

SUGGESTED BUDGET CUTS TO MEET THE \$2 MILLION PENSION OBLIGATION IN FY2016

EXPENDITURES:

GENERAL FUND

	FY16 Budget			Defer-Amount Not Spent in FY2016	
CAPITAL IMPROVEMENT PROGRAM - SUMMARY					
City Clerk - Laserfiche Avante Software	33,200			-	Avante Software will be installed
City Clerk - Upgrade Audio-Visual System in Council Chambers	80,000			-	Will be doing the upgrade
PW-City Hall Maint. - City Hall Entryway Improvements Design Work Assignment (plans & architectural renderings)	225,000	\$28,530 po#041237	12/11/15	196,470	Defer to future budget
PW-Parks - Purchase Ajax Property	850,000			850,000	Defer to Extra-Ordinary Mitigation Fee Funds
PW-Parks - Maxine Barrett Park Band Shell	50,000			50,000	Defer to future budget
PW-Parks - Wellfield Park - Croquet Expansion	15,000			15,000	Re-imbursement from SCG
PW-Parks - Wellfield Park - Soccer Field Lights	150,000	\$262,000 po#041289	2/2/16	150,000	Re-imbursement from SCG
PW-Parks - Festival Grounds - Infrastructure	25,000	\$21,970 po#041304	2/19/16	-	Will be doing the upgrade
PW-Parks - Venice Beach Restroom Renovations Restroom Partitions	120,000	\$23,199 po# 041136	10/7/15	45,000	Per Veneziano estimate cost will be \$75,000
Eng - Venice Pier Boardwalk/Pier/Parking Lot Lighting Upgrades	100,000			-	Weeden doing project
Eng - E-Plan Review Software	7,215	\$7,215 po# 041187	10/28/15	-	Software will be installed
Planning - E-Plan Review Software	14,430	\$14,430 po# 041187	10/28/15	-	Software will be installed
IT - Server & Network Equipment Replacement	39,000			-	IT will replace equipment
IT - Granicus Portable/Remote Meeting Encoder	6,000	\$3,645 po#041259	12/23/15	2,355	Remainder

OPERATING EXPENSES					
PW Facility Relocation Study	001-0901-519.31-00			25,000	Defer to future budget
Traffic Signalization Study	001-0950-539.31-00			170,000	Defer to MPO Schedule

GENERAL FUND CAPITAL EXPENDITURES 1,714,845

1,503,825 Available to cover pension obligation

There is also an additional \$155,000 expense for the Fire VEBA that was not budgeted.

This will be offset by salary savings from vacant positions (prior to filling them or people being hired less than incumbent).

Statement of Revenues, Expenditures and Changes in Fund Balances

	CAFR Amt	Final	
	General Fund FY14	General Fund FY15	
REVENUES			
Property tax	\$ 8,398,173	\$ 9,059,063	Total Revenues
Sales taxes	1,602,147	1,559,698	20,125,742
Other taxes	2,402,437	2,494,179	5,397,976
Franchise fees	2,213,124	2,337,425	25,523,718
Fees and fines	18,693	20,802	
Licenses and permits	540,238	632,502	Total Expenses
Intergovernmental	2,712,037	2,689,288	22,727,645
Charges for services	106,622	74,535	1,125,000
Interest	205,236	132,854	23,852,645
Miscellaneous	777,850	1,125,396	
Total revenues	<u>18,976,557</u>	<u>20,125,742</u>	
EXPENDITURES			
Current:			
General government	3,294,175	3,730,147	
Finance	1,186,974	1,361,172	
Information services	879,974	894,326	
Parks and recreation	1,232,352	1,205,350	
Police	7,807,759	8,196,394	
Fire	6,383,527	5,928,340	
Public works	1,182,801	1,315,280	
Debt service:			
Principal	-	-	
Interest and fiscal charges	-	-	
Capital outlay	2,972,602	96,636	
Total expenditures	<u>24,940,164</u>	<u>22,727,645</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(5,963,607)</u>	<u>(2,601,903)</u>	
OTHER FINANCING SOURCES (USES)			
Transfers in	3,534,260	3,953,813	
Other Source- BP Oil Spill	-	1,444,163	
Transfers out	(1,276,749)	(1,125,000)	
Net other financing sources (uses)	<u>2,257,511</u>	<u>4,272,976</u>	
Net change in fund balances	(3,706,096)	1,671,073	
Fund balances (deficits) at beginning of year	<u>14,238,788</u>	<u>10,532,692</u>	
Fund balances (deficits) at end of year	<u>\$ 10,532,692</u>	<u>\$ 12,203,765</u>	

Statement of Revenues, Expenditures and Changes in Fund Balances

	CAFR Amt	Final		
	General Fund FY14	General Fund FY15		
Restricted/Committed Fund Balance	\$ 711,892	\$ 517,985		
Unassigned fund balance	<u>9,820,800</u>	<u>11,685,780</u>		
	<u>\$ 10,532,692</u>	<u>\$ 12,203,765</u>		
		Revised Actuary Statements	Revised Per 10/1/15 Actuary Valuation	Estimate Based on FY16 Budget Cuts
Breakout of Unassigned Fund Balance at 9/30/2015:				
Fund Balance Target (3 months operating) for emergency		5,681,911	5,681,911	5,681,911
Unassigned Fund Balance		6,003,869	6,003,869	6,003,869
Breakout of Unassigned Fund Balance at 9/30/2015:		<u>11,685,780</u>	<u>11,685,780</u>	<u>11,685,780</u>
Estimated Use of Reserves/Fund Balance (FY16 Budget Book)		(1,851,361)	(1,851,361)	(1,851,361)
Estimated Use of Reserves for Police & Fire Pension Plans for FY2016		(1,837,087)	(2,199,390)	(2,199,390)
FY2016 Budgeted Items Deferred to future budget		-	-	1,503,825
				(2,546,926)
Estimated Unassigned Fund Balance at 9/30/2016		<u>7,997,332</u>	<u>7,635,029</u>	<u>9,138,854</u>
Breakout of Unassigned Fund Balance:				
Fund Balance Target (3 months operating) for emergency		6,051,326	6,051,326	6,051,326
Unassigned Fund Balance		1,946,007	1,583,704	3,087,529
Estimated Unassigned Fund Balance at 9/30/2016		<u>7,997,332</u>	<u>7,635,029</u>	<u>9,138,854</u>

These 3 total
 General Fund Use of Reserves

	Actual FY13	Actual FY14	Actual FY15	Budget FY16	Estimate Based on FY16 Budget Cuts
General Fund Use of Reserves	50,707	2,429,346	1,529,909	1,851,361	347,536
BP Settlement Funds Received	-	-	(1,444,163)	-	-
Estimated Use of Reserves for Police & Fire Pension Plans for FY2016	-	-	-	2,199,390	2,199,390
General Fund Use of Reserves	<u>50,707</u>	<u>2,429,346</u>	<u>85,746</u>	<u>4,050,751</u>	<u>2,546,926</u>

an Add'l 695,565 from what was budgeted from reserves

Fire & Police Pension Plan - Annual Required Contributions

	Actual FY14	Actual FY15	Per 10/1/15 Actuary Report FY16	Per 10/1/15 Actuary Report FY17	Estimate FY18	Estimate FY19	Estimate FY20
Police Pension Plan							
City	1,651,993	1,753,275	2,078,867	1,337,865	1,237,865	1,117,865	997,865
State	178,617	189,276	189,276	189,276	189,276	189,276	189,276
Police Pension Plan	1,830,610	1,942,551	2,268,143	1,527,141	1,427,141	1,307,141	1,187,141
FRS for Police	-	525,941	574,661	669,816	759,043	860,056	974,291
Total Police Contributions	1,830,610	2,468,492	2,842,804	2,196,957	2,186,184	2,167,197	2,161,432
Fire Pension Plan							
City	1,674,244	756,197	2,749,891	2,324,237	2,224,237	2,124,237	2,024,237
State	304,802	272,353	272,353	272,353	272,353	272,353	272,353
Fire Pension Plan	1,979,046	1,028,550	3,022,244	2,596,590	2,496,590	2,396,590	2,296,590
FRS for Fire	-	248,394	248,607	294,057	332,681	376,376	425,746
Total Fire Contributions	1,979,046	1,276,944	3,270,851	2,890,647	2,829,271	2,772,966	2,722,336
Total Police and Fire Pension Contributions	3,809,656	3,745,436	6,113,655	5,087,604	5,015,455	4,940,163	4,883,768

Notes/Assumptions:

The Actuary Report Amounts are only for the Police and Fire Pension Plans, not FRS.

FRS amounts for FY16 are the budgeted amounts for Police and Fire.

FRS amounts for FY17-FY20 for Fire are the same amounts used on the Fire Department merger spreadsheet at the Fire Merger Workshop on January 11, 2016, which assumes 3% salary increases and increase in FRS rates.

FRS amounts for FY17-20 for Police assumes 3% salary increases and increase in FRS rates.

The increase in the required contributions for the Police and Fire Pension Plans for FY2016 are as a result of:

1) Investment return assumption changes:

Fire Plan was changed from 7.75% to 7.0% in the revised 10/1/2014 actuarial valuation.

Police Plan was changed from 7.9% to 7.0% in the revised Actuarial Impact Statement as of 10/1/2014.

2) The method for determining the required City contribution was changed from a percentage of pay method (applied to covered pensionable payroll during the contribution year) to a calculated dollar amount. The dollar amount is adjusted for a half year interest (to reflect contribution timing) and is also projected to the contribution year by applying a full year's average salary increase assumption (which is 7.4% for firefighters and 7.9% for police officers).

- 3) Both Plans were closed to new members effective 10/1/2014, and current members were given a choice to either remain in the amended City Plan or enter the FRS for future benefit accruals. Actual elections by members to either remain in the City Plan or enter FRS had been made, but were not reflected in the revised 10/1/2014 actuarial valuations. They are now reflected in the 10/1/2015 actuarial valuations.

- 4) There were impacts from the Firefighters' Pension Trust Fund Ordinance No. 2015-23 that was adopted at the December 8, 2015 City Council meeting.

Police

Per 10/1/2015 Actuary GASB 67 Statements: at 9/30/2015 Police Plan Net Position as a percentage of the pension liability was 74.22%.

Fire

Per 10/1/2015 Actuary GASB 67 Statements: at 9/30/2015 Fire Plan Net Position as a percentage of the pension liability was 45.91%.

Takes approximately 20 years (from 2014 to 2034) to get Fire Plan 90% funded.

Actuarial measurements may differ significantly from the current measure measurements presented for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

At this time: 7 Police employees in the Police Pension Plan and 35 Police employees in FRS.
22 Fire employees in the Fire Pension Plan and 19 Fire employees in FRS.