Arundo project unreimbursed costs	(\$100,000)	(\$224,000)
Fund 542 - Pheasant Run Transfer Reversal	\$0	(\$788,425)
Fund 542 - Return Excess Admin fee charges to Pheasant Run:	\$0	(\$20,706)
Fund 540 - Return Excess Admin fee charges to Greenhills:		(\$41,470)
Reverse Accounts Receivable Balance for uncertain collections:	(\$395,862)	(\$430,000)
Correct Prior Years' interest allocations:		(\$101,845)
Reimburse Gen. Fund for Prior Years' Excess Funding to Street Maintenance:		550,000
Sub-total FY 08-09 adjustments:	(\$568,600)	(\$1,133,541)

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- Staff has been dealing with these issues for the last 12 months
 - Layoffs imposed twice (13 positions cut)
 - Induced 7 retirements
 - 4 positions reduced hours
 - 1 Police Officer position held vacant for a total of 2 vacancies
 - 2 day per month non-paid furloughs
 - Operating budgets and program offerings have been slashed

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- The proposed budget for FY 10-11 reflects a revenue shortfall of \$1.1 million in the General Fund
 - Assumptions built into the budget:
 - 2 day per month furloughs continue
 - No additions to staff
 - No growth in programs
 - Further use of volunteers
 - Equitable distribution of overhead to all programs
 - No capital replacement reserves created
 - No salary COLAs or merit increases
 - Operating costs frozen at current year levels

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- Structural changes to the budget
 - Fleet, Information Technology and Street Maintenance Programs are no longer housed in the General Fund
 - These are now being treated as Internal Service programs that charge other programs based on services received
 - This lowers the overall revenue and expense levels of the General Fund
 - Cost allocations have been made using a reasonable means of allocating to other programs and their ability to pay has been confirmed

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- Revenues have been forecast using the most current estimates available
 - Property tax estimates have not been provided by Madera County and will not be completed until June 30th.
 - Assessor intends to lower residential property values to the year 2000 level (from 2004 level)
 - An estimate of this impact has been prepared for both the General Fund and the Redevelopment Agency
 - Sales tax forecast is prepared by Muniservices
 - Vehicle License Fee In-lieu is prepared by Madera County but could change with the updated in property values

Summary of FY 2010-2011 General Fund Preliminary Budget Forecast

Department		Revenue <u>Svc Credits</u>	Salary & <u>Benefits</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Transfer Out</u>	<u>Fleet Charges</u>	<u>IT Charges</u>	Addition to (Draw From) Fund Balance	
									<u>Total</u>	<u>FY 09-10 Total</u>
General Government	1600	3,009,226	0	0	0	0			3,009,226	44,302
City Council	1605	14,697	(18,936)	(13,725)					(17,964)	43,998
City Clerk	1610	37,350	(71,766)	(9,200)					(43,616)	65,859
City Attorney	1615		0	(95,000)					(95,000)	95,000
General Services	1705	82,449	0	(183,220)	(366,000)				(466,771)	549,220
Administrative Svcs.	1710	214,554	(370,001)	(42,098)			(4,633)	(60,053)	(262,231)	266,859
Information Services	1715								0	179,825
Finance	1720	164,512	(163,881)	(105,562)				(29,669)	(134,600)	135,106
Property Taxes	1725			(44,000)					(44,000)	44,000
Insurance	1730			(137,168)					(137,168)	193,500
Police - Non Sworn	2605								0	400,411
Police Department	2610	256,815	(1,750,990)	(283,180)	(42,411)		(138,983)	(136,253)	(2,095,002)	1,729,997
Police K-9	2618								0	231,718
Fire Department	2705	94,433	(149,894)	(42,715)				(19,054)	(117,230)	109,240
Animal Control	2805	10,000	(64,176)	(16,675)					(70,851)	82,320
Street Maintenance	3605					(44,500)			(44,500)	439,122
General Services	3610		0	(13,650)					(13,650)	13,650
Fleet Services	3615								0	83,650
Planning/Zoning	4605	8,650	(161,743)	(73,850)				(24,724)	(251,667)	128,177
Engineering	4705			(16,000)					(16,000)	44,372
Building/Code Enf.	4805	98,125	(60,503)	(21,450)					16,172	148,328
Community Promo	4905			(37,500)					(37,500)	37,500
Gymnasium	6605			(11,300)					(11,300)	33,737
Community Pool	6610								0	28,317
Senior Services	6615			(30,700)					(30,700)	46,815
Parks & Facilities	6620	8,480	(153,612)	(84,153)			(4,633)	(4,945)	(238,863)	295,231
Recreation Programs	6625		0	(21,500)					(21,500)	151,889
		<u>3,999,291</u>	<u>(2,965,502)</u>	<u>(1,282,646)</u>	<u>(408,411)</u>	<u>(44,500)</u>	<u>(148,249)</u>	<u>(274,698)</u>	<u>(1,124,715)</u>	<u>5,622,143</u>

Beginning Fund Balance Deficit: (381,005)
Ending Fund Balance Deficit: (1,505,720)

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- A separate handout containing cost saving ideas will be made available at the meeting
- The floor will be opened for public comment and discussion with the City Council