

**CITY OF COSTA MESA
CEO'S OFFICE
MEMORANDUM**

TO: CITY COUNCIL, CITY STAFF & COMMUNITY MEMBERS
FROM: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER
DATE: MAY 17, 2011
SUBJECT: FY 2011-2012 PRELIMINARY BUDGET

Attached is the FY 2011-2012 Preliminary Budget presented to the City Council, City staff and members of the community. This document does not present a balance budget at this point. The CEO's Proposed Budget will be distributed in the next two weeks and will include the final budget measures/changes to balance the General Fund Budget. Staff will use the next several weeks to conduct presentations that will provide everyone with significant detail about what is and what is not included in our next budget. Below is a brief summary of what is contained in the FY 2011-2012 Preliminary Budget. Much more information and discussion will follow in the next several weeks.

ANALYSIS:

The total preliminary appropriations for all funds are \$117,705,201. Compared to the Fiscal Year 2010-2011 adopted budget, the Fiscal Year 2011-2012 preliminary budget represents an increase of \$8.2 million or 7.50%, as shown in the following table. The preliminary budget includes the operating and capital improvement budgets for the following funds: General Fund, Special Revenue, Capital Projects, and Internal Service Funds.

PRELIMINARY BUDGET - ALL FUNDS

<u>Appropriations/ All Funds</u>	<u>Preliminary FY 11-12</u>	<u>Adopted FY 10-11</u>	<u>Increase (Decrease)</u>		<u>Percent of Total</u>
			<u>Amount</u>	<u>Percent</u>	
Operating Budget	\$107,156,079	\$103,594,966	\$3,561,113	3.43%	91.04%
Transfers Out	100,000	2,076,064	(1,976,064)	(95.18%)	0.08%
Capital Budget	10,449,122	3,818,588	6,630,534	173.63%	8.88%
Total	\$117,705,201	\$109,489,618	\$8,215,583	7.50%	100.00%

The following table is a summary of the Fiscal Year 2011-2012 total appropriations by fund type for all funds, compared with the adopted budget for the current year:

Fund Type	Preliminary FY 11-12	Adopted FY 10-11	Increase (Decrease)		Percent of Total
			Amount	Percent	
General Fund*	\$97,871,613	\$ 94,585,285	\$3,286,328	3.47%	83.15%
Special Revenue Funds*	10,322,953	6,265,333	4,057,620	39.31%	8.77%
Capital Projects Funds*	4,301,535	3,172,652	1,128,883	35.58%	3.65%
Internal Service Funds*	5,209,100	5,466,348	(257,248)	(4.71%)	4.43%
Total	\$117,705,201	\$109,489,618	\$8,215,583	7.50%	100.00%

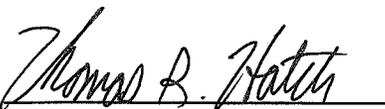
* Includes transfers out

The following table illustrates the total estimated revenue, total appropriations, and total fund balances used for the General Fund as the single largest portion of the City's budget and all other funds.

Description	General Fund	All Other Funds	Total
Estimated Revenue	\$94,578,394	\$16,786,020	\$111,364,414
Transfers In	-	100,000	100,000
Use of Fund Balances	3,293,219	2,947,568	6,240,787
Total Resources	\$97,871,613	\$19,833,588	\$117,705,201
Preliminary Operating Budget	97,771,613	9,384,466	107,156,079
Preliminary Capital Budget	-	10,449,122	10,449,122
Transfers Out	100,000	-	100,000
Total Appropriations	\$97,871,613	\$19,833,588	\$117,705,201

CONCLUSION:

The preliminary budget for all funds is \$117.7 million and \$97,871,613 million for just the General Fund. Currently, the preliminary budget for the General Fund assumes a \$3.3 million use of fund balance. The final CEO's Proposed Budget (to be distributed in the next two weeks) will include additional measures to close this gap to ensure the submittal of a balanced budget for consideration by the City Council. The following five or six Tuesday evenings will be scheduled for review and discussion of the details of this information. Staff will make it a priority to be available to answer any questions you may have about the Fiscal Year 2011-2012 preliminary budget at your convenience.


THOMAS R. HATCH
 City Chief Executive Officer