

CITY OF WILDOMAR – CITY COUNCIL

Agenda Item

**ACTION ITEM**

Meeting Date: July 1, 2008

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**TO:** City Council  
**FROM:** Stephen C. Stark, Interim Finance Director  
**SUBJECT:** Resolution Adopting the FY 08/09 City Budget  
And Financial Policy Guidelines

**STAFF REPORT**

**RECOMMENDATION:**

1. Approve Resolution No. 08-??, adopting the City of Wildomar FY 08-09 Operating Budget.
2. Approve Financial Policy Guidelines.

**BACKGROUND:**

The City of Wildomar must adopt a budget that appropriates revenues and expenditures allowing the City to receive funds and make expenditures to conduct the business of the City starting July 1<sup>st</sup>. LAFCO requires that the City's first adopted budget be the budget forecast outlined in the Comprehensive Fiscal Analysis (CFA) of the incorporation documents. The proposed budget includes both the General Fund and the Gas Tax Street Improvement Fund.

**DISCUSSION:** The city will adopt its first budget from the CFA base year of FY05-06 revenues and expenditures projected forward through FY 17-18. After adoption, these financial projections will be closely monitored and the cash flows analyzed to track the City's actual financial condition. The revenue and expenditure projections will be evaluated to ensure that the most current economic factors are being considered in determining the City's ability to operate in a financially responsible manner. Staff will return to Council at least on a quarterly basis with financial updates and any required adjustments to the operating budget.

Also included for consideration are financial policy guidelines for Council's consideration. These are financial guidelines that assist the staff in developing the budget as well as conducting the daily financial functions of the City. These Financial Guidelines are also important for the City in complying with new auditing standards (SAS 104-111).

The proposed FY 08-09 budget by category is:

	Exp. by City	Exp. by County	Total Appropriations
<b>EXPENDITURES BY CATEGORY</b>			
Salaries & Benefits	\$ 430,710	\$ -	\$ 430,710
Operations & Maintenance	1,054,255	9,279,381	10,333,636
Capital Outlay	104,500		104,500
<b>TOTAL</b>	<b>\$ 1,589,465</b>	<b>\$ 9,279,381</b>	<b>\$ 10,868,846</b>

The budget includes revenues received directly by the City as well as revenues received and retained by the County of Riverside on behalf of Wildomar that are used to offset its costs of providing services during the transition year. The budget also includes expenditures the City incurs directly as well as expenditures incurred by the County during the transition year. The "Salaries and Benefits" category is consistent with the proposed budget contained in the CFA. As discussed above, staff will monitor the budget and bring to Council updates regarding the movement of funds from Salaries and Benefits to Contractual Services during the period that Wildomar uses contractors instead of regular employees. Attached to this report are the following budget schedules:

- Schedule A - Expenditure Budget Summary
- Schedule B - Revenue Budget
- Schedule C - Expenditure Budget
- Schedule D - Transfers In/Out
- Schedule E - Statement of Fund Balance

#### **FISCAL IMPACTS:**

As indicated above and on attached schedules, total appropriations for FY 08-09 are \$10,868,846. Adoption of this budget gives staff spending authority to conduct the business of the City of Wildomar effective July 1, 2008. The Financial Policy Guidelines have no direct fiscal impact.

#### **ALTERNATIVES:**

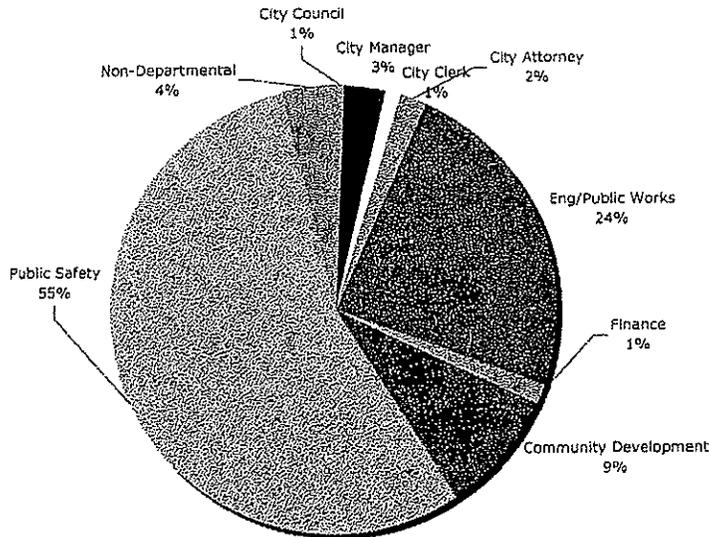
1. Take no action
2. Provide staff with further direction.

**CITY OF WILDOMAR  
EXPENDITURE BUDGET SUMMARY  
FISCAL YEAR 2008/09**

	Exp by City	Exp by County	TOTAL
<b>EXPENDITURES BY CATEGORY</b>			
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**EXPENDITURES BY DEPARTMENT**

City Council	\$ 58,600	\$ -	\$ 58,600
City Manager	331,225	-	331,225
City Clerk	126,960	-	126,960
City Attorney	207,500	-	207,500
Engineering/Public Works	203,090	2,390,801	2,593,891
Finance	158,455	-	158,455
Community Development	86,060	861,018	947,078
Public Safety	-	6,027,562	6,027,562
Non-Departmental	417,575	-	417,575
<b>TOTAL</b>	<b>\$ 1,589,465</b>	<b>\$ 9,279,381</b>	<b>\$ 10,868,846</b>



**CITY OF WILDOMAR  
REVENUE BUDGET  
FISCAL YEAR 2008/09**

Account Number	Account Name	Received by City	Retained by County	TOTAL
<b>GENERAL FUND</b>				
10 3100	1 Sales & Use Tax	\$ 924,818	\$ 346,806	\$ 1,271,624
10 3101	1 Sales & Use Tax - Triple Flip Loss	(231,205)		(231,205)
10 3102	1 Property Tax In Lieu of Sales Tax	-	462,409	462,409
TOTAL SALES TAX		<u>\$ 693,613</u>	<u>\$ 809,215</u>	<u>\$ 1,502,828</u>
10 3105	1 Property Tax	\$ -	\$ 3,714,262	\$ 3,714,262
10 3110	1 Property Transfer Tax	184,908		184,908
10 3150	1 Motor Vehicle In Lieu Fees (AB 1602)	2,869,715		2,869,715
10 3151	1 Off Highway Vehicle License Fees	920		920
10 3152	1 County Augmentation	237,579		237,579
10 3200	1 Community Development Fees		595,792	595,792
10 3210	1 Engineering/Building & Safety Fees		1,463,636	1,463,636
10 3220	1 Franchise Fees		585,833	585,833
10 3230	1 Animal Control Fees		183,026	183,026
10 3250	1 Fines & Forfeitures		208,428	208,428
10 3260	1 Interest Income	46,380		46,380
10 3800	1 Misc. Revenues	68,965		68,965
10 3890	1 Other Financing Sources	617,675		617,675
TOTAL GENERAL FUND		<u>\$ 4,719,755</u>	<u>\$ 7,560,192</u>	<u>\$ 12,279,947</u>
<b>GAS TAX STREET IMPROVEMENT FUND</b>				
20 3130	1 Section 2105 Gas Tax Revenues	\$ 286,435		\$ 286,435
20 3131	1 Section 2106 Gas Tax Revenues	173,792		173,792
20 3132	1 Section 2107 Gas Tax Revenues	373,791		373,791
20 3133	1 Section 2107.5 Gas Tax Revenues	6,000		6,000
20 3153	1 Measure A Revenues	448,800		448,800
20 3154	1 Proposition 42 (TCRF) Revenues	137,930		137,930
20 3260	1 Interest Income	28,277		28,277
20 3890	1 Other Financing Sources	1,101,513		1,101,513
TOTAL GAS TAX STREET IMPROVEMENT FUND		<u>\$ 2,556,538</u>	<u>\$ -</u>	<u>\$ 2,556,538</u>

**CITY OF WILDOMAR  
EXPENDITURE BUDGET  
FISCAL YEAR 2008/09**

			Exp by City	Exp by County	TOTAL
<b>CITY COUNCIL</b>					
10	411	13 Stipends	\$ 24,000		\$ 24,000
10	411	14 Benefits	9,600		9,600
TOTAL SALARY & BENEFITS			\$ 33,600	\$ -	\$ 33,600
10	411	20 Travel/Meetings	\$ 10,000		\$ 10,000
10	411	23 Supplles/Services	15,000		15,000
TOTAL OPERATIONS & MAINTENANCE			\$ 25,000	\$ -	\$ 25,000
TOTAL CITY COUNCIL			\$ 58,600	\$ -	\$ 58,600
 <b>CITY MANAGER</b>					
10	412	10 Salaries	\$ 78,375		\$ 78,375
10	412	14 Benefits	31,350		31,350
TOTAL SALARY & BENEFITS			\$ 109,725	\$ -	\$ 109,725
10	412	20 Travel/Meetings	\$ 5,000		\$ 5,000
10	412	23 Supplles/Services	15,000		15,000
10	412	25 Contractual Services	175,000		175,000
TOTAL OPERATIONS & MAINTENANCE			\$ 195,000	\$ -	\$ 195,000
10	412	52 Equipment	\$ 26,500		26,500
TOTAL CAPITAL OUTLAY			\$ 26,500	\$ -	\$ 26,500
TOTAL CITY MANAGER			\$ 331,225	\$ -	\$ 331,225

**CITY OF WILDOMAR  
EXPENDITURE BUDGET  
FISCAL YEAR 2008/09**

Exp by City    Exp by County TOTAL

**CITY CLERK**

10	413	10 Salaries	\$	47,700		\$	47,700
10	413	14 Benefits		19,080			19,080
TOTAL SALARY & BENEFITS				\$ 66,780		-	\$ 66,780
10	413	20 Travel/Meetings	\$	1,000		\$	1,000
10	413	23 Supplies/Services		15,000			15,000
10	413	30 Elections		38,180			38,180
TOTAL OPERATIONS & MAINTENANCE				\$ 54,180		-	\$ 54,180
10	413	52 Equipment	\$	6,000			6,000
TOTAL CAPITAL OUTLAY				\$ 6,000		-	\$ 6,000
TOTAL CITY CLERK				\$ 126,960		-	\$ 126,960

**CITY ATTORNEY**

10	414	23 Supplies/Services	\$	2,500		\$	2,500
10	414	24 Reimbursable Expenses		5,000			5,000
10	414	27 Legal Services		200,000			200,000
TOTAL OPERATIONS & MAINTENANCE				\$ 207,500		-	\$ 207,500
TOTAL CITY ATTORNEY				\$ 207,500		-	\$ 207,500

**CITY OF WILDOMAR  
EXPENDITURE BUDGET  
FISCAL YEAR 2008/09**

			Exp by City	Exp by County	TOTAL
<b>FINANCE</b>					
10	420	20 Salaries	\$ 80,325		\$ 80,325
10	420	14 Benefits	32,130		32,130
TOTAL SALARY & BENEFITS			\$ 112,455	\$ -	\$ 112,455
10	420	20 Travel/Meetings	\$ 2,500		\$ 2,500
10	420	23 Supplies/Services	7,500		7,500
10	420	25 Contractual Services	30,000		30,000
TOTAL OPERATIONS & MAINTENANCE			\$ 40,000	\$ -	\$ 40,000
10	420	52 Equipment	\$ 6,000		6,000
TOTAL CAPITAL OUTLAY			\$ 6,000	\$ -	\$ 6,000
TOTAL FINANCE			\$ 158,455	\$ -	\$ 158,455
<b>COMMUNITY DEVELOPMENT</b>					
10	430	10 Salaries	\$ 35,400		\$ 35,400
10	430	14 Benefits	14,160		14,160
TOTAL SALARY & BENEFITS			\$ 49,560	\$ -	\$ 49,560
10	430	20 Travel/Meetings	\$ 5,000		\$ 5,000
10	430	23 Supplies/Services	10,000		10,000
10	430	25 Contractual Services		\$ 861,018	861,018
TOTAL OPERATIONS & MAINTENANCE			\$ 15,000	\$ 861,018	\$ 876,018
10	430	52 Equipment	\$ 21,500		21,500
TOTAL CAPITAL OUTLAY			\$ 21,500	\$ -	\$ 21,500
TOTAL COMMUNITY DEVELOPMENT			\$ 86,060	\$ 861,018	\$ 947,078

**CITY OF WILDOMAR  
EXPENDITURE BUDGET  
FISCAL YEAR 2008/09**

			Exp by City	Exp by County	TOTAL
<b>ENGINEERING/PUBLIC WORKS</b>					
10	450	10 Salaries	\$ 41,850		\$ 41,850
10	450	14 Benefits	16,740		16,740
TOTAL SALARY & BENEFITS			<u>\$ 58,590</u>	<u>\$ -</u>	<u>\$ 58,590</u>
10	450	20 Travel/Meetings	\$ 2,500		\$ 2,500
10	450	23 Supplies/Services	5,000		5,000
10	450	25 Contractual Services		1,289,288	1,289,288
20	450	25 Contractual Services - Road Maint.		1,101,513	1,101,513
10	450	26 AB939 & NPDES	125,000		125,000
TOTAL OPERATIONS & MAINTENANCE			<u>\$ 132,500</u>	<u>\$ 2,390,801</u>	<u>\$ 2,523,301</u>
10	450	52 Equipment	\$ 12,000		12,000
TOTAL CAPITAL OUTLAY			<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>
TOTAL ENGINEERING/PUBLIC WORKS			<u>\$ 203,090</u>	<u>\$ 2,390,801</u>	<u>\$ 2,593,891</u>
<b>PUBLIC SAFETY</b>					
10	461	25 Contractual Services - Sheriff		\$ 3,932,348	\$ 3,932,348
10	465	25 Contractual Services - Fire		1,834,683	1,834,683
10	466	25 Contractual Services - Animal Control		260,531	260,531
TOTAL OPERATIONS & MAINTENANCE			<u>\$ -</u>	<u>\$ 6,027,562</u>	<u>\$ 6,027,562</u>
TOTAL PUBLIC SAFETY			<u>\$ -</u>	<u>\$ 6,027,562</u>	<u>\$ 6,027,562</u>

**CITY OF WILDOMAR  
EXPENDITURE BUDGET  
FISCAL YEAR 2008/09**

**Exp by City    Exp by County TOTAL**

**NON-DEPARTMENTAL**

10	480	25 Contractual Services	\$ 20,000		\$ 20,000
10	480	228 LAFCO Fee	2,575		2,575
10	480	29 Insurance	92,500		92,500
10	480	32 City Hall Lease & Operations	250,000		250,000
10	480	37 Misc. Services/Supplies	20,000		20,000
TOTAL OPERATIONS & MAINTENANCE			\$ 385,075	\$ -	\$ 385,075
10	480	51 Furniture & Fixtures	\$ 32,500		32,500
TOTAL CAPITAL OUTLAY			\$ 32,500	\$ -	\$ 32,500
TOTAL NON-DEPARTMENTAL			\$ 417,575	\$ -	\$ 417,575

**CITY OF WILDOMAR  
TRANSFERS IN/OUT  
FISCAL YEAR 2008/09**

<b>GENERAL FUND</b>	Transfers In	Transfers Out
Transfer from Gas Tax Street 10-3900-1 Improvement Fund	\$ 11,718	
<b>TOTAL GENERAL FUND</b>	\$ 11,718	\$ -
<b>GAS TAX STREET IMPROVEMENT FUND</b>		
20-490-01 Transfer to General Fund		\$ 11,718
<b>TOTAL GAS TAX STREET IMPROVEMENT FUND</b>	\$ -	\$ 11,718
 <b>TOTAL TRANSFERS IN/OUT</b>	 \$ 11,718	 \$ 11,718

CITY OF WILDOMAR  
STATEMENT OF FUND BALANCE  
FISCAL YEAR 2008/09

FUND # FUND	JULY 1, 2008 BEGINNING BALANCE	REVENUES	TOTAL RESOURCES	OPERATING EXPENSES	CAPITAL PROJECTS	TRANSFER S IN	TRANSFERS OUT	JUNE 30, 2009 ENDING BALANCE
10 General Fund	\$ -	12,279,947	\$ 12,279,947	\$ 9,767,333	\$ -	\$ 11,718	\$ -	\$ 2,524,332
20 Gas Tax Steet Imp. Fund	-	2,556,538	2,556,538	1,401,513	-	-	11,718	1,443,307
<b>TOTAL ALL FUNDS</b>	<b>\$ -</b>	<b>\$ 14,836,485</b>	<b>\$ 14,836,485</b>	<b>\$ 10,868,846</b>	<b>\$ -</b>	<b>\$ 11,718</b>	<b>\$ 11,718</b>	<b>\$ 3,967,639</b>

Fund Balance Analysis:	General Fund	Gas Tax Street Imp. Fund
Contingency	\$ 158,947	\$ 1,172
10% Operating Reserve	174,841	1,289
Reserve for Loans	617,675	1,101,513
Unreserved Fund Balance	1,572,869	339,333
<b>TOTAL FUND BALANCE</b>	<b>\$ 2,524,332</b>	<b>\$ 1,443,307</b>

## **FINANCIAL POLICY GUIDELINES**

The FY08-09 Budget will be guided by certain financial policies and priorities. These financial policies set forth the framework for not only the development of the budget but also the ongoing operations of the City as a whole. It is important to continue developing these policies, as they are the financial foundation that supports the services to the community. Without a good financial foundation the City may not be able to provide the services that our citizens expect and deserve.

### **Operating Budget Policies**

- The City will present to the City Council a budget that is a balanced document. Expenditures will not exceed revenues, including funding carried over from the previous year.
- The City will maintain a General Fund Reserve that provides the necessary cash flow for handling unbudgeted circumstances and providing flexibility in day-to-day operations. The CFA established a reserve at 10% of operating expenditures as the minimum desired level. Wildomar, like most cities, will experience the effects of economic cycles. The reserve policy should be reviewed to determine if a 10% reserve provides adequate protection for this new city.

### **Revenue Policies**

- The City will attempt to maintain a diversified and stable revenue system to protect it from short-term fluctuations of any one revenue source.
- The City will seek out additional sources of revenue as a way of ensuring a balanced budget necessary for the quality of services expected by our citizens.
- The City will require user fees that cover the cost of services (e.g. building permits, etc.) provided to citizens.
- The City will do cost comparisons with other cities to ensure that our fee structure is reasonable.
- The City will update fees annually based on the prior year annual average consumer price index for the Los Angeles-Riverside-Orange Co. All Urban Consumers percentage change.

### **Cash Management/Investment Policies**

- The City will deposit all funds within two days of receipt. Large receipts will be deposited the day they are received.
- The City will adopt an investment policy in the near future. Investment of City funds will be in accordance with the Investment Policy. Safety of principal will continue to be the number one priority, followed closely by ensuring that funds will be available when needed (liquidity). Only after these two priorities have been fully satisfied will the City consider yield as an investment criterion.
- The City will aggressively collect revenues, on a timely basis.

### **Reserve Policies**

- The City will maintain an unallocated reserve in the General Fund equal to a minimum of 10% of expenditures to provide the ability to fund ongoing operations in the event of any unexpected change in the revenue/expenditure picture for the fiscal year. The reserve policy should be reviewed to determine if a 10% reserve provides adequate protection for this new city.

### **Accounting, Auditing and Financial Reporting Policies**

- The City will have an independent audit performed annually. An interim audit will be performed mid-way through the Fiscal Year to ensure correct accounting and internal control procedures are followed.
- The City will produce a Comprehensive Annual Financial Report (CAFR) each year in accordance with Generally Accepted Accounting Principals (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

**RESOLUTION NO. 08-28**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILDOMAR, CALIFORNIA, ADOPTING THE PROPOSED CITY OF WILDOMAR FISCAL YEAR 2008-09 GENERAL FUND OPERATING BUDGET AND THE GAS TAX STREET IMPROVEMENT FUND BUDGET, AS SPECIFIED IN THE STAFF REPORT AND BUDGET DOCUMENT**

THE CITY COUNCIL OF THE CITY OF WILDOMAR DOES RESOLVE AS FOLLOWS:

**SECTION 1. Budget Adopted.** The City Council adopts the City Of Wildomar Fiscal Year 2008-09 General Fund Operating Budget And The Gas Tax Street Improvement Fund Budget set forth below and contained in the Staff Report and Exhibits A attached hereto:

	<b>Exp by City</b>	<b>Exp by County</b>	<b>Total Appropriations</b>
<b>EXPENDITURES BY CATEGORY</b>			
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## **SECTION 2. Fiscal Policies.**

### **SCOPE**

The City of Wildomar Fiscal Year 2008-09 General Fund Operating Budget and Gas Tax Street Improvement Fund Budget, as specified in the Staff Report and Budget Document are hereby adopted and authorizes the Interim City Manager to implement the approved budget of the City of Wildomar.

### **Authorized Appropriations**

The Interim City Manager is authorized to make any expenditure and resource adjustments to the Appropriations Budget based on the final City Council action to adopt the budget.

All increases in or decreases in excess of \$50,000 to operating or capital appropriations shall be approved by the City Council by resolution. No increase in appropriations shall be made which would create a negative undesignated fund balance in any fund.

Operating appropriation transfers within the same department or fund must be approved by the Interim City Manager.

### **Unspent Appropriations and Encumbrances**

All appropriations in the operating budget which remain unencumbered or unexpended on June 30, 2009, shall revert to the fund balance of their respective funds.

### **Miscellaneous Considerations**

No expenditures at the department level shall exceed the Approved or Amended Budget, by fund.

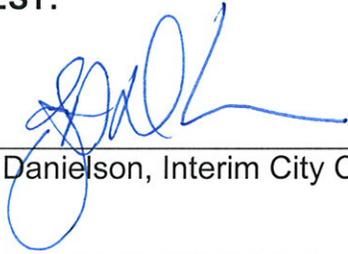
**PASSED, APPROVED, AND ADOPTED** this 1st day of July, 2008.



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Bob Cashman, Mayor

**ATTEST:**



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John Danielson, Interim City Clerk

**APPROVED AS TO FORM:**



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Julie Hayward Biggs, Interim City Attorney

STATE OF CALIFORNIA        )  
COUNTY OF RIVERSIDE       )  
CITY OF WILDOMAR            )

I, John Danielson, Interim City Clerk of the City of Wildomar, do hereby certify that the foregoing Resolution No. 08-28 was duly adopted by the City Council of the City of Wildomar at a special first meeting thereof, held on the 1st day of July, 2008, by the following vote:

AYES:           Cashman; Swanson; Moore; Farnam; Ade

NOES:           None

ABSTAIN:       None

ABSENT:        None

  
\_\_\_\_\_  
John Danielson, Interim City Clerk

# EXHIBIT "A"