

# CITY of LAKE FOREST



Operating Budget

Excerpts

Fiscal Year 2014-2015

# OPERATING BUDGET FISCAL YEAR 2014-15

## Elected Officials

Dwight Robinson, Mayor  
Adam Nick, Mayor Pro Tem  
Dave Bass, Council Member  
Kathryn McCullough, Council Member  
Scott Voigts, Council Member

### Planning Commission

Andrew Hamilton, Chair  
Jerry Verplancke, Vice Chair  
Charles Brower, Commissioner  
Jolene Fuentes, Commissioner  
Thomas Ludden, Commissioner

### Parks and Recreation Commission

Jim Rosenberg, Chair  
Steve Manning, Vice Chair  
Loretta Herrin, Commissioner  
Victor Scherr, Commissioner  
Jeff Werkmeister, Commissioner

## City Staff

Robert C. Dunek, City Manager

Gayle Ackerman, Director of Development Services  
David Belmer, Assistant City Manager/  
Director of Economic Development/  
Community Preservation  
Bryan Brice, Division Chief - Fire Services  
Gary Magill, Director of Community Services  
Keith D. Neves, Director of Finance/City Treasurer  
Debra Rose, Deputy City Manager/  
Director of Management Services  
Scott C. Smith, City Attorney  
Lieutenant Bradley Valentine, Chief of Police Services  
Tom Wheeler, Director of Public Works/City Engineer

**SUMMARY of REVENUES, EXPENDITURES, TRANSFERS, and FUND BALANCES**

	Available Fund Balances		Revenues		Expenditures		Revenues less Expenditures		Transfers/Loans		Available Fund Balances
	July 1, 2014	Revenues	Operating	Capital	Total	Expenditures	June 30, 2015				
General Fund	\$20,124,100	\$38,932,700	\$38,023,100		\$38,023,100	\$909,600	\$20,907,700				
<b>Special Revenue Funds:</b>											
Gas Tax	740,400	1,974,400	1,992,300	10,000	2,002,300	(27,900)	712,500				
Measure M	1,251,100	1,269,500		1,269,300	1,269,300	200	1,251,300				
Measure M Senior Mobility Grant	54,300	64,700	77,500		77,500	(12,800)	41,500				
Air Quality Improvement	731,400	96,700	57,500	307,500	365,000	(268,300)	463,100				
Suppl. Law Enforcement Grant	0	125,000	125,000		125,000	0	0				
Beverage Recycling Grant	88,800	21,500	110,300		110,300	(88,800)	0				
Waste Recycling Grant	0	40,000	40,000		40,000	0	0				
Asset Forfeitures	85,500	60,000	60,000		60,000	(60,000)	25,500				
CDBG	0	575,400	370,400	205,000	575,400	0	0				
Housing Authority	150,000	120,600	72,600		72,600	48,000	198,000				
<b>Special Revenue Subtotal</b>	<b>3,101,500</b>	<b>4,287,800</b>	<b>2,905,600</b>	<b>1,791,800</b>	<b>4,697,400</b>	<b>(409,600)</b>	<b>2,691,900</b>				
<b>Debt Service Fund:</b>											
Financing Authority			1,086,000		1,086,000	(1,086,000)	0				
<b>Total Operating Budget</b>	<b>23,225,600</b>	<b>43,220,500</b>	<b>42,014,700</b>	<b>1,791,800</b>	<b>43,806,500</b>	<b>(586,000)</b>	<b>23,599,600</b>				
<b>Capital Funds:</b>											
City Facilities Fee Maintenance	740,000	376,600			0	376,600	1,116,600				
Capital Improvement Projects	6,044,200	499,300		1,878,700	1,878,700	(1,379,400)	3,578,800				
Park Development/Const.	1,424,300	2,319,000			0	2,319,000	3,743,300				
Affordable Housing Capital Projects	1,196,000	1,406,800			0	1,406,800	2,602,800				
OSA Capital Projects	550,000	20,604,000			0	20,604,000	21,154,000				
OSA 2.0 Capital Projects	164,000	5,429,700			0	5,429,700	5,593,700				
Lake Forest Transportation Mitigation	4,330,700	855,200			0	855,200	5,185,900				
<b>Subtotal</b>	<b>14,449,200</b>	<b>31,490,600</b>	<b>0</b>	<b>1,878,700</b>	<b>1,878,700</b>	<b>29,611,900</b>	<b>42,975,100</b>				
<b>Reserve Funds:</b>											
General (Designated)	950,900				0	0	950,900				
General (Undesignated)	10,298,000				0	0	10,382,000				
Economic Contingency	5,149,100				0	0	5,191,100				
Emergency Services	3,000,000				0	0	3,000,000				
<b>Subtotal</b>	<b>19,398,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,524,000</b>				
<b>Internal Service Fund:</b>											
Vehicle Replacement	407,700	95,400	60,000		60,000	35,400	443,100				
<b>Subtotal All City Funds</b>	<b>57,480,500</b>	<b>74,806,500</b>	<b>42,074,700</b>	<b>3,670,500</b>	<b>45,745,200</b>	<b>29,061,300</b>	<b>86,541,800</b>				
<b>Grand Total All Funds</b>	<b>\$57,480,500</b>	<b>\$74,806,500</b>	<b>\$42,074,700</b>	<b>\$3,670,500</b>	<b>\$45,745,200</b>	<b>\$29,061,300</b>	<b>\$86,541,800</b>				

# SUMMARY OF FINANCIAL RESERVE FUNDS

## FISCAL YEAR 2014-15

Description	Balance June 30, 2014	Balance June 30, 2015
General (Designated):		
Cable Grant - Public Education and Government (PEG)	\$950,900	\$950,900
Total General (Designated)	\$950,900	\$950,900
General (Undesignated) <sup>1</sup>	10,298,000	10,382,000
Economic Contingency <sup>2</sup>	5,149,100	5,191,100
Emergency Services <sup>3</sup>	3,000,000	3,000,000
Total Financial Reserves	\$19,398,000	\$19,524,000

<sup>1</sup> 2/3 of 40% of General Fund revenues per the Reserve Policy

<sup>2</sup> 1/3 of 40% of General Fund revenues per the Reserve Policy

<sup>3</sup> Per approved reserve level as of June 30, 2014

**CARRYOVER APPROPRIATIONS OVER \$100,000  
FISCAL YEAR 2012-13 INTO FISCAL YEAR 2013-14<sup>1</sup>**

<b>Description</b>	<b>Fund</b>	<b>Carryover Appropriation</b>
Street Repaving and Slurry Seal	Capital Improvement Projects	\$854,813
Regency Park	Capital Improvement Projects	381,000
Tamarisk Park	Capital Improvement Projects	1,942,168
Teed Street Storm Drain	Capital Improvement Projects	209,492
Watershed Management Projects	Capital Improvement Projects	562,200
Rimgate Park	Capital Improvement Projects	482,017
ADA Wheelchair Access Ramp	Capital Improvement Projects	108,430
Play Equipment Replacement	Capital Improvement Projects	232,917
	<b>Total Appropriations Over \$100,000</b>	<b><u>\$4,773,037</u></b>
	<b>Total Carryover Appropriations</b>	<b><u>\$4,936,251</u></b>

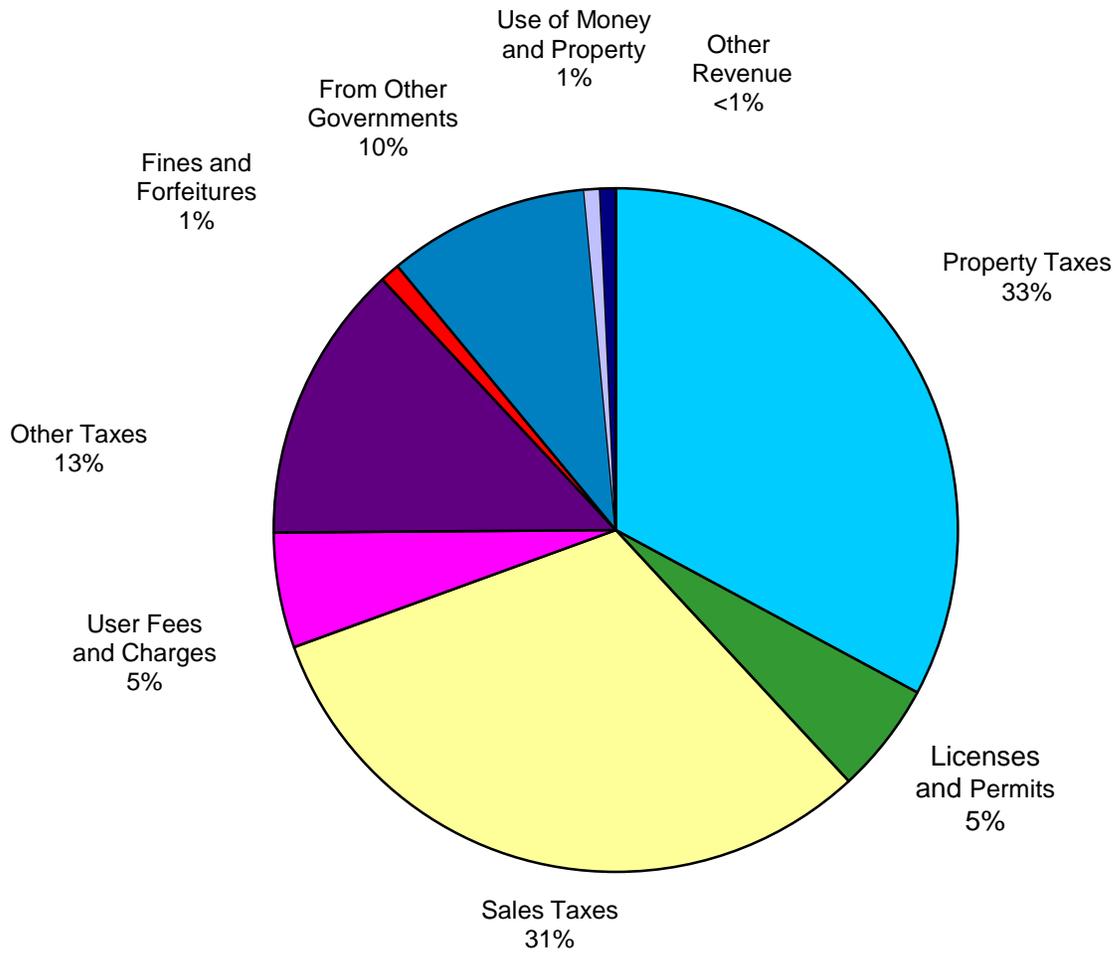
<sup>1</sup>These carryover appropriations were approved by the City Council on February 4, 2014

# SUMMARY OF REVENUES - ALL FUNDS

Description	Actual 2012-13	Adopted Budget 2013-14	Estimate 2014-15	Adopted Budget 2014-15
Property Taxes	\$14,009,219	\$13,312,500	\$14,208,000	\$14,208,000
Sales Tax	13,063,075	12,900,000	13,550,000	13,550,000
Other Taxes	5,459,036	5,200,000	5,700,000	5,700,000
Licenses and Permits	683,862	1,305,000	2,256,800	2,256,800
From Other Governments	6,312,226	17,917,000	4,110,700	4,110,700
User Fees and Charges	4,638,834	13,437,300	33,872,100	33,872,100
Fines and Forfeitures	403,329	445,000	410,000	410,000
Use of Money and Property	220,774	269,500	321,700	321,700
Other Revenue	1,746,748	1,061,600	317,200	317,200
<b>Total All Funds</b>	<b>46,537,103</b>	<b>65,847,900</b>	<b>74,746,500</b>	<b>74,746,500</b>
Less Capital Project Revenues	(6,059,592)	(12,185,800)	(31,526,000)	(31,526,000)
<b>Grand Total All City Operating Funds</b>	<b>\$40,477,511</b>	<b>\$53,662,100</b>	<b>\$43,220,500</b>	<b>\$43,220,500</b>

# SUMMARY OF REVENUES - ALL FUNDS<sup>1</sup>

## Fiscal Year 2014-15

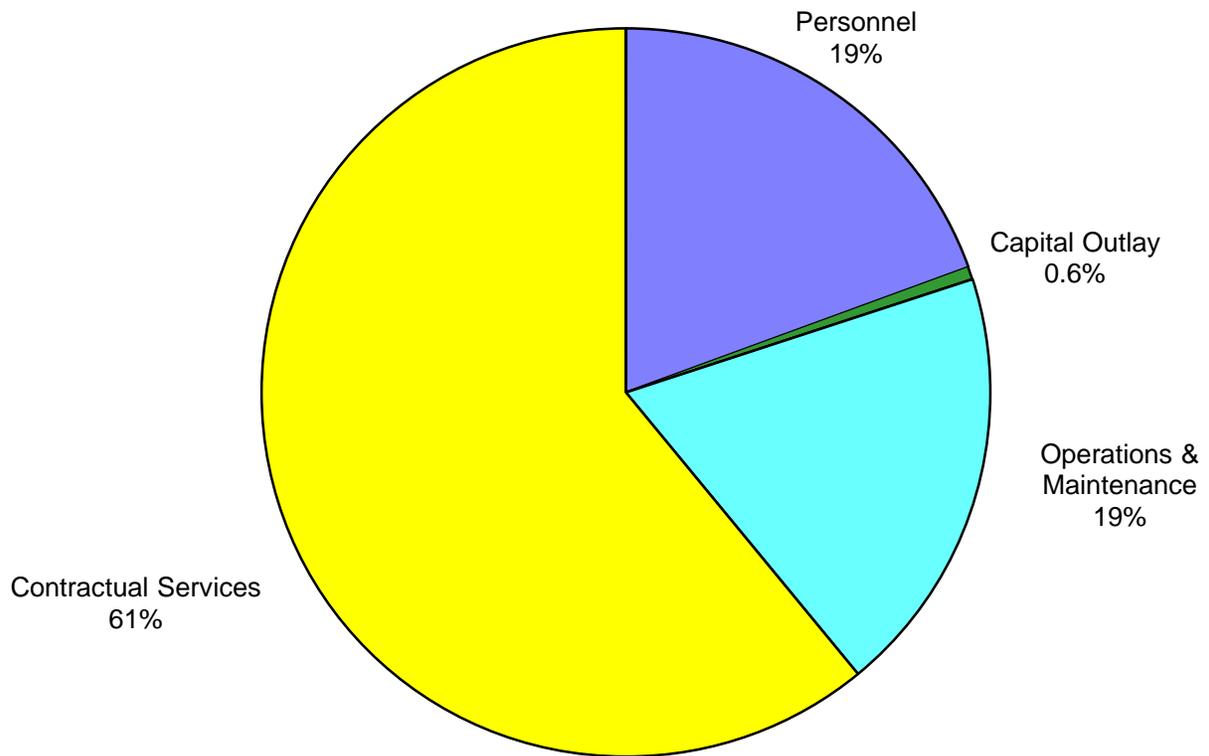


<sup>1</sup> Excludes all revenues in capital projects funds

# SUMMARY OF EXPENDITURES BY EXPENDITURE CATEGORY

Department	Personnel	Operations & Maintenance	Contract Services	Capital Outlay	Totals
City Council	\$36,400	\$107,900	\$1,000		\$145,300
City Manager	602,600	23,300	34,200		660,100
Economic Development/ Community Preservation	986,900	74,500	509,600		1,571,000
City Attorney			1,318,000		1,318,000
Finance	779,100	1,220,900	163,000		2,163,000
Development Services	1,119,800	92,400	1,765,000		2,977,200
Public Works	1,616,500	2,283,100	7,382,500		11,282,100
Management Services	1,030,300	2,444,900	472,300	233,900	4,181,400
Community Services	1,876,100	1,483,900	50,400		3,410,400
Police Services	106,900	279,600	13,919,700		14,306,200
<b>TOTALS</b>	<b>\$8,154,600</b>	<b>\$8,010,500</b>	<b>\$25,615,700</b>	<b>\$233,900</b>	<b>\$42,014,700</b>

# SUMMARY OF EXPENDITURES BY EXPENDITURE CATEGORY Fiscal Year 2014-15

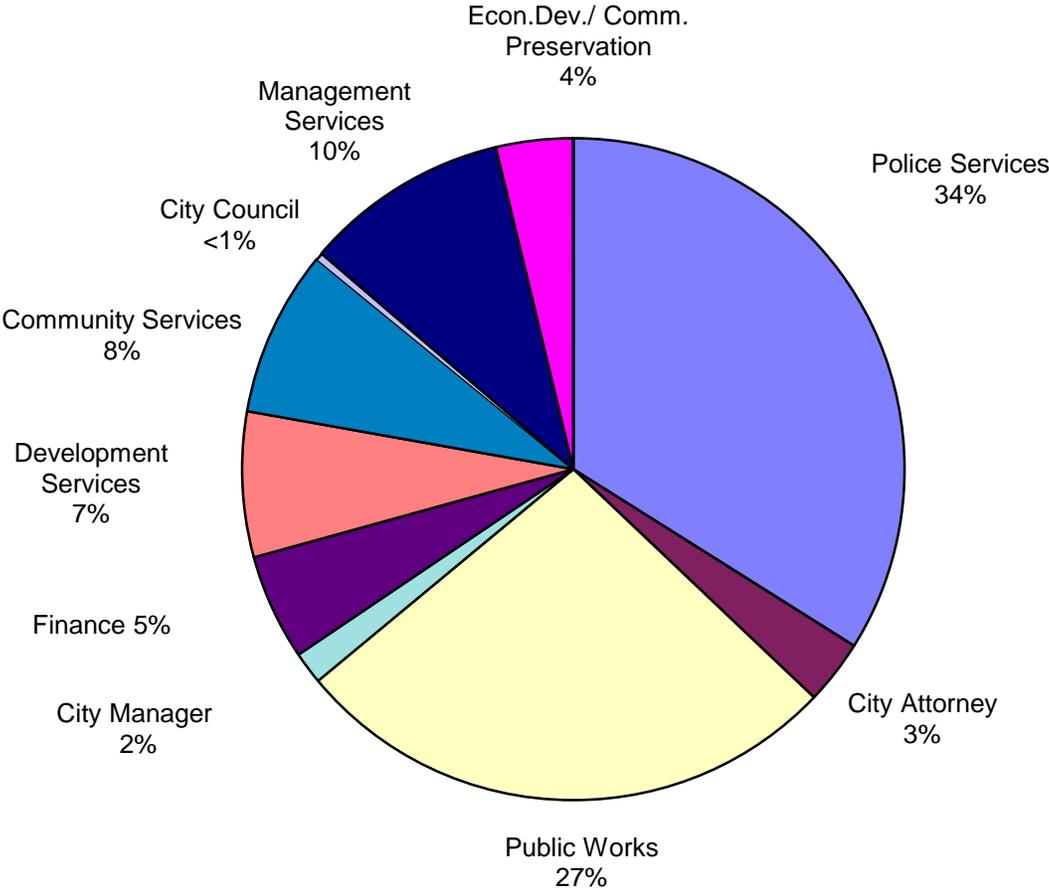


# SUMMARY OF EXPENDITURES BY DEPARTMENT

Department	Actual 2012-13	Adopted Budget 2013-14	Proposed Budget 2014-15	Adopted Budget 2014-15
City Council	\$116,094	\$150,300	\$145,300	\$145,300
City Manager	657,324	634,400	660,100	660,100
Economic Development/ Community Preservation	1,342,151	2,286,300	1,579,500	1,571,000
City Attorney	1,450,274	1,296,900	1,318,000	1,318,000
Finance	1,281,190	2,337,500	2,163,000	2,163,000
Development Services	2,276,924	2,174,000	2,977,200	2,977,200
Public Works	8,904,636	9,381,100	11,282,100	11,282,100
Management Services	4,084,689	4,333,800	4,181,400	4,181,400
Community Services	2,865,675	2,977,200	3,410,400	3,410,400
Police Services	13,037,008	13,452,900	14,246,200	14,306,200
Vehicle Replacement		30,000		
Total Operating Expenditures	36,015,965	39,054,400	41,963,200	42,014,700
Capital Projects	26,630,289	46,230,800	3,670,500	3,670,500
Grand Total All City Funds	<u>\$62,646,254</u>	<u>\$85,285,200</u>	<u>\$45,633,700</u>	<u>\$45,685,200</u>

# SUMMARY OF EXPENDITURES BY DEPARTMENT<sup>1</sup>

## Fiscal Year 2014-15



<sup>1</sup> Excludes capital improvement projects

**CAPITAL EXPENDITURES  
BUDGET DETAIL**

<b>Project</b>	<b>Actual 2012-13</b>	<b>Adopted Budget 2013-14</b>	<b>Proposed Budget 2014-15</b>	<b>Adopted Budget 2014-15</b>
Street Resurfacing/Slurry Seal	\$275,187	\$1,195,900	\$1,269,300	\$1,269,300
Alton Parkway Improvements	18,447			
Trabuco Road MPAH	1,238,460			
Installation of Street Lights		15,000	35,000	35,000
Lake Forest Transportation Mitigation Improvements		30,000		
Sidewalk Repairs	7,501	42,400	43,700	43,700
Rancho Parkway Improvements	1,937,559			
Access Ramp Improvements	323,537	209,000		
Jeronimo Road Streetscape	232,160			
El Toro Streetscape - Phase 1	185,958			
Rockfield Streetscape	40,144			
Rimgate Park Renovation	6,438			
Tamarisk Park Renovation	8,664			
Teed Street Storm Drain Improvements	17,314		380,000	380,000
City Hall	28,443			
Sports Park	22,310,477	43,500,000		
Alton Parkway Corridor Traffic Signal Synchronization		23,600	6,400	6,400
Bake Parkway Corridor Traffic Signal Synchronization		27,900	2,100	2,100
Barranca Pkwy/Muirlands Blvd Traffic Signal Synchronization		34,600	5,400	5,400
Citywide Traffic Signal Coordination Master Plan		118,000	30,000	30,000
Environmental Tier 1		100,000		
J01P08 Subdrainage			30,000	30,000
Internally Illuminated Street Name Sign Panel Replacement		10,000	10,000	10,000
Jeronimo Road Corridor Traffic Signal Synchronization		31,800	8,200	8,200
Lake Forest Drive Traffic Signal Synchronization		4,000	1,000	1,000
Los Alisos Boulevard Traffic Signal Synchronization		1,800	700	700
Portola Parkway Streetscape		200,000		

**CAPITAL EXPENDITURES  
BUDGET DETAIL (continued)**

<b>Expense Classification</b>	<b>Actual 2012-13</b>	<b>Adopted Budget 2013-14</b>	<b>Proposed Budget 2014-15</b>	<b>Adopted Budget 2014-15</b>
Saddleback Ranch Road				
Traffic Enhancements		150,000	1,210,000	1,210,000
Santa Margarita Parkway				
Traffic Signal Synchronization		1,800	700	700
Trabuco Road Corridor Traffic				
Signal Synchronization		27,000	3,000	3,000
Traffic Signal Modification at				
Alton Parkway/Towne Centre				
Drive/Rancho Parkway		40,000		
Signalized Intersection at				
Rancho Parkway and Sports				
Park Access Road		25,000	250,000	250,000
Street Resurfacing on El Toro				
Road Between I-5 and Bridger		150,000		
Street Sign Replacement		55,000	88,000	88,000
Park ADA Access Repairs			205,000	205,000
Park Light Pole Replacements		30,000	30,000	30,000
Park Parking Lot Pavement		145,000		
Dairy Fork Constructed Wetlands			45,000	45,000
MPS - El Toro Road from				
Normandale to Northcrest		25,000		
MPS - Manalastas on Trabuco		8,000		
MPS - Red River to Lake Forest		5,000		
MPS - Ridge Route		25,000	17,000	17,000
Activity Total	<u>\$26,630,289</u>	<u>\$46,230,800</u>	<u>\$3,670,500</u>	<u>\$3,670,500</u>

Funding Sources:

Capital Improvement Projects				
Fund	\$3,692,645	\$432,400	\$563,700	\$563,700
Gas Tax Fund		160,000	10,000	10,000
Measure M Fund	275,187	1,195,900	1,269,300	1,269,300
Air Quality Management Fund		485,500	307,500	307,500
Community Development Block				
Grant Fund	323,537	209,000	205,000	205,000
Opportunities Study Capital				
Projects Fund	22,338,920	43,500,000		
Developer Fund			1,210,000	1,210,000

<b>CAPITAL EXPENDITURES</b> <b>BUDGET DETAIL (continued)</b>
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<b>Expense Classification</b>	<b>Actual 2012-13</b>	<b>Adopted Budget 2013-14</b>	<b>Proposed Budget 2014-15</b>	<b>Adopted Budget 2014-15</b>
Funding Sources (continued):				
Lake Forest Transportation Mitigation Fund		30,000		
Grants (Approval Pending):				
Municipal Water District of O. C. Highway Safety Improvement Program		63,000	17,000	17,000
Environmental Tier 1		55,000	88,000	88,000
		100,000		
Total	<u>\$26,630,289</u>	<u>\$46,230,800</u>	<u>\$3,670,500</u>	<u>\$3,670,500</u>

## COMMUNITY HISTORY

Lake Forest incorporated as a new city, under the general laws of the State of California, on December 20, 1991. The City is Orange County's 31<sup>st</sup> city and the second largest in the Saddleback Valley.

When Don José Serrano settled the area, which was originally called Rancho Cañada De Los Alisos (the Valley of the Sycamores), through a Mexican Land Grant in 1846, he may have envisioned the area as it is today -- an area rich in family values with a hometown feel. For more than a century, the land was known as El Toro, after the bulls that roamed Don José Serrano's ranch. The land remained with Don José and his family until financial problems forced him to turn the land over to private interests. The legacy of the Serrano family lives on in Lake Forest through the Serrano Adobe - a part of the family's original ranch - located in Heritage Hill Historical Park.

In the early 1900s, Dwight Whiting, a resident of the area, planted 400 acres of fast-growing eucalyptus trees as an answer to the California lumber shortage. Although the trees failed as a source of lumber, in the 1960s, master developer Occidental Petroleum decided to create a master-planned community around the trees and man-made lakes. The eucalyptus provided landscaping for the modern homes and led to the "Forest" in Lake Forest.

Although Lake Forest has been an official city in Orange County since 1991, its history began long before then. Beginning as an agricultural area like most of the Orange County region, Lake Forest began to grow rapidly following World War II. Residential, commercial and industrial development began to replace the acres of citrus and other agricultural products. A significant reason for the change was the growing importance of the El Toro Marine Base. The growth of the Base increased the need for new homes and support services. Over time, the Lake Forest area was built into the City we know today.

Efforts toward incorporation began in August 1989 when a group of citizens formed the Community Coalition for Incorporation. Hoping to gain control of the issues affecting the Lake Forest area, the group worked toward gaining cityhood for Lake Forest. The group was successful in putting a measure on the ballot and cityhood was approved on March 5, 1991, along with the City's first City Council. On December 20, 1991, Lake Forest became the 31st City to incorporate in the County of Orange.

The City has grown in size from its original incorporated boundaries as a result of several annexations and is now 16.6 square miles.

The City of Lake Forest has balanced growth with an emphasis on quality of life. It provides a rich tapestry of activities for the young and old. The City features 28

public parks, which provide active recreational opportunities to area residents. The 1,500-acre Whiting Ranch Wilderness Park (County-operated) is in the northern part of the City and contains a vast amount of open space for hiking and equestrian activities.

The official City flower -- Purple Statice (Limonium), City bird – hummingbird, and City song -- “Beautiful City” by Steven Swartz, clearly acknowledge that Lake Forest is a beautiful city where “Remember the Past -- Challenge the Future” is more than just a slogan as we embrace the opportunities of today and tomorrow.

## DEMOGRAPHIC FACTS AND FIGURES

### Demographic Breakdown<sup>1</sup>

Population	79,139
City Size	16.6 square miles
Housing Units	27,257
Ethnic Composition	
White	53.8%
Hispanic	27.4%
Asian/Pacific Islanders	13.5%
Black	1.6%
Other	3.7%
Median Age	38
Median Household Income	\$89,589

<sup>1</sup> Sources: State of California, Department of Finance (2014)  
Nielsen Claritas (2014)

## **GLOSSARY OF BUDGET TERMS**

Amendment An amendment is a change in the budget which occurs after its initial adoption. Such a change will consist of an increase or decrease in revenue which is recognized or in the level of authorized expenditures. Some amendments may be implemented by City staff, but most require formal action by the City Council.

Appropriation An authorization by the City Council to generate expenditures and to incur obligations for a specific purpose within a specific time frame.

Assessed Valuation A dollar value placed on real estate or other property (by Orange County) as a basis for levying property taxes.

Audit A review of the City's accounts by internal audit staff or an independent auditing firm to substantiate fiscal year end funds, salaries, reserves and cash on hand.

Beginning/Ending (Unappropriated) Fund Balance Unbudgeted resources available in a fund from the prior/current fiscal year after payment of the prior/current fiscal year's expenditures/expenses. This is not necessarily cash on hand.

Bond A City may raise capital by issuing a written promise to pay a specific sum of money, called the face value or principal amount, at a specific date or dates in the future, together with periodic interest at a special rate.

Budget A fiscal plan of financial operation listing an estimate of proposed applications or expenditures/expenses and the proposed means of financing them for a particular time period. The budget is proposed until it has been approved by the City Council.

Capital Improvement A permanent addition to the City's assets, including the design, construction or purchase of land, buildings or facilities, or major renovations of same.

Capital Improvements Program A financial plan of proposed capital improvement projects with single- and multiple-year capital expenditures/expenses.

Capital Outlay A budget appropriation category which budgets all equipment having a unit cost of more than a pre-approved amount and an estimated useful life over a pre-approved period.

Capital Improvement Project Funds These funds are used to account for monies received to fund capital outlays by operation departments and general bonded debt services.

City Manager's Budget Message A general discussion of the proposed/approved budget. The letter contains an explanation of principal budget items and summaries.

Debt Service Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes or Certificates of Participation (COPs).

Debt Service Funds This fund type is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Deficit An excess of expenditures or expenses over revenues (resources).

Department An organizational unit comprised of divisions or programs. It is the basic unit of service responsibility encompassing a broad mandate of related activities.

Division A sub-section (or activity) within a department which furthers the objectives of the City Council by providing specific services.

Encumbrances A legal obligation to pay funds, the expenditure/expense of which has not yet occurred (purchase orders). They cease to be encumbrances when the obligations are paid or otherwise terminated.

Expenditure The actual spending of governmental funds set aside by appropriation.

Fee A fee is a charge imposed by the City on the beneficiary of a service it provides. Its purpose is to help recover some or all of the cost incurred by the City in providing a service. By law, a fee may not exceed the cost of providing a service.

Fiscal Year A twelve-month period of time to which a budget applies. In the City of Lake Forest, the fiscal year is July 1 through June 30.

Full-Time Position A full-time position is one in which an employee is budgeted to work 40 hours per week or 2,080 hours each year. All full-time positions receive benefits such as holidays, vacations, sick pay, retirement, health insurance, etc.

Fund An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created.

Fund Balance The amount of financial resources in a fund. Generally, this represents the detail of the accumulation of annual operating surpluses and deficits since inception.

General Fund The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. This fund is used to offset the cost of the City's general obligations. Examples of departments financed by the General Fund include City Council, Police Services, and Public Works.

Grant Contributions, gifts of cash or other assets from another governmental entity to be expended for a specific purpose, activity or facility. An example is the Community Development Block Grant provided by the Federal government.

Interfund Transfer Money transferred from one fund to another. Such money is transferred to finance the operations of another fund or to reimburse the fund for certain costs.

Line-Item A line-item is the detailed grouping of expenditures used in the City's accounting system. It is subordinate to expense category. Typical line items are: professional services, office supplies, travel, postage, office equipment, etc.

Municipal Code A book which contains the City Council-approved ordinances currently in effect. The Code defines City policy with respect to areas such as planning, etc.

Ordinance A formal legislative enactment by the City Council. It has the full force and effect of law within City boundaries unless pre-empted by a higher form of law. An ordinance has a higher legal standing than a resolution.

Part-Time Position A part-time position is one in which an employee is budgeted to work less than 36 hours per week or for less than six months during the year. Part-time employees do not receive benefits such as holidays and vacations.

Reimbursement Payment of amount remitted on behalf of another party, department or fund.

Reserve An account used to record a portion of the fund balance as legally segregated for a specific use.

Resolution A special order of the City Council which has lower legal standing than an ordinance.

Revenue Bonds A type of bond usually issued to construct facilities. The bonds are repaid from the revenues produced by the operation of facilities.

Salaries and Benefits A budget category which generally accounts for full-time and temporary employees, overtime expenses and all employee benefits, such as medical insurance and retirement.

Special Revenue Fund This fund collects revenue which is restricted by the City, State, or Federal government as to how the City might spend it.

Tax A tax is a levy imposed by a local government in conformance with the Government Code to raise revenue for public purposes. There are two types of taxes: general taxes imposed for general governmental purposes, and special taxes imposed for specific purposes.