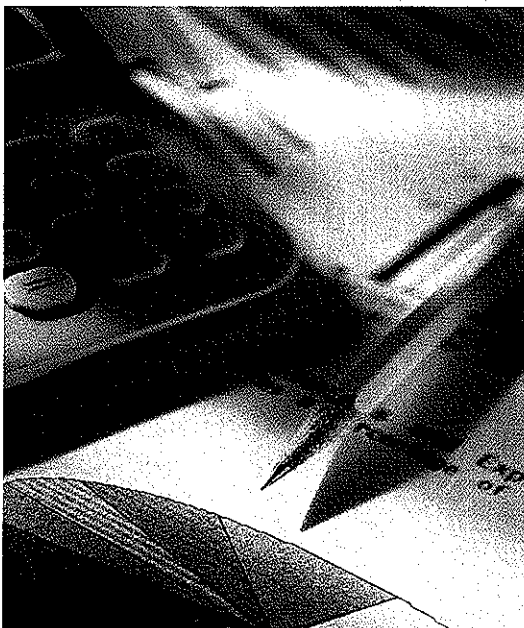




2009-2010

Budget



Adopted

**June 22, 2009
Resolution No. 09-36**



Budget

Fiscal Year

2009/2010

City of Hughson

City Council

MAYOR

Ramon Bawanan

MAYOR PRO TEM

Ben Manley

COUNCIL MEMBERS

Matt Beekman

Thom Crowder

Doug Humphreys

Executive Staff

Joseph E. Donabed, CITY MANAGER

Deborah L. Paul, DIRECTOR OF FINANCE /TREASURER

Mary Hemminger, DIRECTOR OF ADMINISTRATIVE SERVICES/CITY CLERK

David Chase, P.E., DIRECTOR OF PUBLIC WORKS/CITY ENGINEER

Thomas Clark, DIRECTOR OF PLANNING & BUILDING

Janet Rasmussen, CHIEF OF POLICE

John L. Stovall, CITY ATTORNEY

**City of Hughson
2009/2010 Fiscal Year Budget
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City of Hughson

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BUDGET 2009/10



Honorable Mayor and Members of the City Council

June 1, 2009

RE: Transmittal Letter for the 2009/2010 FY Budget

OVERVIEW

We are pleased to transmit herewith the Fiscal Year 2009/2010 budget for the City of Hughson. This budget is being provided in the same format as in past years which have proven to be easier to read and understand than other budget formats. The budget contains information on the personnel distribution, summary of fund balances and a revenue and expenditure listing for each fund and account within the various funds. This is commonly referred to as a line item budget. This fiscal year appears to be financially difficult in terms of general fund revenue. You will see our estimated revenue, particularly in that fund, is anticipated to be lower than in the previous year.

The enterprise funds and others that have dedicated sources of revenue such as rates or grants/loans are not as impacted. This budget will reflect the major capital expenditures in the utility enterprise funds including the Waste Water Treatment Plant (WWTP) and Well No. 8. The Redevelopment Agency is also proposing the use of Agency funds for a downtown improvement project.

Over the past twelve months, in anticipation of decreasing revenues, we have taken measures to reduce expenditures and have continued these measures in this budget. These measures include:

1. A substantial limitation was placed on all the travel and meeting portions of the budgets.
2. A reduction in the City of Hughson workforce by not filling vacant positions. We currently have five (5) vacant unfilled positions which do not appear in this budget. They are as follows:
 - a. Senior Parks Maintenance Worker
 - b. Senior Water Distribution System Operator
 - c. Planning and Building Assistant
 - d. Parks and Recreation Manager
 - e. Maintenance Worker II

GENERAL FUND

The General Fund is the fund used for general government purposes. Examples of uses include, but are not limited to, Animal Control, Police Services, Parks and Recreation, Planning,

Engineering, Finance, Public Facilities and Administration. There are many sources of revenue supporting the general fund. The most significant sources in terms of dollar amounts are property tax, sales tax, and sales tax in lieu, state subventions and fees for services. As a result of a weakened economy, we have seen a reduction in the property tax revenue as home prices decline. Surprisingly however we have not seen a substantial reduction in sales tax.

We are projecting a downturn in anticipated revenues in this fund as a result of current economic conditions. We have compensated for this through the reduction of expenditures assigned to this fund. Since there are no major programs proposed and no capital projects proposed, we have reassigned or transferred salaries to those funds where projects will be occurring to cover the staff time in the general fund needed to manage these projects.

As a result, we have lessened the impact on the general fund. However, there is still a short fall between revenues and expenditures for the fiscal year. The estimated revenue is projected to be about the same as last year's amended projection and we are projecting a corresponding decrease in expenditures in the general fund.

ENTERPRISE FUNDS AND CAPITAL PROJECT

The Enterprise Funds, consisting primarily of the Water Operating, Water Fixed Assets, Sewer Operating, Sewer Fixed Assets, and the Waste Water Treatment Plant are funded not by the General Fund but by fees for service. In recent years we instituted a rate increase for both the water and sewer accounts. We are seeing a gradual turn around in the operations fund balances. The major expenditures in the Enterprise Funds include the Waste Water Treatment Plant (WWTP) estimated and recommended for funding at 23 million dollars. This construction cost will be offset by revenue generated from the SRF (State Revolving Fund) loan we have discussed and from the loan received in the last fiscal year. We have established a new fund (Fund 66) to track the cost.

In the water system, we anticipate the continued development of a new water well (Well no. 8). The water system will also need to address the issue of treated surface water from TID. We do not yet have good numbers or a decision from the Council to proceed, but we have allocated some funding to prepare for the ultimate outcome. We continue to explore options aimed at the removal of arsenic from the drinking water system.

The Enterprise Funds also include the Hughson Community Senior Center and the USF 3rd Street Community Resources Center, wherein their financial condition remains relatively consistent.

REDEVELOPMENT AGENCY (RDA)

The RDA is organized into three (3) separate departments or funds. Fund 13 is the Debt Service Fund, Fund 14 is the Low and Moderate Income Housing Fund (called low mod) and Fund 15 is the general (Capital) RDA Fund. The revenues for all of these funds are bond proceeds and tax increment. Of these monies the Low Mod Fund receives 20% and the Fund 13 receives the remaining 80%. Revenues are transferred from Fund 13 to Fund 15 for capital projects. This year, in the RDA capital budget (Fund 15) we are proposing one capital project which is the continuation of the Downtown Streetscape Project at Hughson Ave and 3rd Street.

DEVELOPMENT IMPACT FEES FUNDS (DIF)

The Development Impact Fee (DIF) Funds managed by the City of Hughson are for the purpose of funding needed infrastructure created by new development. In this series of funds we include Storm Drainage, Community Enhancement, Public Facilities, Streets, Parks and Sewer DIF. Related funds include the Park in lieu, some of the Transportation funds and WWTP Expansion Fund.

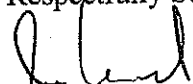
We are not suggesting any projects in the DIF funds other than Well No. 8 which has already been discussed. We are including in the ancillary funds some projects which have a funding source. We have placed park land acquisition in the budget with the offsetting revenue of a State Grant. In the Transportation Fund we are proposing the Locust Street Sidewalk Infill Project, with corresponding offsetting revenue of a CMAQ Grant, repairs to Hatch Road with ARRA money and the Prop 1b Project.

GENERAL COMMENTS

The overall budget picture looks relatively poor as compared to previous years, this most particularly true in the General Fund. This is due to a declining economy resulting in declining revenues. We are anticipating, in some funds, some large capital expenditures this year including the WWTP, the RDA projects identified, and Well No. 8 but we have identified offsetting revenue to cover these expenditures. It will be incumbent upon the finance staff, department heads and the Council to monitor the budgetary conditions as the fiscal year unfolds.

I would like to thank the department heads and management staff who contributed to the development of this budget and a special thanks to the Finance Director Debbie Paul and her staff for all of their work and support in the preparation of this budget.

Respectfully Submitted


Joseph E. Donabed
City Manager

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HUGHSON CITY COUNCIL

RESOLUTION NO. 09-37

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON
ADOPTING THE ANNUAL APPROPRIATIONS
LIMIT FOR THE FISCAL YEAR 2009/2010**

WHEREAS, the voters of California on November 6, 1979, added Article XIII-B to the State of California placing various limitation on the appropriations of the state and local government; and

WHEREAS, Article XIII-B provides that the appropriations limit for the fiscal year 2009/2010 is calculated by adjusting the base year appropriations of fiscal year 1978/79 for changes in the cost of living and population; and

WHEREAS, the City of Hughson selects the population change and the change in California per capita personal income as the growth factors to be used; and,

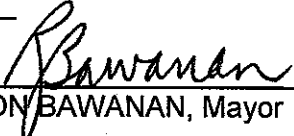
WHEREAS, the City of Hughson has complied with all the provisions of Article XIII-B in determining the appropriations limit for fiscal year 2009/2010.

NOW THEREFORE, BE IT RESOLVED that the appropriations subject to limitation in fiscal year 2009/2010 shall be \$1,753,721 and the appropriations limit shall be \$2,191,275 for the City of Hughson.

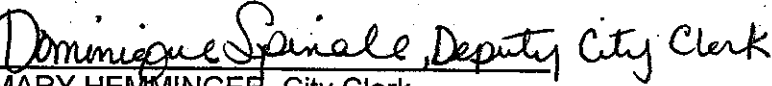
BE IT FURTHER RESOLVED that the City Manager is authorized to make appropriation adjustments within departments as needed.

APPROVED, PASSED AND ADOPTED by the Hughson City Council at a regular meeting thereof held on June 22, 2009, by the following vote:

AYES:	<u>Council Members Beekman, Manley, Crowder, Humphreys, and Mayor Bawanan</u>
NOES:	<u>None</u>
ABSENT:	<u>None</u>
ABSTAIN:	<u>None</u>



RAMON BAWANAN, Mayor

ATTEST:


MARY HEMMINGER, City Clerk

