



News Release

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FOR IMMEDIATE RELEASE

Preliminary Budget 2015-2016: Conservative and Balanced Budget

On June 8, 2015, the Hughson City Council unanimously approved the Preliminary Budget for the upcoming 2015-2016 fiscal year. Adoption of the budget is one of the most important actions taken by the City Council, as it establishes the City's direction and serves as the City's work plan, translated into expenditures and supported by revenues. The City of Hughson provides a full range of municipal services including public safety, public works, water, wastewater, storm drainage, parks, community activities and general administrative support. The budget reflects a slowly improving economy along with a gradual increase in economic activity.

As part of the development of the City's budget several assumptions are made. These assumptions include a 5% increase from Fiscal Year 2014-2015 actual revenues in property taxes due to new construction added to the tax roll and to the continued recapture of assessed valuation lost via Proposition 8 reductions. A 75% decrease in development related revenues based on the Community Development Department's most recent projection of houses to be constructed during Fiscal Year 2015-2016. An 18% increase from Fiscal Year 2014-2015 actual revenues in sales taxes due to an expected growth in the retail sector along with the addition of businesses to the City's tax base.

Overall, the City's financial position remains in good condition. The City continues to use conservative revenue assumptions and restraint in expenditure projections to develop a fiscally conservative and balanced budget. The City's Preliminary Budget projects overall revenue of \$11,866,139 and a projected \$8,661,680 in expenditures.

With a positive balance of revenues to expenditures, the Preliminary Budget is showing slight growth in the general fund balance. The City's General Fund, which provides funding for critical services such as law enforcement, road maintenance, park maintenance and administrative services, is expected to exceed the upcoming year's expenses by a modest \$12,483. General Fund revenue is projected to increase from the previous year's Final Budget amount of \$2,334,953 to \$2,395,895. General Fund reserves are healthy and are projected to be \$675,200 at the end of Fiscal Year 2015-2016, an increase of \$1,200 over Fiscal Year 2014-2015.

While there is an overall positive outlook for the 2015-2016 Preliminary Budget, a few key areas stand out as some of the City's larger budgeted items. Salaries and Benefits consist of a projected total expenditure of \$1,645,635, or 19% of the total budget. Fiscal Year 2015-2016 is the first year in which the City will see the effects of the changes in CalPERS (California Public Employees' Retirement System) pension fund policies, including modifications to the pooling structure, amortization periods, and smoothing methods. The new pooling structure lowers the City's employer contribution for Fiscal Year 2015-2016 but at the same time an unfunded liability of \$104,000 is being paid. It should also be noted that the Wastewater Chief Plant Operator position will be eliminated and in its place a Utilities Superintendent position will be created and the Senior Maintenance Worker position will be filled with a Water Distribution Operator. The Preliminary Budget includes a total of 15 Full Time Positions—no change from Fiscal Year 2014-2015.

Contract Services are also expected to be one of the City's highest expenses, accounting for 25% of the Preliminary Budget. Of the City's Contract Services, Police (Stanislaus County Sheriff's Department) and Garbage (Gilton Solid Waste Management) Services stand out as the largest expenses. Police Service is comprised of 44% of Contract Services and 11% of the total Preliminary Budget. Garbage Service is 21% of Contract Services and 5% of the total Preliminary Budget.

The Final Budget will be brought to the City Council in September and will take effect retroactively to July 1st. The development of the annual budget is a dynamic process. City staff anticipates there will be ongoing economic issues that will require additional attention as the upcoming fiscal year progresses. The City will remain attentive in monitoring the budget process and will evaluate all issues accordingly. The City is committed to providing services that are responsive and fiscally sound to the citizens of Hughson.

The Hughson City Council meets the 2nd and 4th Monday of the month (7:00pm) at City Hall located at 7018 Pine Street, Hughson CA. For more information, or to access the full budget document, please visit the City of Hughson website at www.hughson.org or call 209.883.4054.

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