



Photography by Monica Kerr

# The Budget Brief

## Fiscal Year 2009-2010

A PUBLICATION BY THE FINANCE DEPARTMENT OF THE CITY OF FOUNTAIN VALLEY

### The City of Fountain Valley

## The City's General Operating Fund

Have you ever wondered where the City gets its money and how much it costs for the services we all enjoy? The illustrations and explanations below explain the City's General Operating Fund and the sources that pay for the day-to-day services provided to our community.

### Revenue: \$37,362,969 Where Our Money Comes From



**\$10,058,000**

#### Sales Tax

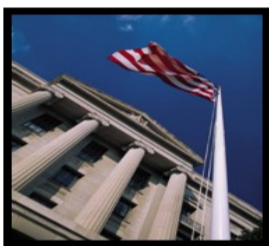
The City's share of sales tax is equal to 1% of the total taxable sales generated within the City (or 1% of 8.75% local sales tax rate).



**\$11,829,000**

#### Property & Other Taxes

Taxes are levied for both real and personal property. Real property is immobile and includes land, natural resources and fixed improvements to the land. Personal property is mobile and includes tangible property, such as equipment, inventory, water and air craft. Other taxes include: Business, Franchise & Transient Occupancy Tax.



**\$4,046,000**

#### Government Agencies

Revenues collected by one Governmental Agency and apportioned to others. The majority of this revenue category represents the City's share of Motor Vehicle License Fees.



**\$3,254,650**

#### Permits, Fines & Fees

City services and activities, such as community service programs, issuance of planning and building permits, and fire inspections are paid by the individuals who benefit from the services rather than by the community as a whole. Fines for municipal code violations are also included in this category.



**\$2,868,000**

#### Interfund Transfers

Amounts received from charges made to other funds for services or activities that are co-funded but accounted for in the General Fund. For example, a portion of the Gas Tax Funds are used for the Street Maintenance.



**\$1,545,000**

#### Interest & Property

Investment income and rental of City buildings and facilities. The City endeavors to utilize every opportunity to maximize idle assets. No facility remains vacant and cash is actively invested.

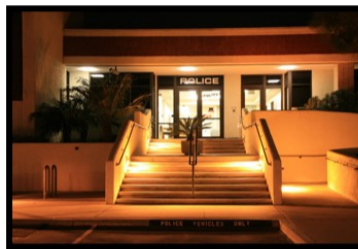


**\$3,762,319**

#### Budget Cuts & Reserves

The City will institute \$2.5 in cuts already negotiated & continue to find alternatives to reducing the \$1.2 that will otherwise require the use of reserves.

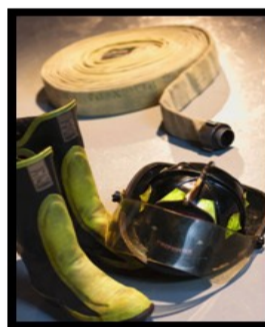
### Expenditures: \$37,362,969 What Our Money Is Used For



**\$14,589,291**

#### Police

Police respond to each 911 call promptly and patrol units blanket the community to ensure a safe, crime-free environment. The Investigations Bureau not only solves crimes, but also identifies criminal activity trends. A crime prevention program and community volunteers also make Fountain Valley "A Nice Place to Live".



**\$9,841,502**

#### Fire & Building

Medical emergencies account for approximately 80% of the emergency response calls in Fountain Valley. Additional activities include disaster preparedness and fire prevention. Inspections and permits for all building activities are also handled by this department.



**\$6,585,139**

#### Public Works

Every street driven, every acre of park where children play, every sidewalk strolled, all sewer and storm drains that flow, and every median, sign and public building is maintained by the various divisions of the Public Works Department.



**\$3,165,837**

#### Administration

Direction is set and City operations are kept in motion with the people, supplies and equipment provided by the administrative arm of the City. They are responsible for keeping records, providing legal direction, elections, creating the Budget and managing the money. The public has the opportunity to be involved in government through their Council and Administration.



**\$1,792,610**

#### Community Services

Community Services creates "Community through people, parks and programs." The division's mission is to provide recreational experiences, programs and services for all ages that promote a strong and healthy community.

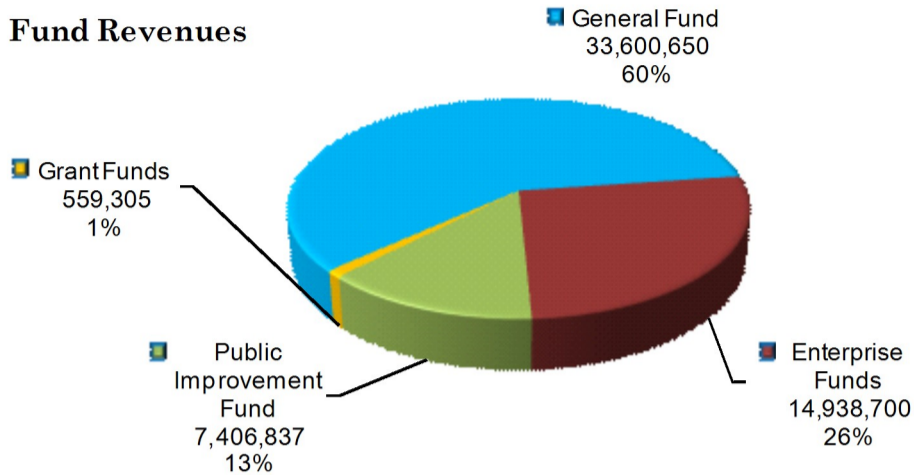
Classes, sports, special events and senior activities are available for every member of the community. Families can spend a pleasant summer evening together at a concert in the park, or enjoy swim programs, baseball, basketball, soccer and tennis for all levels.

# The City of Fountain Valley

## Combined Statements of Funds

Public agency expenditures are legally categorized into fund groups. The City's annual budget is comprised of four fund groups:

### Fund Revenues \$56,505,492



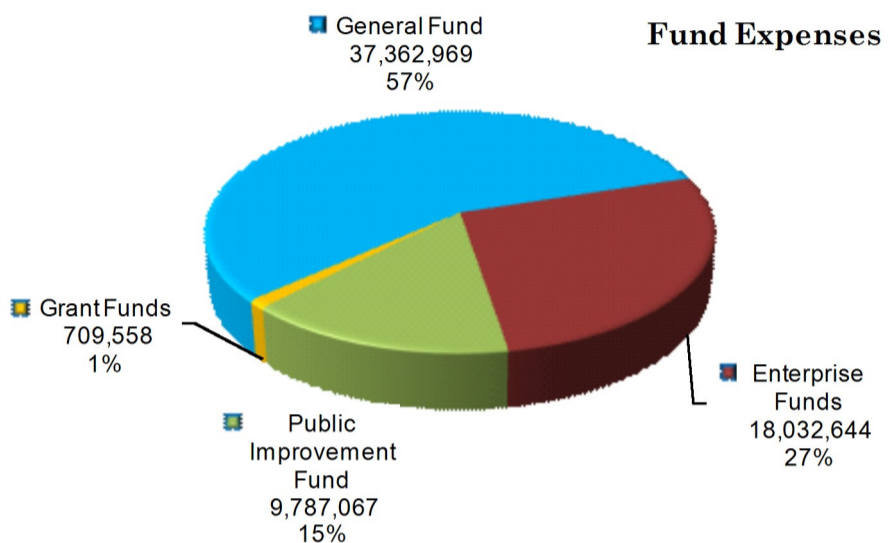
**Grant Funds:** These are one-time funds competitively awarded by other government agencies. One such grant, the Community Development Block Grant, provides funding for neighborhood revitalization, housing rehabilitation and various non-profit public service agencies.

**Enterprise Funds:** These funds are entirely "fee-for-service" supported, which means that the fees collected for the service must cover the cost of providing the service. The City's two enterprise activities are water & refuse service.

**General Fund:** This is the operating fund for the City and provides for the day to day services provided to the community by the 249 full time employees. Annual projects such as tree trimming, sidewalk restoration and park improvements are funded from general fund capital reserves.

**Public Improvement Funds:** These funds are legally restricted for specific uses. Gas tax, traffic improvement, and traffic congestion relief funds pay for construction and rehabilitation of streets and intersections; and drainage, sewer and median funds pay for maintenance of their own infrastructures.

### Fund Expenses \$65,892,238



## Message from Fountain Valley City Manager Ray Kromer

Presented for your consideration is the first-time, two-year budget to be prepared bi-annually. The Council will be reviewing and adopting a budget for two years. The new process should save a tremendous amount of staff time, resources and paper. Although we are facing a challenging budget due to the world-wide financial crisis affecting every segment of our national, state and local economy, the bright side is the transition to a two-year budget was relatively easy because the first year's budget looks almost the same as the second year budget. That was the easy part.

Following cuts of over \$1 million dollars from the 2009-10 Fiscal Year Budget, work continues to close a projected shortfall of \$3.7 million. Additional & permanent reductions will be necessary to address the \$5 million shortfall that could occur if solutions are not found before the 2010-2011 Fiscal Year. To address these deficits, staff has developed a 21-point program of service reductions, fee analysis, personnel concessions and program cuts.

After reducing every department's operational accounts, deferring projects and purchases, enacting a hiring freeze and raising revenues, we still face difficult decisions in trying to balance the 2009-2010 Fiscal Year Budget.

There are no easy solutions to replace a serious drop in sales tax revenue and other economy-sensitive revenues. Sales tax is the single highest revenue source for the City's General Fund, representing 33% of its total and we are facing a \$3 million decrease over the next two years.

Although the State of California increased the sales tax rate in an attempt to balance its disaster of a budget, cities do not receive any portion of the state's 1% increase.

Likewise, a collection of ballot propositions placed before the voters in a May special election resulted from complex negotiations at the state level to also address their massive deficit.

Since the ballot measures were not successful, the state will once again begin the raiding of local agency funds.

Fountain Valley is not alone in seeking solutions during this recession. Career public administrators nationwide say they have never experienced revenue shortfalls so sudden and so severe. Some cities have already announced deep cuts to their budgets using more traditional methods. Fountain Valley has set a course to examine every program and service to see if we can change the way we do business to achieve the cost reductions that will secure the City's financial future.

Major impacts will be felt throughout the community as the City does what many households have already done in this recession – adjust for reduced revenues. The City Council will be challenged to make difficult choices that will drastically alter service delivery to match the available resources.

Over the past few decades, Fountain Valley has experienced several recessions, state raids of our local tax dollars and an unprecedented county bankruptcy, and we weathered these by prudent use of tax dollars and being prepared for mild financial events. However, this is a recession like no other that most of us have experienced in our lifetime. The usual tactics to weather this event will not solve our financial situation or create stability for the future Fountain Valley.

Most of all, we need cooperation. Cooperation from the City Council is needed to try new and innovative methods for service delivery and development that produces new revenue. Cooperation and understanding from our citizens is needed to accept that our high level of service must be reduced. We take pride in the fact that we have always strived for excellence in every program offered and service delivered. We struggle with the fact that we must now decrease programs and services to focus on

maintaining that same level of excellence for just core services in the foreseeable future.

We encourage all residents to *Shop in Fountain Valley* and support our local businesses keeping much needed tax dollars in our community.

The administration of providing services in a fiscally prudent manner will be constantly evolving, challenging our commitment to public service, community and cooperation of all. *We will succeed!*

Raymond H. Kromer  
City Manager



We welcome your questions and comments. For additional information about the City's budget, or to find out how you can become involved, please contact the Finance Department in City Hall at (714) 593-4418.

Thank you!

