

City of Manhattan Beach

**Biennial Budget – Year 2
FY 2017-2018 Budget Adoption
June 20, 2017**



Agenda

- ▶ Fiscal Year (FY) 2016-17 Update
 - Appropriations in Insurance Reserve Fund and AB2766 Air Quality Fund
- ▶ FY 2017-18 Budget Adoption
 - Revenue & Expenditure Changes from Approved Budget identified in Resolution No. 17-0073 (Attachment 2, Exhibit A)
 - Updated Five Year Forecast
- ▶ Public Hearing and Adopt Resolutions for FY 2017-18 Budget Adoption and Appropriations Limit



FY 2016-2017 Budget Update



FY 2016-17 Budget - By the Numbers...

	Adopted Budget (millions)	Adj. Budget (millions)	Estimate (millions)
City-wide Budget			
Revenues	\$113.8	\$136.0	\$115.3
Expenditures	114.3	159.3	112.4
<i>Operating</i>	98.6	99.7	97.9
<i>Capital Projects & Equipment</i>	11.7	55.7	10.7
<i>Debt Service</i>	4.0	4.0	3.8
General Fund Budget			
Revenues	\$67.8	\$67.8	\$68.8
Expenditures	\$67.4	\$68.2	\$66.4
Surplus/(Deficit)	\$416,425	(\$355,555)	\$2,391,813*



FY 2016-17 Budget

General Fund Estimates

- ▶ **\$2,391,813 Surplus includes:**
 - \$542,008 due to delayed one-time projects & capital purchases
- ▶ **One-time revenues of \$1,059,585**
 - Country Club Sale - Property Transfer Fee of \$730,000 and audit findings of \$329,585 for percentage rent
- ▶ **One-time expenditure reduction due to delayed payment to PRSF**
 - Expenditure estimate was reduced by \$500,000 since the PRSF payment will not be made this fiscal year. This amount is shown in fund balance at year-end in anticipation of the FY 2017-18 transfer of \$750,000



Recommended FY 2016-17 Budget Appropriations

- ▶ Insurance Reserve Fund Appropriation - \$325,000
 - Phased transfer plan remains in effect through FY 2017-18 (\$667,000 in FY15-16, 16-17, and 17-18)
 - Current year Workers' Compensation activity projected to total \$3.8 million
 - Overall fund expenditures expected to exceed budget by \$325,000
- ▶ AB2766 Fund Appropriation - \$2,500
 - Participation in Commuter pay incentive program exceeded estimates
 - Overall fund expenditures expected to exceed budget by \$2,500



FY 2017-2018 Budget Adoption



Recap

- ▶ FY 2017-2018 Budget Approved by Council on June 21, 2016
- ▶ Two Budget Study Sessions
 - May 4 – Staff proposed policy and technical changes
 - May 30 – Discussed potential budget reductions
 - Budget modifications directed by City Council are listed in Resolution No. 17-0073 (Attachment #2, Exhibit A)
- ▶ City Council gave direction to develop a Financial Master Plan to address significant funding issues
 - June 15 – Initial discussion by Finance Subcommittee



FY 2017-18 Budget - By the Numbers...

	Approved Budget (millions)	Proposed (millions)	Variance (millions)
City-wide Budget			
Revenues	121.7	120.8	-\$0.9
Expenditures	132.9	125.6	-\$7.3
<i>Operating</i>	101.7	102.5	\$0.8
<i>Capital Projects & Equipment</i>	26.7	18.8	-\$7.8
<i>Debt Service</i>	4.5	4.3	-\$0.3
General Fund Budget			
Revenues	\$69.7	\$71.0	\$1.3
Expenditures	\$69.6	\$70.4	\$0.8
Surplus/(Deficit)	\$162,517	\$613,383	+\$450,866



FY 2017-18

General Fund Comparison

General Fund Summary	2017 Estimate	FY 2018	
		Approved*	Proposed
Total Revenues	\$68,803,400	\$69,733,976	\$71,013,648
Total Expenditures	66,411,587	69,571,459	70,400,265
Projected Surplus/(Deficit)	2,391,813	162,517	613,383

**FY 2017/18 Approved Budget as included with 2016/17 Biennial Budget adopted on June 21, 2016.*

+\$450,866



FY 2017-18 Proposed Budget

► Significant Changes from Approved

1. Addition of four Senior Civil Engineers

- Funded by Water, Wastewater, CIP and Special Revenues
- No net impact on General Fund

2. Reorganization in Community Development Dept.

- Addition of Building Supervisor and consolidation of three part-time positions into two full-time Administrative Clerks
- Cost of \$40,200 will ultimately be recovered through updated user fees

3. Transient Occupancy Tax - Discontinued \$500,000 allocation dedicated to CIP Fund deferred maintenance



FY 2017-18 Proposed Budget

- ▶ Significant Changes from Approved
 4. Pension Stabilization Reserve Fund payment reduced from \$500,000 to \$250,000*
 5. Reduction in revenues of \$2,055,000 in Storm Water Fund since new revenues were not enacted
 - General Fund subsidy of \$982,355 estimated in FY17-18
 6. General Fund appropriation for City-MBUSD joint use agreement increased by \$200,000



FY 2017-18 Proposed Budget

▶ Subsequent Late Entry Changes

1. Pension Stabilization Reserve Fund Annual **Transfer**
 - Payments to trust fund considered a transfer and removed from Revenue-Expenditure balance
2. City-MBUSD Joint Use Agreement Funds increased by \$200,000 (General Fund expenditures)
 - Total budget for agreement now \$773,457
3. Transfer of Environmental Programs (\$240,112) from Public Works to Community Development Department
 - No impact to total appropriations



Budget Q & A

