

City of Chino Hills

Budget In Brief

FY 2016-17



Celebrating
25 YEARS OF EXCELLENCE



City of Chino Hills City Council

Art Bennett, Mayor

Ray Marquez, Vice Mayor

Ed Graham, Council Member

Cynthia Moran, Council Member

Peter Rogers, Council Member

Budget in Brief

This “Budget in Brief” provides highlights of the City of Chino Hills’ fiscal year budget for the period of July 1, 2016, through June 30, 2017. It describes the fund structure used by the City and summarizes the source and use of City funds. A complete copy of the budget document can be found on our website at www.chinohills.org/Budget.

Financial Structure Overview

The City’s accounting system is organized on a fund basis. Each fund is a distinct accounting entity used to record all financial transactions related to that fund’s specific purpose. The City’s main fund is the General Fund which accounts for all monies not required to be placed in another fund. The General Fund is the fund that the City Council has the most discretion over spending. Most general municipal services, such as police services, are provided through the General Fund.

Special revenue funds are used to account for revenue received from external agencies or from special taxes or assessments. Use of these funds is restricted for a specific purpose. Examples include Highway Users Tax funds that can only be used for street projects, and Landscape and Lighting District funds that can only be used in support of the District.

Capital project funds are used to account for the accumulation and expenditure of resources to be used to purchase and construct capital improvement projects such as roads, utility lines, and other infrastructure that citizens rely on to function in a modern urban environment.

Enterprise funds operate like a business in that customers pay charges and fees that cover the cost of providing the service and maintaining the systems. Enterprise funds are utilized for the City’s self-supporting water and sewer utilities.

Agency funds are used to account for money held by the City as trustee or custodian such as for the various Assessment Districts and Community Facilities Districts (see page 6 for explanation) for which the City acts as an agent for administering debt service activity and capital improvement projects.

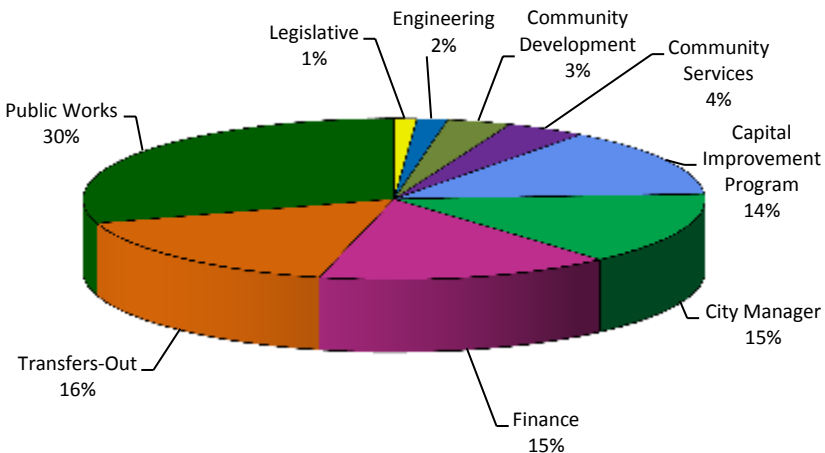
Budget Process

The budget process begins in December for the next fiscal year which starts on July 1 and ends June 30 in the next calendar year. The Finance Department provides revenue estimates for the upcoming year. These estimates provide an approximation of the resources that will be available to fund City services. Departments then prepare their budgets based on available resources and direction from the City Manager which reflects City Council policy direction and priorities. The City Manager presents a preliminary budget to the City Council for its review and input. The City Council then adopts the budget, and it takes effect July 1.

FY 2016-17 Budget Summary

The budget is a financial plan the City Council uses to establish programs and services to be provided by the City and to allocate funds necessary to carry out those programs and services. The City's total 2016-17 budget consists of a \$165,112,300 revenue projection and an expenditure allocation of \$160,511,300. Please note that this amount includes some funds that are accounted for twice – once as a transfer to another fund and again when those funds are spent, as notated in the Total Budget by Function pie chart below.

Total Budget by Function for 2016-17 \$160,511,300



General Fund Budget

The General Fund budget is one component of the total City budget. It includes approximately 24 percent of all City expenditures. General Fund revenues pay for basic services such as police, public works, and general government programs. Since water and sewer utility services are self-supporting, they are not included in this fund. Additionally, the Community Development and Community Services Departments have dedicated funds so that the fees and charges they collect stay within their budgets to cover and reflect the costs of the services and programs.

The fiscal year 2016-17 budget is projected to have an operating surplus of \$1,879,800. The General Fund's estimated revenues for 2016-17 are \$38,201,800. The two largest sources, sales tax and property tax, make up 54 percent of revenues. Other revenue sources include local taxes, permit fees, rents and leases, interest income, and fines and penalties. General Fund expenditures for 2016-17 are \$38,170,200. Law Enforcement accounts for 31 percent of General Fund spending. The General Fund also provides support for other City services by transferring revenues to other funds such as the Community Services Fund. Lastly, the General Fund subsidizes the Landscape and Lighting District by covering a shortfall of \$355,200 in costs that are not covered by assessments charged. This shortfall is projected to increase in future years.

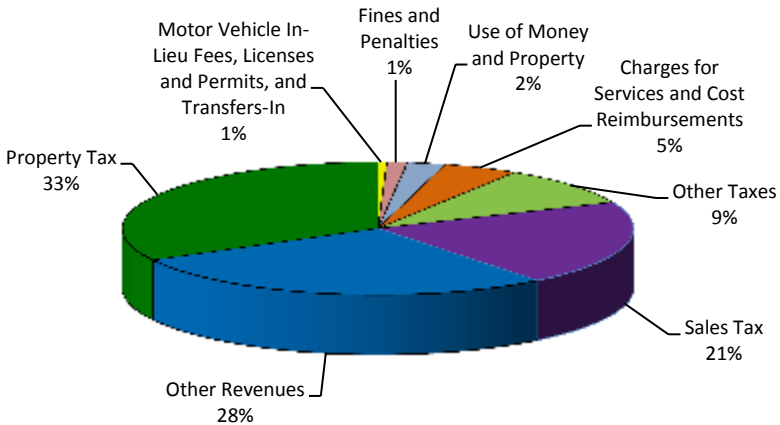
General Fund Services

Obligation to Landscape and Lighting District	1%	\$ 292,500
Subsidy to Landscape and Lighting District	1%	355,200
Legislative	5%	1,894,300
Engineering	5%	1,983,200
Capital Improvement Projects	6%	2,340,200
Finance	9%	3,604,300
Public Works	12%	4,665,600
Transfer to Community Services Fund	13%	4,762,100
City Manager	17%	6,310,900
Law Enforcement	31%	11,961,900
		<hr/>
	Total	\$ 38,170,200

General Fund 2016-17 Revenues and Expenditures

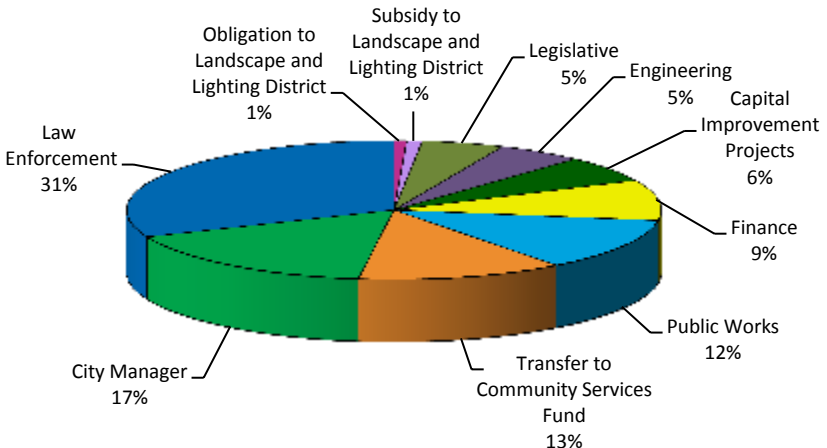
General Fund revenues provide basic City services to the public. The first chart illustrates General Fund revenues by source and their relation to the fund in total. The second chart illustrates City services supported by General Fund revenues according to Department or function.

General Fund Revenues \$38,201,800



Sales tax and property tax are the two largest revenue sources. Examples of other local taxes are Franchise taxes (paid by utilities) and the Transient Occupancy Tax (paid by hotel visitors).

General Fund Expenditures \$38,170,200



Enterprise Funds

The City of Chino Hills has two utility enterprise funds. These include Water and Sewer Utility Funds. Each utility is designed to be self-sufficient with charges and fees covering the cost of providing the service. The funds include a contribution toward future system rehabilitation and replacements costs. Expenses in excess of current year revenues are funded by reserves.

Water Utility Fund

The Water Program ensures that all federal and state water quality requirements for potable water are being met or surpassed through the testing and treatment of the water supply. The Water Program develops and implements preventative maintenance programs for all City-owned water infrastructure including pipelines, water wells, booster stations, and storage facilities.

Sewer Utility Fund

The Sanitation Program's primary task is operating and maintaining the sewer system, including lift stations, sewer mains, and all appurtenances. Other duties include responding to customer complaints and making repairs.

Other Funds

The City provides other services that are not included in the General Fund or the Enterprise Funds. These funds are collected from various sources and must be spent for specific purposes. The various funds are listed and explained in the following pages.

Community Development Fund

This fund provides services to the community including planning, issuance of construction permits, and building inspection. Fees are charged that reflect the cost of the service and are paid by the property owner or developer that receives the service.

Community Services Fund

The Community Services Fund provides cultural and recreation services, special events, programs and classes, and facility rentals. Fees are charged to recover some of the costs for services and are paid by the person that receives the service, rents the facility, or attends the class or program.

Gas Tax Fund

The City receives a share of the gas tax charged at the gasoline pump, based on the City's population; and, a very small percentage based on registered vehicles in the City. This revenue supports street and pavement maintenance activities including pothole repairs, trench failures, cracks, and general pavement maintenance. Additionally, the Gas Tax Fund pays the energy costs for traffic control devices and street tree management.

Development Impact Fee Funds

The Development Impact Fee Funds manage the fees collected from new development which reflect their required contribution toward the cost of existing and future infrastructure such as roads, water and sewer mains, storm drains, and recreational facilities.

Measure I Fund

This Fund supports local transportation projects that are funded by the City's share of the half-cent sales tax approved by voters to build transportation projects throughout San Bernardino County.

Landscape and Lighting District #1 Funds (L & L)

The Landscape and Lighting District Funds provide for the maintenance of park facilities, public landscaping, trees, and public open space. Approximately half of the parcels in Chino Hills are within the District and are levied assessments to fund these landscape-related services. Since the voters approved Proposition 218 on November 5, 1996, parcels were not added to the District and rates have not been increased. As a result, service levels have been reduced and the General Fund is subsidizing this program at rapidly-increasing levels. There are ten benefit zones within the district. They are Rolling Ridge, The Oaks/Green Valley, Commercial Property, The Oaks/Los Ranchos, Los Ranchos, Woodview, Butterfield Ranch/Rincon, Carbon Canyon, Carriage Hills and Carbon Canyon.

Community Facilities District Funds (CFDs)

CFD's were formed to pay for specific projects such as streets, parks, fire stations, the library, and the Government Center. The CFD assessment begins when a property connects to the water system and is collected on the Property Tax Bill for 25 years. There are eight Community Facilities Districts. They are Rolling Ridge, Los Ranchos, The Oaks, Soquel/Rincon/Woodview, Carbon Canyon, Butterfield, Rincon and Fairfield Ranch.



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