

User's Guide

Budget and CIP Guide

Purpose of an Annual Budget

The basic purpose of the City of Santa Clarita's budget is to serve as a "blueprint" for providing City services and a working financial plan, as well as providing a communication tool for City residents, businesses, and employees. The document is specifically designed to give clear and accurate information to the community with respect to how its local government is organized and operates. The Capital Improvement Program (CIP) provides a comprehensive capital planning document and a context for future capital budget allocations.

The City of Santa Clarita's Municipal Code requires the City Manager to present a balanced budget, in which ongoing revenues match or exceed ongoing expenditures, to the City Council each year. This document authorizes appropriations or eligible expenditures for the City's fiscal year, which runs from July 1 to June 30 of the following year.

Budget & CIP Preparation

The budget is prepared each year by the City Manager's Office and the Administrative Services department, in cooperation with other City departments and other agencies which receive public funds. The CIP is prepared each year by the Public Works department, the City Manager's Office, and the Administrative Services department. The CIP preparation process has been integrated into the budget process.

In January of every year, each department is presented with a Budget Preparation Guide. The Finance division provides estimated revenues for the coming year, as well as year-end projected revenues for the current fiscal year. Department expenditure and CIP requests are prepared reflecting these projected revenue trends and estimates. In March, the departments then submit their proposed budgets and requests for the upcoming fiscal year to the City Manager. The review of the budget is the responsibility of the City's Budget Team. In March and April, the Budget Team analyzes each individual budget and either approves, denies, or revises the requested funding amounts.

The final product becomes part of the draft, proposed Annual Budget and CIP document presented to the City Council.

The City Council has appointed a Council Budget Subcommittee that meets during the budget process. Budget study sessions are conducted with the City Council and the Commissions in the months of February and May. Citizens have an opportunity to comment on the draft document during the public hearing in June. During the budget study session and the public participation period, the draft Annual Budget and CIP document may be revised or amended to reflect spending priorities that may differ from those presented in the draft document. The final Annual Budget, with the corresponding CIP Budget, is adopted by resolution of the City Council and takes effect on July 1. Once adopted, the City of Santa Clarita has a new operating budget and fiscal plan for the coming year, and a program for capital spending.

The calendar below reflects the time-line and process for the planning and preparation of the Annual Budget and Capital Improvement Program Document:

Budget Calendar 2014-2015	
January 16	• Budget Kick-Off Meeting with Staff
February 3	• Council Budget Subcommittee Meeting
February 4	• Joint Council/Planning, PRCS, and Arts Commissions Budget Study Session
February 25	• Final Budget Package Due to the City Manager
March 19-March 31	• Department Budget Discussions
April 4	• Capital Improvement Budget Funding Meeting
May 5	• Council Budget Subcommittee Meeting
May 6	• Joint Council/Planning, PRCS, and Arts Commission Budget Study Session
June 3	• Presentation of Capital Improvement Program to Planning Commission
June 10	• Public Hearing
June 24	• Adoption of Budget and CIP

Level of Control and Changes to Adopted Budget

From the effective date of the budget, the amounts stated as proposed expenditures become appropriations for the various City departments and capital improvement projects. These formal budgets are employed as a management control device during the year for the General Revenue Fund and all Special Revenue Funds. The City has prepared a line-item detail, which lists each account group within each of the three expenditure categories. This annual budget format is designed to provide a more comprehensive management and fiscal planning system to aid in the achievement of goals and objectives at the operational levels consistent with the City Council's policies.

Additional expenditures for capital outlay items must be approved by the City Manager and City Council. Funds appropriated for salaries and benefits may not be expended for any other purpose without the approval of the City Manager.

The City Manager may transfer funds within and between programs and departments.

Budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is exercised at the category level. Administrative policies provide guidelines on budget transfers and the authorization necessary to implement transfers. Generally, there are two types of budget transfers:

Budget Adjustment: This is a transfer that does not change the total appropriated amount within a fund and does not require Council action. Depending upon the budget category affected by the transfer, approval may be granted at the City Manager level.

Department heads have discretion to reapportion funds between certain line-items within a program, but may not exceed the total appropriated amounts for each category.

Budget Amendment: This is an adjustment to the total appropriated amount within a

fund which was not included in the original budget. These supplemental appropriations require formal action by the City Council.

Types of modifications can be categorized as follows:

- Unanticipated revenue, which was not projected in the budget, may be appropriated by Council for expenditure in the year received
- Prior year reserves or fund balances may be appropriated to fund items not previously included in the adopted budget. Reserves/fund balances exceeding minimum amounts required by administrative policies may be appropriated if it is determined to be in the best interest of the City. The City Council must also appropriate reserves in case of emergencies or unusual circumstances
- Transfers between funds require formal action by the City Council

Unexpended appropriations automatically lapse at the end of the fiscal year, and are included in the ending fund balance calculations within each fund.

Document Organization

Introductory Sections

The first three sections of the annual budget document provide an introduction and overview of the Annual Budget and Capital Improvement Program preparation process and contents.

The City Manager's Transmittal letter to the City Council outlines the key contents of the Fiscal Year Budget and the CIP.

The summaries provide an easy-to-read overview of the City's revenues and expenditures, while this User's Guide

provides an introduction to the City of Santa Clarita and an explanation of how to use this document.

It is important to note that the City's revenue estimates make assumptions based on actual experience and current knowledge of impending circumstances. Expenditure requests, in turn, reflect these assumed revenue trends.

Fiscal Policies

The budget document also includes a section on fiscal policies that were recently updated by the Council in December 2013.

Department Budget Sections

The next nine sections represent the main body of the annual budget. These sections contain an overview of each department, along with budget summaries. Each program has a narrative page outlining the program's purpose, primary activities, performance goals, and performance measures.

Capital Improvement Program Sections

These sections contain detailed information about the capital improvement projects that the City plans to initiate over the next year. Each project information sheet includes the project name, number and location (written and visual), a brief description of the project, a statement of justification, a breakdown of project costs by typical expenditure category, and a breakdown of project funding by source.

Examples of a department program budget and a CIP project information sheet follow.

Example of a Program Budget:

Funding Source: General Fund		
Account Number: 11000 8		
Personnel		
5001.001	① Regular Employees	1,028,070
5003.001	Overtime	1,500
5004.002	Vacation Payout	40,986
5006.001	Sick Leave Payout	17,022
5011.001	Health & Welfare	123,990
5011.002	Life Insurance	2,406
5011.003	Long-Term Disability Insurance	② 6,579
5011.004	Medicare	19,139
5011.005	Worker's Compensation	20,352
5011.001	PERS	203,258
5011.007	Deferred Compensation	26,000
Total Personnel		1,489,302
Operations & Maintenance ③		
5101.001	Publications & Subscriptions	2,450
5101.002	Membership & Dues	8,060
5101.003	Office Supplies	640
5101.004	Printing	3,000
5101.005	Postage	2,225
5111.001	Special Supplies	7,000
5131.003	Telephone Utility	3,000
5161.001	Contractual Services	133,000
5161.002	Professional Services	23,507
5191.001	Travel & Training	26,300
5131.004	Auto Allowance & Mileage	16,835
5211.001	Computer Replacement	12,551
5211.004	Insurance Allocation	54,419
Total Operations & Maintenance		292,987
Capital Outlay		0
Total 2014-2015 Budget		1,782,289

① Account Code: The first five numbers indicate the department and division or subdivision. The second set of seven numbers indicates a specific line-item.

② Appropriation: For fiscal year

③ Category: The budget is divided into three categories: Personnel, Operations & Maintenance, and Capital Outlay. Each department is required to stay within the category allocation.

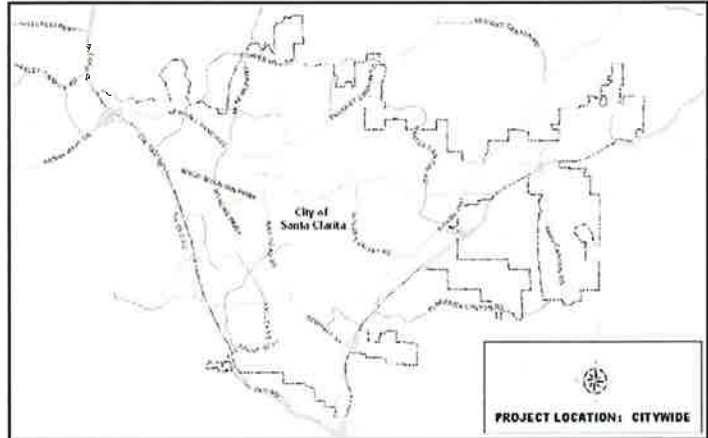
④ Bottom Line: Total appropriation for the budget program.

Capital Project Information Guide: **SAMPLE**

Project Name: 2014-15 OVERLAY AND SLURRY SEAL PROGRAM

Project Number: M0102

Project Location: Citywide



Description: The annual Overlay and Slurry Seal Program reflects the City’s commitment to sound pavement management of the roadway infrastructure by overlaying streets in need of attention. Streets will be selected based on recommendations from the City’s pavement management survey and field inspections.

Justification: This effort strives to maintain the quality and viability of the City’s streets. To maintain the current rating of City streets, \$16,300.00 must be committed annually to the overlay program. This financial commitment will avoid further overall roadway deterioration/deficit.

Project Status: Proposed

Department: Public Works

Project Manager: Curtis Nay

Project Cost Est. (\$):

Expenditure Category	PriorYear	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Environ/NPDES	0.00	36,709.00	50,000.00	50,000.00	50,000.00	50,000.00	236,709.00
Design/Feas. Study	0.00	400,000.00	500,000.00	500,000.00	500,000.00	500,000.00	2,400,000.00
Right of Way/Acquis	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Construction/Art	0.00	8,700,000.00	13,500,000.00	13,500,000.00	13,500,000.00	13,500,000.00	62,700,000.00
Inspection & Admin	0.00	513,500.00	750,000.00	750,000.00	750,000.00	750,000.00	3,513,500.00
Contingency	0.00	\$70,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	6,870,000.00
Total Costs:	0.00	10,520,209.00	16,300,000.00	16,300,000.00	16,300,000.00	16,300,000.00	75,720,209.00

Project Funding:

Funding Source:	PriorYear	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Gas Tax	0.00	227,023.00	0.00	0.00	0.00	0.00	227,023.00
Measure R Local	0.00	2,724,022.00	0.00	0.00	0.00	0.00	2,724,022.00
STPL	0.00	736,440.00	0.00	0.00	0.00	0.00	736,440.00
TDA Art. 8	0.00	6,832,724.00	0.00	0.00	0.00	0.00	6,832,724.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Priority Unfunded	0.00	0.00	16,300,000.00	16,300,000.00	16,300,000.00	16,300,000.00	65,200,000.00
Total Costs	0.00	10,520,209.00	16,300,000.00	16,300,000.00	16,300,000.00	16,300,000.00	75,720,209.00

- Project Number:** M0102 M = Categorical location of capital project
- 0 = The area of the City in which the project is located
- 102 = The assigned project number

Category Abbreviations:

- B = Beautification & Landscaping
- C = Circulation
- E = Emergency
- F = Facilities & Buildings

- M=Maintenance
- P =Parks
- S = Streets & Bridges
- T = Trails & Transit

Area:

- 0 = Citywide
- 1 = Valencia
- 2 = Newhall
- 3 = Canyon Country
- 4 = Saugus

Project Cost Est. (\$): This area shows a detail of the estimated costs of the project by year and expenditure category.

Project Funding: This area shows the detail of the project funding by year and by funding source.

Annual Appropriations Limit

The Appropriations Limit, established by the State of California per Article XIII B of the California State Constitution, sets a limit for the annual appropriations of tax proceeds for all municipalities.

Article XIII B was recently amended by Proposition 111 to change the method of calculating the annual appropriations limit. Prior to Proposition 111, the annual appropriations limit was adjusted annually by the change in the cost of living or by the change in California per capita personal income, whichever was less, and by the percentage change in the population of the City.

Under the new guidelines set forth by Proposition 111, the annual appropriations limit will not exceed a base year adjusted by the change in population of the City or the County combined with either the change in California per capita personal income or the change in the local assessment roll, due to local nonresidential construction. Proposition 111 also changed the base year for all municipalities to 1986-87.

Starting with a base year limit of \$47,350,022 for 1986-87 and increasing it to the 2014-2015 limits by using the guidelines set forth in Proposition 111, the calculation would be as follows:

Fiscal Year	Prior Year's Limit	Add Change in Personal Income		New Base	Add Change in Population		Appropriations Limit
1998-99	114,455,938	4.15%	4,749,921	119,205,859	9.69%	11,551,048	130,756,907
1999-00	130,756,907	4.53%	5,923,288	136,680,195	2.37%	3,239,321	139,919,516
2000-01	139,919,516	4.91%	6,870,048	146,789,564	3.39%	4,976,166	151,765,730
2001-02	151,765,730	7.82%	11,868,080	163,633,810	2.18%	3,567,217	167,201,027
2002-03	167,201,027	(1.27%)	(2,123,453)	165,077,574	2.93%	4,836,773	169,914,347
2003-04	169,914,347	2.31%	3,925,021	173,839,368	2.99%	5,197,797	179,037,166
2004-05	179,037,166	3.28%	5,872,419	184,909,585	1.35%	2,496,279	187,405,864
2005-06	187,405,864	5.26%	9,857,548	197,263,412	1.80%	3,550,741	200,814,154
2006-07	200,814,154	3.96%	7,952,240	208,766,394	.27%	563,669	209,330,064
2007-08	209,330,064	4.42%	9,252,389	218,582,452	5.68%	12,415,483	230,997,936
2008-09	230,997,936	4.29%	9,909,811	240,907,747	.50%	1,204,539	242,112,286
2009-10	242,112,286	.62%	1,501,096	243,613,382	.64%	1,559,126	245,172,508
2010-11	245,172,508	(2.54%)	(6,227,382)	238,945,126	.65%	1,553,143	240,498,270
2011-12	240,498,270	2.51%	6,036,507	246,534,776	.35%	862,872	247,397,648
2012-13	247,397,648	3.77%	9,326,891	256,724,539	.38%	975,553	257,700,093
2013-14	257,700,093	5.12%	13,194,245	270,894,338	15.44%	41,826,086	312,720,424
2014-15	312,720,424	(.23%)	(719,257)	312,001,167	1.98%	6,177,623	318,178,790

