



City of Pleasant Hill, CA

Budget Condition Factsheet

Fiscal Year 2014/2016



City Budget

The City of Pleasant Hill operates on a two-year (biennial) budget. Through the budget, the City Council authorizes City staff to collect revenues and make expenditures.

The City Council will adopt the next biennial budget, for fiscal year (FY) 2014/2016 (July 1, 2014 through June 30, 2016), by June 30, 2014. To adopt the budget, City staff must forecast the revenues that the City will receive over the next

two-year period and the City Council must make decisions about how to expend the revenues. The budget should be “balanced,” meaning that the City's expenditures should not exceed its revenues.

Below is some background information that the City Council and staff will consider in order to adopt the FY 2014/2016 budget.

Revenues

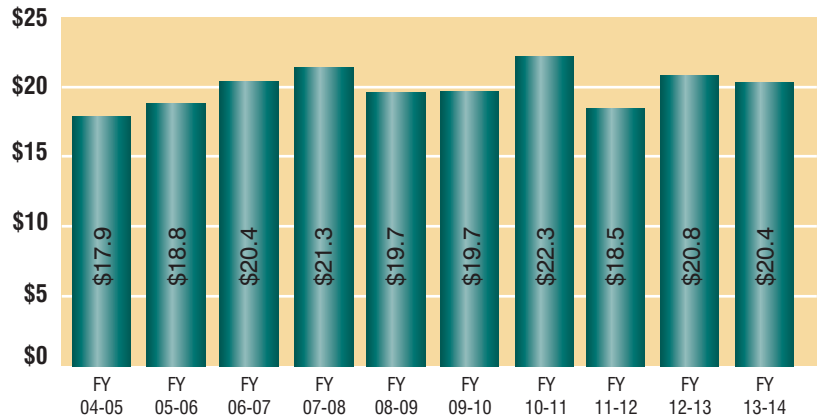
The City collects revenues from a variety of sources and deposits them into different “funds” (similar to bank accounts) in order to ensure that they are spent appropriately. There are two major categories of funds—the “General Fund” and all other funds.

Revenues in the General Fund can be spent on any appropriate government purpose as directed by the City Council. The major sources of General Fund revenue are sales tax; property tax; property tax in lieu of vehicle license fees; transient occupancy (hotel) tax; utility users tax; licenses and permits; and charges for services.

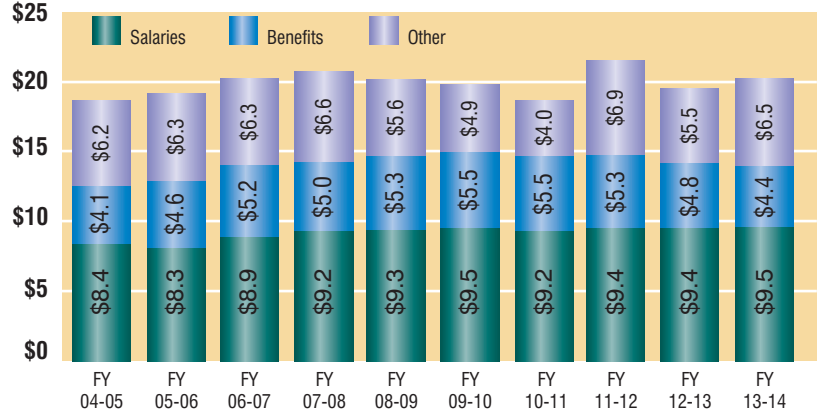
Non-General Fund revenues can only be spent for specified purposes, such as capital improvements, debt service, or a particular program. The major sources of non-General Fund revenues are special taxes or grants from the State and federal government.

Graph 1 (on right) shows the City's total General Fund revenues for the past ten years.

Graph 1. General Fund Revenue
Fiscal Years 2004–2014 (\$ millions)



Graph 2. General Fund Expenditures
Fiscal Years 2004–2014 (\$ millions)



Expenditures

Through the budget, the City Council authorizes staff to expend the City's limited financial resources. Like most cities, the bulk of Pleasant Hill's resources are spent on public safety. The City also spends resources on infrastructure, quality of life, and economic development activities. Graph 2 (on right) shows the City's General Fund expenditures for salaries, benefits, and other; and Graph 3 (on back) shows the number of full-time equivalent (FTE) employees for the past ten years.



Budget Balancing Challenge

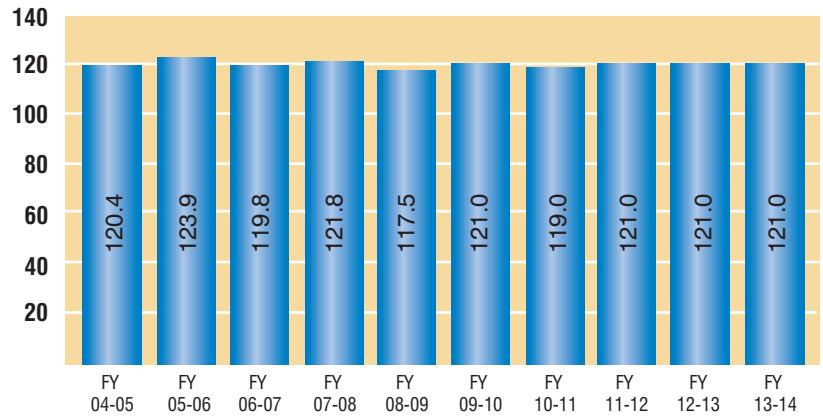
As noted, each biennial budget should be “balanced,” meaning that the City's expenditures should not exceed its revenues. The challenge for the City is to adopt a balanced budget that allocates the City's limited financial resources to the community's top priorities among many competing alternatives.

Prior to the adoption of the biennial budget, City staff forecasts the revenues that it expects the City to receive over the next two years. Based on anticipated recovery from the recession, staff is forecasting that ongoing General Fund revenues will grow at approximately 2.5% annually over the next five years. City staff also forecasts the expenditures that the City is obligated to make over the next two years. Due primarily to inflationary increases in general price/cost levels, City staff is forecasting that ongoing General Fund expenditures will grow at approximately 1.3% annually over the next five years.

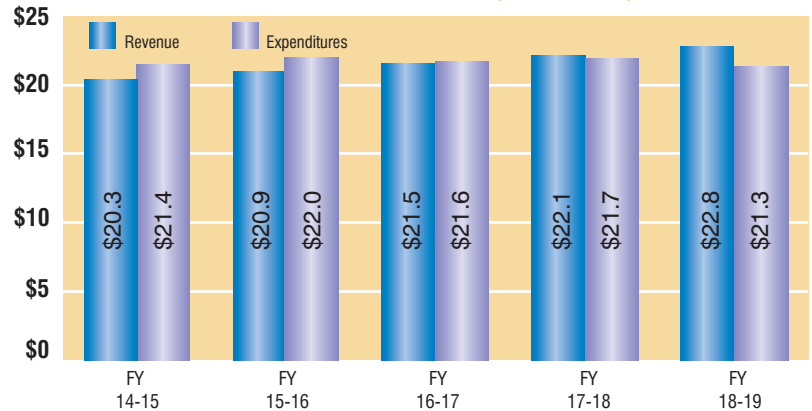
Based on the revenue and expenditure forecasts previously described, staff is forecasting that the City will experience relatively modest budgetary shortfalls in FY 2014/2015 and FY 2015/2016 unless it changes its revenues and expenditures. The City Council will have to resolve these shortfalls during the budget adoption process by either increasing revenues, reducing expenditures, or using savings. (As of the end of the second quarter, the City is expecting to end FY 2013/2014 with \$12.7 million of General Fund balance, a portion of which is reserved.)

Graph 4 (on right) shows the City's forecasted General Fund revenues and expenditures for the next five years. For additional information, see the Preliminary Fiscal Year (FY) 2014/2019 Five-Year Financial Forecast (www.pleasant-hill.net/5-year).

Graph 3. Full Time Equivalent (FTE) Employees Fiscal Years 2004–2014



Graph 4. Forecasted General Fund Revenue and Expenditures Fiscal Years 2014–2019 (\$ millions)



Next Steps in Budget Adoption

In April 2014, City staff will issue a proposed biennial budget for FY 2014/2016. The City Council's Budget Committee and the Council itself will hold a number of public meetings in April, May, and June to seek community input on the budget and to deliberate. The City will issue a FY 2014/2016 Proposed Budget Factsheet in May 2014. The City is also planning to hold a Community Workshop regarding the budget in May 2014.

Additional Information



For further information regarding the City's budget, please contact:

Mary McCarthy, Finance Manager, at (925) 671-5231

or visit the City's Budget & Financial Information web page:

www.pleasant-hill.net/budget