

## **BUDGET GUIDE**

A budget serves many purposes. In addition to its inherent value as a resource and spending plan for the City, it informs the public about the City's financial strategies and provides the documentation needed for other financial-related matters such as audits, loans and grants.

The goal of the City's annual budget is to provide a plan that allocates resources to meet the needs and desires of Antioch residents. The budget is one way in which the City Council and City staff responds to the community's needs. It balances City revenues and costs with community priorities and requirements. The City's fiscal year is July 1<sup>st</sup> to June 30<sup>th</sup>.

In preparing the FY 2006-2007 annual budget, City staff reviewed the 2005-2006 fiscal year and estimated the expenditures and revenues anticipated for the next year. The City negotiated memorandums of understanding with most employee groups in 2005-2006. Another major effort during FY 2005-2006 was reviewing and updating the City's Master Fee Schedule. In addition, some franchise fees were increased during the year.

As a result, this annual budget incorporates revenues and expenditures that are expected to be incurred during FY 2006-2007.

## **DOCUMENT ORGANIZATION**

### **Message from the City Manager**

In his message, the City Manager summarizes the proposed budget to the City Council. He outlines strategies and objectives for change and improvements, lists FY 2005-2006 accomplishments, highlights the financial outlook, and summarizes the City's priorities for FY 2006-2007. The most critical issues facing each department during the coming fiscal year are also highlighted and discussed in this section of the document.

### **Community Profile**

This section contains valuable information about the City, its people, and its businesses. City services, population and housing, employment, transportation, and school services are discussed.

### **Budget Strategies and Policies**

Included in this section are descriptions of finance-related information such as the City's financial objectives, reporting requirements, management responsibilities, reserve descriptions, appropriation control debt management and investment reporting.

### **Staffing Overview**

This section provides an overview of the City's current staffing levels and highlights any new positions included in the budget.

### **Financial Summaries**

An overall financial picture of Antioch by fund type is shown in this section, including a description of General fund revenues and expenditures, a description of various other city funds by fund type, and summary financial tables.

## **City Departments and Divisions**

These sections provide detailed information about each department including department and division descriptions, FY 2006-2007 objectives, sources of revenue, and anticipated expenditures.

## **Capital Improvement Projects**

This section lists the Capital Improvement Program (CIP) projects proposed for FY 2006-2007. The FY 2006-2007 projects are also included in the Five-Year Capital Improvement Project Plan which is a separate document.

## **Antioch Development Agency (ADA)**

An overall financial picture of the ADA is shown in this section including a description of the ADA, its relationship to the City, revenues and expenditures of the agency, and summary financial tables.

## **Antioch Public Financing Authority (APFA)**

An overall financial picture of the APFA is shown in this section including a description of the APFA, revenues and expenditures of the authority, and summary financial tables.

## **Glossary of Budget Terminology**

A glossary is provided to help the reader understand terms and vocabulary that are used in the document. Useful terms relevant to the budget process and/or city government are included.

## **BUDGET PROCESS**

<b>February:</b>	Midyear review of current budget year
<b>March:</b>	Preliminary department budgets are submitted and Preparation of draft budget document
<b>April:</b>	City Manager approves draft budget and workshops and presentations on budget begin
<b>May:</b>	Budget presentations continue and public hearing is scheduled
<b>June:</b>	Final budget is adopted

## **Midyear Review**

In February of each year, the City Manager and Finance Director give the Council a report on current year revenues and expenditures. Budget adjustments, if required, are approved by the City Council.

## **Department Preliminary Submittals**

Each Department must submit their preliminary budget to the City Manager via the Finance Department by mid-March. These budgets must include requests for reclassification and/or reorganization, program changes, services level adjustments, and anticipated revenues and expenditures. In addition, the Personnel Department provides information regarding changes in fixed labor costs and the Finance Department provides estimated General Fund revenues.

## **Budget Document Preparation and Approval**

The Finance Department prepares the draft budget for review by the City Manager. Following meetings with Department Directors, adjustments made by the City Manager are incorporated into a final draft budget. Workshops with the City Council and public presentations at regular meetings of the Council begin in March and continue through April and May. A public hearing is held in June. Citizens are encouraged to give input and voice their opinions during this open session. The budget and any suggested changes are reviewed and approved by the Council no later than June 30<sup>th</sup>.

## **COMMUNITY PROFILE**

Antioch has become one of the most popular communities in East Contra Costa County and is referred to as "The Gateway to the Delta" because of its proximity to the San Joaquin Delta, and is among the most affordable communities in the San Francisco Bay Area.

Antioch is located on the banks of the San Joaquin River in Northern California. Just off of Highway 4, in Contra Costa County. With a population of over 100,000 people, Antioch has become the heart of Eastern Contra Costa County, offering a variety of employment; shopping and vast recreational activities.

Housing options include many new home developments as well as more established communities. The housing market has grown tremendously over the last decade and home values have appreciated greatly, however, the rate of appreciation has slowed in recent years.

Many of the local residents commute to other areas in Contra Costa, Alameda, Santa Clara, San Francisco and San Joaquin counties for employment. Employment opportunities have increased in the nearby communities and continue to add to the popularity of Antioch's housing market.

### **Government**

The City of Antioch incorporated in February, 1872 as a general law city and operates under a Council-Manager form of government. Policy making and legislative authority is vested in a five-member City Council consisting of a Mayor and four Council Members. The four Council Members are elected to four-year overlapping terms. The Mayor is directly elected to a four-year term.

The City Council's main duties include passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney.

The City Manager is responsible for implementing the policies and enforcing the ordinances adopted by the City Council, overseeing day-to-day operations of city government, and appointing the heads of the various city departments

### **Population**

After three decades of substantial growth in residential construction the City of Antioch's population has stabilized at 100,945, making it the third largest city in Contra Costa County.

### **Labor Force and Employment**

The City of Antioch's total labor force (employed residents) is 47,400 and unemployment rate is 4.7 percent. Many of our residents are employed in jobs located in neighboring communities – the range of their occupations include sales, managerial services, technical support, professional specialties, warehousing and manufacturing.

Employment within the City of Antioch is estimated to be approximately 20,000 jobs and growing; concentrated in six industry sectors – professional and business services, healthcare, financial services, retail, public sector employment and limited manufacturing.

## **Income Distribution**

Median household income is provided by zip code in Contra Costa County. The median household income for all of Contra Costa County in 2004 was \$67,823.

Antioch is characterized as a middle-to-high income community with a combined median household income of \$80,614, with the City divided by two zip codes. The median household income in each Antioch zip code is: 94509 - \$58,285; 94531 - \$102,943.

## **Housing Units**

There are 33,633 housing units in the City of Antioch – 25,298 are single family detached units. Persons per household number 3.068 and the housing unit vacancy rate is 2.58 percent.

## **Transportation/Access**

California State Highway 4, connecting San Francisco-Oakland with Stockton and Central Valley points, bisects the City. Connecting with this freeway east of Antioch is State Highway 160, running north to Sacramento, across the Nejedly Bridge, offering access to Solano County and the Sacramento area.

Antioch is served by a network of commuter transportation options including daily Amtrak passenger service with a depot in the historic Rivertown area. The Bay Area Rapid Transit (BART) system provides bus and rail connections throughout the Bay Area. Tri Delta Transit bus service travels throughout East County.

Commercial and private air service is available 15 miles west at Buchanan Field. Five other major airports serve the area: Oakland, San Francisco, Sacramento, and San Jose International Airports, and Stockton Metropolitan Airport

## **Education**

Antioch is served by the Antioch Unified School District (AUSD). The District has thirteen elementary schools, four middle schools, two comprehensive high schools, two continuation high schools, a K-8 Charter School and an Independent Study program with a K-12 enrollment of about 21,000 students. While all schools are located within the Antioch boundaries, the school district also serves portions of the surrounding communities of Oakley and Pittsburg.

## **BUDGET STRATEGIES & POLICIES**

The City of Antioch has developed broad policy direction through the development of budget strategies that establish long-term policy guidance for conducting the City's financial activities. The City Council has established these policies to meet the following strategic objectives:

### **BUDGET STRATEGIES**

**Strategic Focus** – The City's financial management should be strategic, reflecting the Council's and the community's priorities for service while providing resources that realistically fund routine operations.

**Fiscal control and accountability** – The City's financial activities should be fiscally sound and accountable to the City Council through the City Manager.

**Clarity** – The City's financial planning and reporting should be clear and easy to understand so that all participants, the council, the community, and staff can productively participate in making good decisions.

**Long-term planning** – The City's financial planning should emphasize multi-year horizons to promote long-term planning of resource uses.

**Flexible and cost effective responses** – The City's financial management practices should encourage an organization that responds quickly and straightforwardly to community demands. The City's management should flexibly respond to opportunities for better service, should proactively manage revenues, and should cost-effectively manage ongoing operating costs.

### **FISCAL POLICIES**

#### **Financial Activity Reporting**

The City's financial activity will be reported in a variety of funds, which are the basic accounting and reporting entities in governmental accounting. The city's accounting structure will make it possible:

- To present fairly and with full disclosure the financial position and results of financial operations of the funds of the City in conformity with generally accepted accounting principles, and
- To determine and demonstrate compliance with finance-related legal and contractual provisions.

#### **Management Responsibility**

The City Manager and staff shall provide the City Council with quarterly updates and a mid-year review of financial activities no later than February 15<sup>th</sup> of each year. The review will compare annual budget projections with actual results.

## RESERVE POLICY

The City will maintain reserve funds to:

- Stabilize the City's fiscal base for fluctuations in revenues and expenditures;
- Provide for nonrecurring, unanticipated expenditures; and
- Provide for replacement of capital equipment.
- Provide for payment of mandated liabilities (i.e. compensated absences).

### General Reserves

The purpose of these funds is to be prepared for possible future reductions in revenues or increases in expenditures, to generate interest income and to provide for unexpected opportunities and contingencies. These funds will be known as the *General Fund Undesignated Reserves* of the City and will be budgeted annually at a minimum of 10% of general fund operating revenues; with a goal of reaching and/or maintaining a *General Fund Undesignated Reserve* level at 15% of operating reserves with the addition of at least \$500,000 to the undesignated reserve balance each year.

### Replacement Reserves

The purpose of these funds is to provide sufficient funds for the anticipated replacement of capital equipment. These reserves are maintained within the Internal Service funds called Office Equipment Replacement Fund (573) and the Equipment Maintenance Fund (570).

### Mandated Liabilities Reserve

The purpose of this reserve is to fund the City's mandated liabilities which are currently comprised of a *Reserve for Compensated Absences*. The purpose of this reserve is to pay employees for unused vacation and/or vested sick leave benefits upon termination. The reserve level is set at 20% of the total compensated absences liability and is adjusted annually based upon the previous year's total compensated absence liability provided in the previous year's annual audit. This reserve will be maintained within the General Fund Reserves in addition to the General Fund Undesignated reserves.

(Note: This reserve policy was discussed in concept on 6/13/06 and will be adopted by resolution in August, 2006.)

## ANNUAL BUDGET AND FINANCIAL PLAN

The City Manager will present an annual budget and periodic financial information to the City Council, setting forth the following information:

- Actual revenues, expenditures, reserve balances, and fund balances for the prior fiscal year;
- Estimated revenues, expenditures, reserve balances, and fund balances for the current fiscal year;
- Projected revenues, expenditures, reserve balances, and fund balances for the next fiscal year;
- Goals and objectives to be achieved by the organization over the next year;
- Capital Improvement Program for the next five years.

## **APPROPRIATIONS AND AMENDMENTS CONTROL**

Appropriations of fiscal resources are the responsibility of the City Council, the City Manager, and Department Heads.

Appropriations requiring Council action are;

- Appropriation of reserves, except replacement reserves;
- Transfers between funds;
- Transfers between line items within a department or division above \$10,000 per occurrence;
- Appropriations and amendments of any unassigned revenues; and
- Inter-fund loans.

Appropriations and amendments requiring City Manager action are;

- Transfers between departments within a fund;
- Transfers between line items within a department or division between \$5,000 and up to and including \$10,000 per occurrence, and
- Appropriation of replacement reserves

Department Heads may approve:

- Transfers between line items within a department or division from \$0 and up to and including \$5,000 per occurrence.

(Note: The Appropriation and Budget Transfer Control policy was amended by Resolution on 7/25/06)

## **Investments**

The City Council will annually review an Investment Policy in conformance with California Government Code. The policy will address the objectives of safety, liquidity, and yield with respect to the City's financial assets.

## **Fees and Charges**

The City Council will annually adopt a schedule of fees and charges. The fees and charges will be set to provide adequate resources for the cost of the program or service provided.

## **Purchasing**

The City will maintain a purchasing policy designed to support and enhance the delivery of governmental services while seeking to obtain the maximum value for each dollar expended.

## **Grant Management**

The City Council will adopt and periodically review a Grant Management Policy. This policy provides the overall framework for guiding the City's management of grant resources once grants are awarded.



## **FUNDS OF THE CITY OF ANTIOCH**

Governmental accounting systems are organized and operated on a fund basis. A fund is a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances. Funds are used to segregate the City's financial activities in categories that attain certain objectives in accordance with special regulations, restrictions, or limitations.

### **Basis of Accounting and Budgeting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**RESOLUTION NO. 2006/56**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANTIOCH SETTING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2006-07 AND SELECTING THE CALIFORNIA PER CAPITA PERSONAL INCOME AND THE STATE DEPARTMENT OF FINANCE POPULATION GROWTH FACTORS FOR FISCAL YEAR 2006-07**

WHEREAS, Article XIII B of the California Constitution (Proposition 4) establishes expenditure limits for cities;

WHEREAS, State implementing legislation requires cities to annually adopt a resolution establishing its appropriations limit for the following fiscal year; and

WHEREAS, the Director of Finance has made the calculations specified in said law, and concludes that the appropriations limit is the sum of \$85,288,276.

WHEREAS, pursuant to said law, this agenda item has been made available to the public for four weeks prior to the date of adoption of this resolution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Antioch selects the California per capita personal income cost of living growth factor for Fiscal Year 2006-07, selects the population percent change certified by the State Department of Finance for Fiscal Year 2006-07, and establishes the appropriations limit for the Fiscal Year 2006-07 as \$85,288,276.

\* \* \* \* \*

The foregoing resolution was passed and adopted by the City Council of the City of Antioch at a regular meeting thereof held on May 23, 2006, by the following vote:

AYES: Council Members Davis, Kalinowski, Conley, Simonsen and Mayor Freitas  
NOES: None  
ABSENT: None

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L. JOLENE MARTIN  
CITY CLERK OF THE CITY OF ANTIOCH

**RESOLUTION NO. 2006/74**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANTIOCH APPROVING  
AND ADOPTING AN ANNUAL OPERATING BUDGET AND CAPITAL  
IMPROVEMENT BUDGET FOR FISCAL YEAR 2006-07 AND THE 2006-11 CAPITAL  
IMPROVEMENT PROGRAM AND APPROPRIATING THE FUNDS NECESSARY TO  
MEET THE EXPENDITURES SET FORTH THEREIN AND REVISING THE 2005-06  
OPERATING BUDGET**

**WHEREAS**, the City Manager of the City of Antioch, in accordance with Antioch Municipal Code, Title 2, Section 2-2.06(B)(7), has submitted to the City Council a Preliminary Operating Budget and Capital Improvement Program for the 2006-07 Fiscal Year; and

**WHEREAS**, the City Council of the City of Antioch has heretofore considered said Operating Budget and Capital Improvement Program; and

**WHEREAS**, the City Council did receive, consider and evaluate all public comments on the 2006-07 Operating Budget and Capital Improvement Program document as submitted by the City Manager; and

**WHEREAS**, the City Council did receive, consider and evaluate the revised 2005-06 portion of the Operating Budget as submitted.

**NOW THEREFORE BE IT RESOLVED:**

**SECTION 1.** The City Manager's 2006-07 Fiscal Year Operating Budget and Capital Improvement Program, for general and special City purposes, are approved and adopted as amended.

**SECTION 2.** Budget revisions that do not affect total line item expenditures require department head approval. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase the **total** expenditures of any fund must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level without City Council approval.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the City Council of the City of Antioch at a regular meeting thereof, held on the 27th day of June 2006, by the following vote:

AYES: Council Members Kalinowski, Davis and Conley and Mayor Freitas  
NOES: Council Member Simonsen  
ABSENT: None

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L. JOLENE MARTIN, CITY CLERK

**RESOLUTION NO. ADA-411**

**RESOLUTION OF THE ANTIOCH DEVELOPMENT AGENCY ADOPTING THE  
2006-07 ANNUAL BUDGET AND REVISING THE 2005-06 ANNUAL BUDGET**

**WHEREAS**, the Antioch Development Agency was formed by the adoption of the Redevelopment Plan in July 1975; and

**WHEREAS**, Community Redevelopment Law, Section 33334.2 required all agencies to use 20% of tax increment funds allocated to increase, improve, and preserve the community's supply of low and moderate income housing.

**NOW THEREFORE BE IT RESOLVED:**

A. That the Antioch Development Agency finds that the use of housing fund revenue for planning and administrative expense is necessary for the production, improvement, or preservation of low and moderate income housing.

B. That the Agency Budget for the 2006-07 Fiscal Year, on file with the Recording Secretary, is hereby approved and adopted.

C. That the revised portion of the Agency Budget for the 2005-06 Fiscal Year is hereby approved and adopted.

\* \* \* \* \*

The foregoing resolution was passed and adopted by the Antioch Development Agency of the City of Antioch at a regular meeting thereof, held on the 27th day of June 2006, by the following vote:

AYES: Agency Members Kalinowski, Davis, Conley, Simonsen and Chairperson Freitas

NOES: None

ABSENT: None

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L. JOLENE MARTIN, RECORDING SECRETARY

**RESOLUTION NO. 2006/75**

**RESOLUTION OF THE CITY OF ANTIOCH PUBLIC FINANCING AUTHORITY  
ADOPTING THE 2006-07 ANNUAL BUDGET AND REVISING THE 2005-06  
BUDGET**

**WHEREAS**, The City Council formed the Antioch Public Financing Authority in April 1993 to provide financial assistance to the City by financing improvements for the benefit of the residents of the City; and

**WHEREAS**, the City Council of the City of Antioch has heretofore considered said budget;

**NOW THEREFORE BE IT RESOLVED** that the Authority Budget for the 2006-07 Fiscal Year and the 2005-06 Fiscal Year revised budget, on file with the Authority Secretary, are hereby approved and adopted.

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The foregoing resolution was passed and adopted by the City of Antioch Public Financing Authority at a regular meeting thereof, held on the 27th day of June 2006, by the following vote:

AYES: Council Members Kalinowski, Davis, Conley, Simonsen and Mayor Freitas  
NOES: None  
ABSENT: None

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L. JOLENE MARTIN, SECRETARY

## **STAFFING OVERVIEW**

The City Council approves all new positions and status (employee versus contract; regular versus temporary; full-time versus part-time.) In addition, the City Council reviews all staffing levels on an annual basis during the budget process.

A position allocation system is the standard mechanism used by municipalities to track and monitor staffing levels and approvals. A "Position Allocation Summary" is in this section following the "2006-2007 Position Allocation Summary."

### **Organizational Changes**

The City Manager and Key Staff have identified the following organizational changes for FY2006-2007 and beyond:

The Personnel Department, which encompasses human resources functions, personnel administration, and labor relations, is proposed to change to Human Resources Department. If approved, correspondingly the position title of Personnel Director will change to Human Resources Director.

The Community Development Department has undertaken a number of significant long term projects, including the voter approved annexation of Roddy Ranch and the development of three eBart stations that will require senior planning and management capability. The Deputy Director of Community Development has served as the key contact for the City Council, City Manager and Community Development Director on these projects and has been dedicated solely to managing these long-term, ongoing projects. This budget formally approves the new position of Deputy Director of Community Development - Long Range Planning.

### **2006-2007 New City Employee Positions**

The City Manager and key management staff have reviewed the staffing needs for the City with the City Council. Twenty-one new positions are recommended: seven Police Officers, two Community Service Officers, two Dispatchers, one Code Enforcement Officer, one Information Systems Project Manager, one Community Development Technician and one Data Entry Specialist dedicated to GIS programs, one Deputy Director of Community Development-Long Range Planning, one Secretary 1, one Community Development Technician-Assistant Level in Engineering and Land Development, one Recycling Assistant, one Administrative Assistant, and one Assistant/Deputy City Attorney.

