

# FY16-17 CAFR Results and Building the FY18-19 Budget

PRESENTATION TO THE FOLSOM CITY COUNCIL

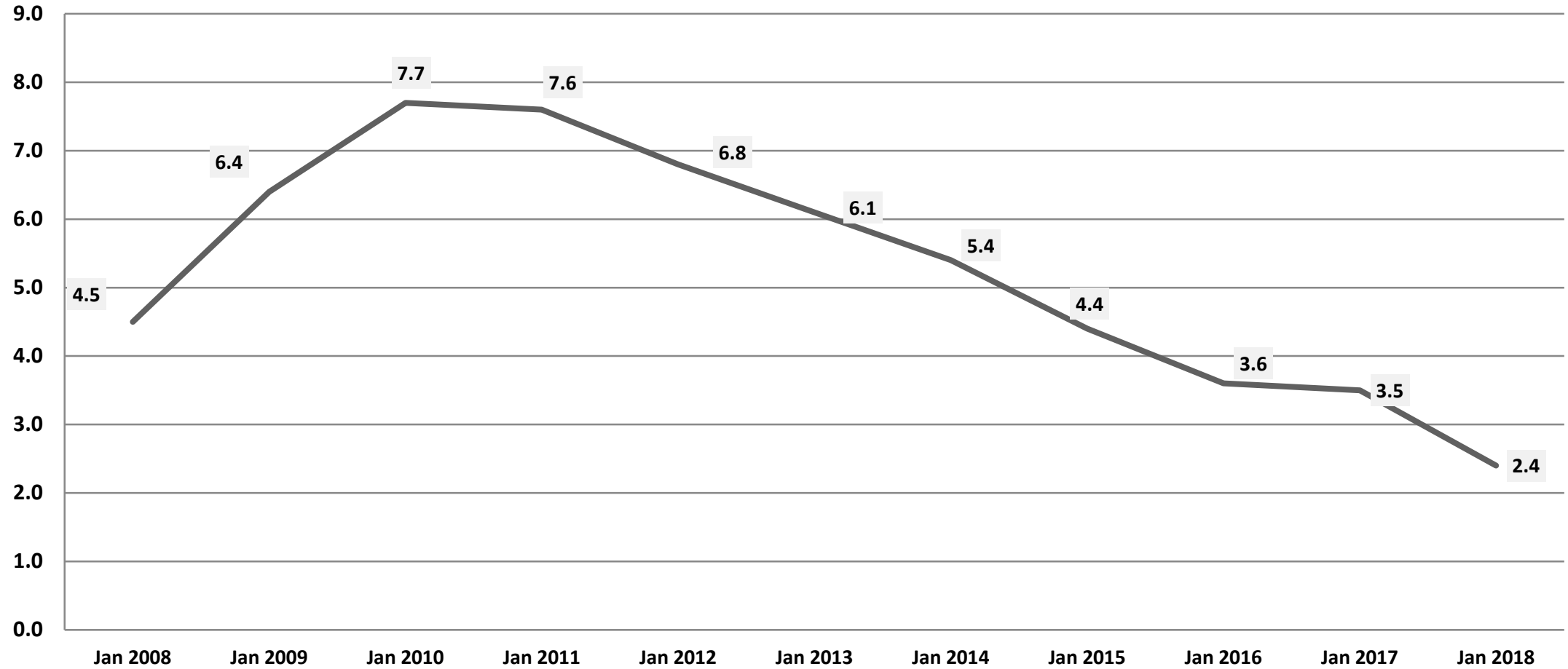
FEBRUARY 27, 2018



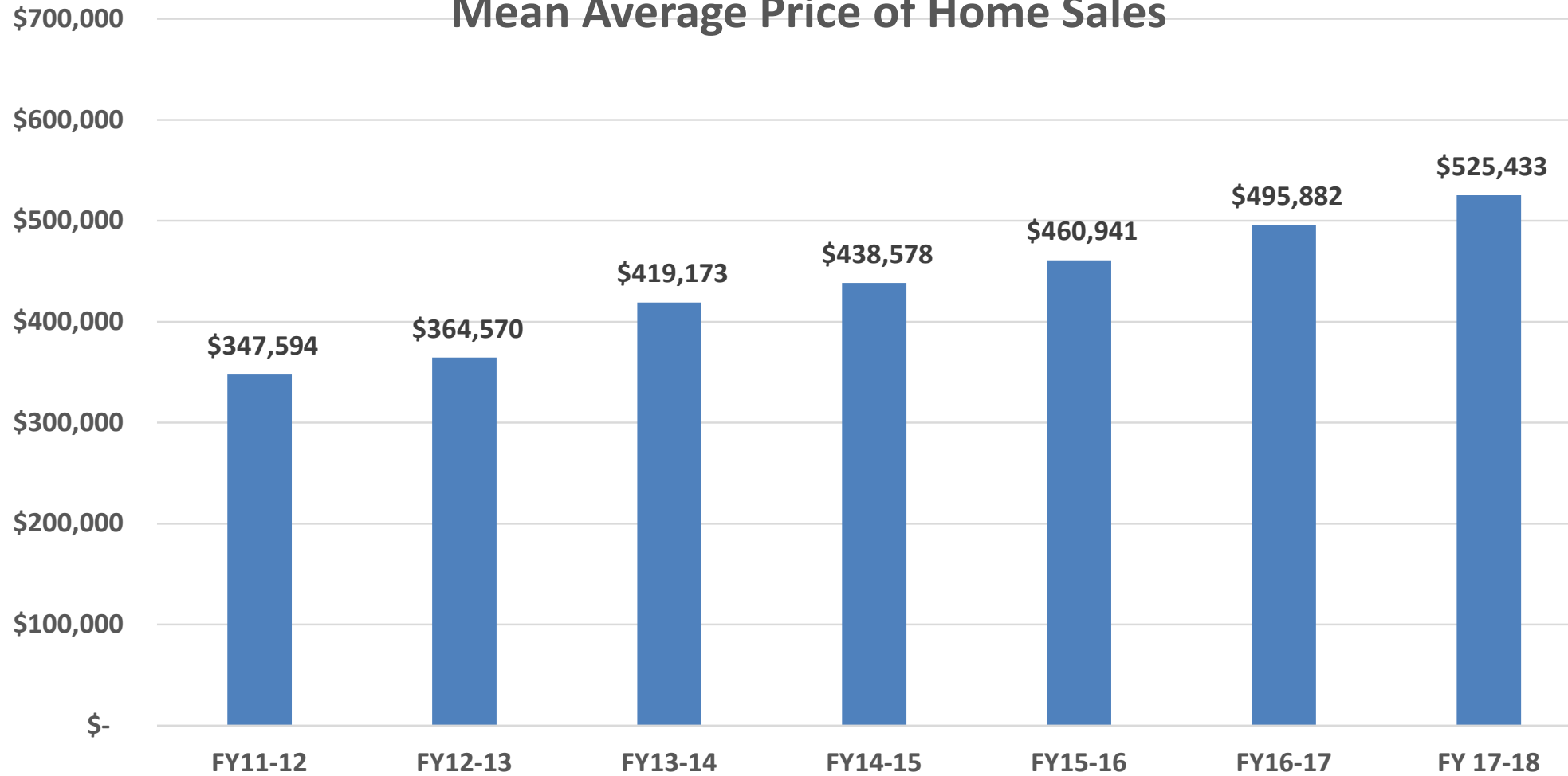
CITY OF  
**FOLSOM**



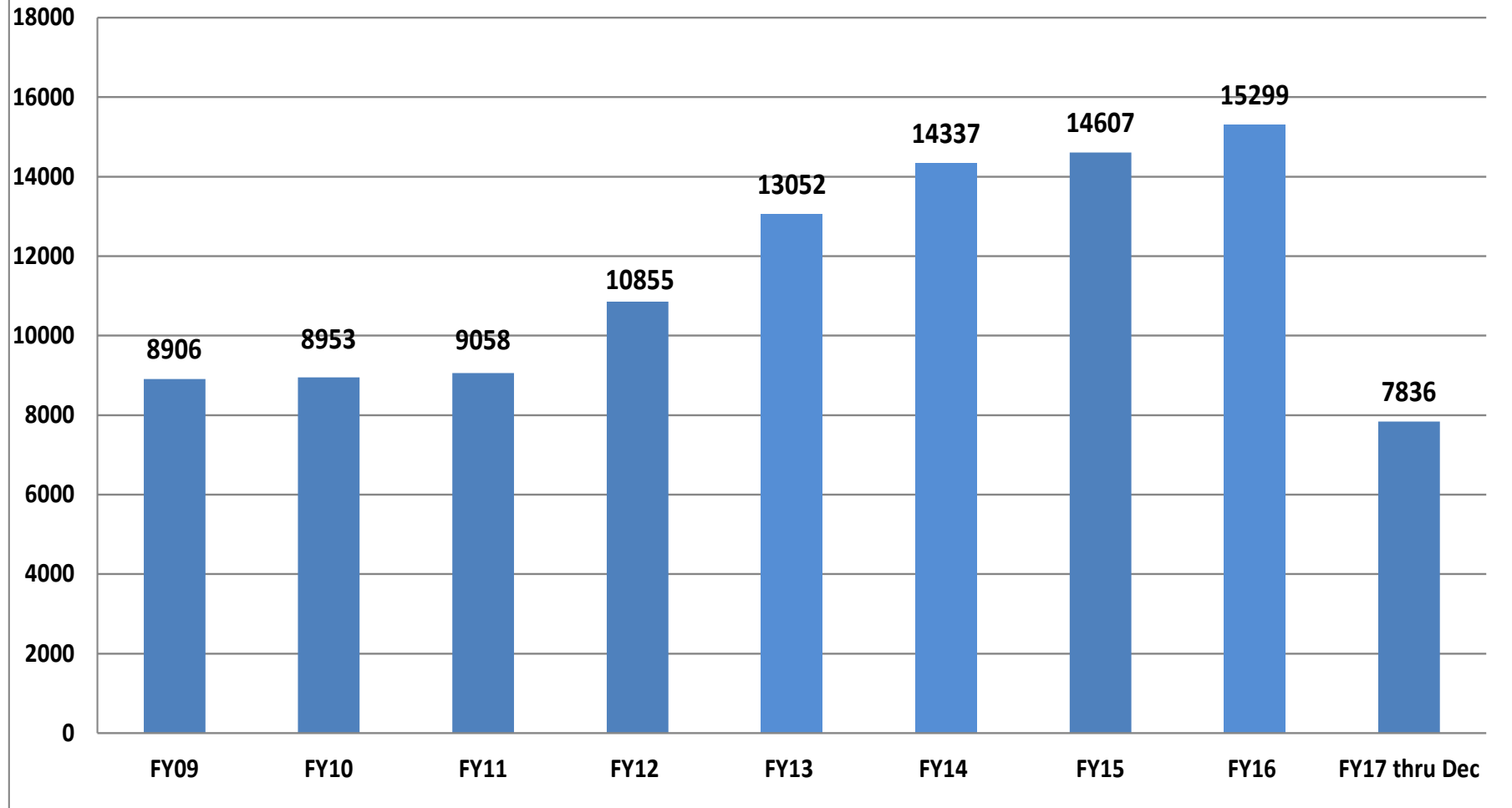
## Folsom Unemployment Rates in Jan



## Mean Average Price of Home Sales



## Auto Sales by Fiscal Year



# AUDITED FINANCIAL STATEMENTS

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- The Comprehensive Annual Financial Report (CAFR) represents the **final, official, audited** Financial Statements and reports of the City, the Redevelopment Successor Agency, the Public Financing Authority and the Folsom Ranch Financing Authority.
- These Statements and reports are designed to provide readers with a broad overview of the City's finances and provide a long-term view of the City's activities.
- City has received an **unmodified or "clean" opinion** from the Independent Auditor regarding each of the Financial Statements.

# CAFR and Budget Principles

Sustainability

Transparency

Accountability

Responsiveness



# General Fund Summary

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	<b><u>CAFR FY14-15</u></b>	<b><u>CAFR FY15-16</u></b>	<b><u>CAFR FY16-17</u></b>
<b>Revenues</b>	\$72,639,226	\$77,679,218	\$82,625,249
<b>Expenditures</b>	\$70,672,702	\$74,331,667	\$78,022,716
<b>Unassigned Fund Balance</b>	\$ 8,157,227	\$10,950,323	\$15,536,918
<b>% of Expenditures</b>	11.54%	14.73%	19.91%



# Major Revenue Categories

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	<u>CAFR FY15-16</u>	<u>CAFR FY16-17</u>	<u>Projected FY 17-18</u>
Prop Taxes	\$ 21,732,471	\$ 23,301,973	\$ 24,387,357
Sales Tax	\$ 22,168,300	\$ 24,721,293	\$ 23,733,121
Charges	\$ 12,697,713	\$ 13,829,099	\$ 14,144,985
Lic, Permits, & VLF	\$ 7,988,302	\$ 8,228,994	\$ 8,566,811
Transfers In	\$ 6,414,784	\$ 6,063,948	\$ 8,866,965
All Other	<u>\$ 6,677,648</u>	<u>\$ 6,479,942</u>	<u>\$ 6,004,075</u>
Total Revenue	\$ 77,679,218	\$ 82,625,249	\$ 85,703,314

# Major Expense Categories

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	<u>CAFR FY15-16</u>	<u>CAFR FY16-17</u>	<u>Projected FY 17-18</u>
Salaries	\$ 32,587,693	\$ 32,945,004	\$ 34,111,239
Benefits	\$ 21,454,126	\$ 23,408,084	\$ 25,183,199
O&M	\$ 16,491,737	\$ 18,194,108	\$ 18,431,908
Capital Outlay	\$ 1,881,771	\$ 1,554,461	\$ 2,050,535
Debt Service	<u>\$ 1,916,340</u>	<u>\$ 1,921,059</u>	<u>\$ 2,193,283</u>
Total Expenses	\$ 74,331,667	\$ 78,022,716	\$ 81,970,164

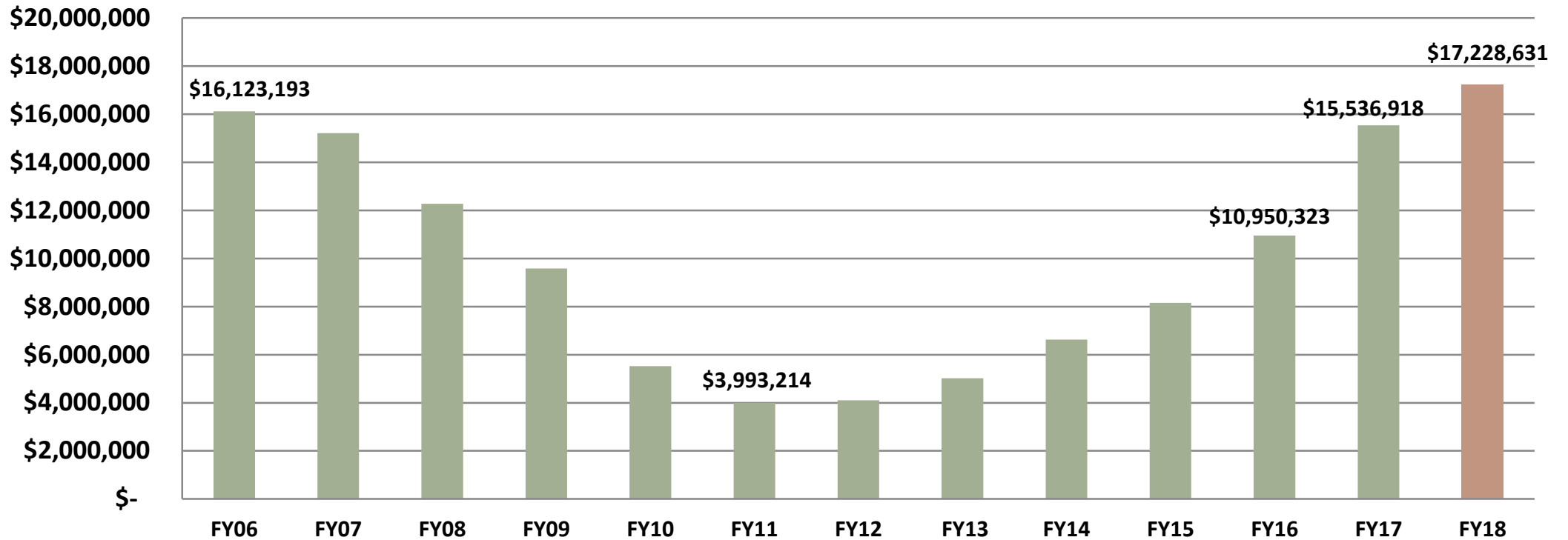
# Expenditures by Program Area

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	<b><u>% of General Tax Revenue</u></b>			
	<b><u>Actual FY13-14</u></b>	<b><u>Actual FY14-15</u></b>	<b><u>Actual FY15-16</u></b>	<b><u>Actual FY16-17</u></b>
Gen Gov	8.02%	8.92%	8.11%	7.89%
Public Safety	59.77%	59.48%	61.11%	59.19%
Com Dev & PW	4.38%	3.37%	6.59%	8.95%
P&R & Culture	13.75%	13.88%	14.68%	14.86%
Non-Dept	14.08%	14.36%	9.52%	9.11%

# Unassigned General Fund Balance

## Undesignated, Unrestricted General Fund Balance



# Water Enterprise Fund

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	<u>CAFR FY13-14</u>	<u>CAFR FY14-15</u>	<u>CAFR FY15-16</u>	<u>CAFR FY16-17</u>
■ Chgs for Service	\$14,201,854	\$13,105,941	\$12,205,895	\$13,605,851
■ Op Expenses	\$11,923,053	\$12,476,964	\$11,820,576	\$12,303,007
■ Debt Service % of Charges	\$ 1,951,424 13.7%	\$ 2,006,871 15.3%	\$ 2,003,679 16.4%	\$ 2,091,864 15.4%
■ Net Pension Liability	\$ 0	\$ 5,536,430	\$ 6,160,179	\$ 7,027,963
■ Working Capital	\$ 9,893,210	\$ 9,109,335	\$ 8,215,523	\$13,620,009

# Wastewater Enterprise Fund

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	<u>CAFR FY 13-14</u>	<u>CAFR FY 14-15</u>	<u>CAFR FY 15-16</u>	<u>CAFR FY 16-17</u>
■ Chgs for Service	\$6,102,878	\$6,163,970	\$6,278,631	\$6,531,021
■ Op Expenses	\$5,670,226	\$5,698,437	\$5,419,982	\$5,254,071
■ Net Pension Liability	\$ 0	\$3,657,234	\$4,080,372	\$4,680,613
■ Working Capital	\$10,214,300	\$7,403,849	\$8,087,596	\$8,306,100

# Solid Waste Enterprise Fund

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	<u>CAFR FY 13-14</u>	<u>CAFR FY 14-15</u>	<u>CAFR FY 15-16</u>	<u>CAFR FY16-17</u>
■ Chgs for Service	\$10,240,575	\$10,362,825	\$10,620,422	\$10,957,586
■ Op Expenses	\$ 9,641,383	\$ 9,847,191	\$ 9,347,062	\$ 9,488,964
■ Net Pension Liability	\$ 0	\$ 6,743,832	\$ 7,509,054	\$ 8,567,180
■ Working Capital	\$ 4,006,096	\$ 2,483,754	\$ 3,488,013	\$ 4,211,690

# Risk Management Internal Service Fund

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	<u>CAFR FY 14-15</u>	<u>FY 15-16</u>	<u>CAFR FY 16-17</u>
■ Chgs for Service	\$15,378,776	\$16,911,737	\$16,285,553
■ Op Expenses	\$14,061,783	\$14,082,314	\$15,155,803
■ Unrestricted Net Position	\$ 3,167,387	\$ 4,997,360	\$ 6,362,618
■ Major Expense Categories			
• Act Emp Hlth	\$ 6,703,429	\$ 6,796,948	\$ 7,832,307
• Retiree Health	\$ 3,548,740	\$ 3,222,615	\$ 3,799,341
• Workers Comp	\$ 1,987,753	\$ 2,096,962	\$ 2,064,808
• Liability Ins	\$ 1,243,348	\$ 1,278,962	\$ 1,318,136



# HUMBUG WILLOW CREEK FUND TREE MITIGATION FUND COMPENSATED ABSENCES FUND

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	<u>COMP AB</u> <u>FY 16-17</u>	<u>TREE MIT</u> <u>FY 16-17</u>	<u>HUMBUG WC</u> <u>FY 16-17</u>
■ Revenue	\$ 970,475	\$ 217,358	\$ 2,103,495
■ Expenses (Grant Funded)	\$ 912,220	\$ 66,203	\$ 2,521,133
■ Fund Balance	\$ 1,102,392	\$ 764,559	<b>\$(1,118,873)</b>

# FY19 Budget Focus

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**B**uild Sustainability

**A**ddress Deferred Maintenance

**S**trengthen Core Services

**I**nvest for the Future

**C**ommunity Balance of Services



# Estimated FY19 General Fund Budget Drivers

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<b>Wages</b>	<b>\$1,341,465</b>	<b>3.93%</b>
<b>Retiree Health</b>	<b>\$ 300,000</b>	<b>9.38%</b>
<b>PERS</b>	<b>\$1,174,477</b>	<b>10.12%</b>
<b>Other Benefits</b>	<b>\$ 275,626</b>	<b>2.63%</b>
<b>O&amp;M</b>	<b>\$ -652,450</b>	<b>- 3.54%</b>
<b>Capital</b>	<b>\$ 0</b>	<b>0.0%</b>
<b>Debt</b>	<b><u>\$-1,285,080</u></b>	<b><u>-85.05%</u></b>
<b>Total</b>	<b>\$ 1,154,038</b>	<b>1.41%</b>

# Future Trend of Concern – Public Employees Retirement System Cost

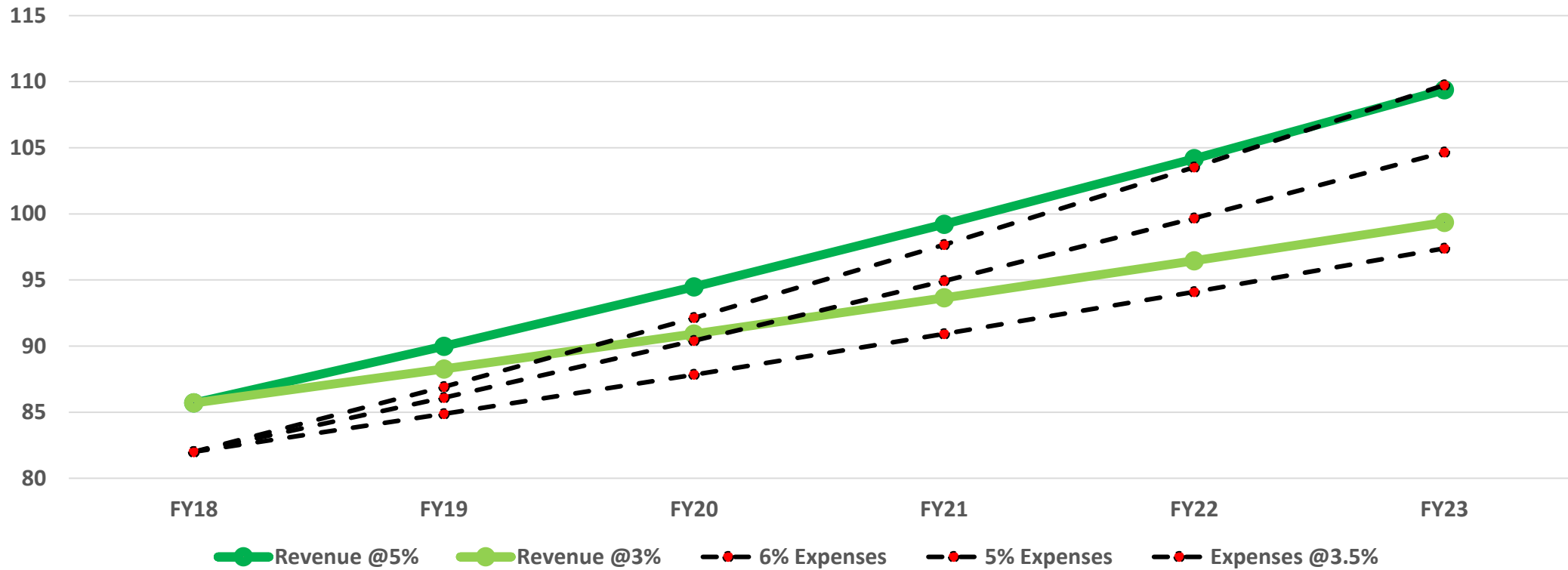
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## PERS Growth due to Assumption Changes:

<u>Fiscal Year</u>	<u>Total Contribution</u>	<u>\$ Increase</u>	<u>% Increase</u>
FY16-17	\$10,415,137		
FY17-18	\$11,153,501	\$ 738,364	7.09%
FY18-19	\$12,657,309	\$1,503,809	13.48%
FY19-20	\$14,796,423	\$2,139,114	16.90%
FY20-21	\$16,377,584	\$1,581,161	10.69%
FY21-22	\$17,592,332	\$1,214,747	7.42%
FY22-23	\$18,656,328	\$1,063,996	6.05%

# General Fund Revenue and Expenditure Forecast

## Budget Forecast



# Issues to be Considered

- Can we sustain if the economy changes? Are there funds that need attention?
- What deferred maintenance projects need to be addressed in the near future?
- How can we strengthen our core services?
- What investments do we need to make for the future? How do we fund our pension and retiree health long-term liabilities?
- What do we need to do with South of Hwy50 starting to develop?
- How do we maintain the balance of services that makes a community?

# Next Steps

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- April 24, 2018 - Present FY19 Operating and Capital Budgets
- May 8, 2018 - Public Hearing on FY19 Budgets and possible adoption
- May 22, 2018 - Possible Adoption of FY19 Operating and Capital Budgets
- June 12, 2017 - Possible Adoption of FY19 Operating and Capital Budgets
- June 26, 2017 - Presentation and adoption of Gann Limits

# City Council Comments and Guidance

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