



RESOLUTION 17-30

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MISSION VIEJO, CALIFORNIA, APPROVING A BUDGET FOR 2017-19, AND APPROPRIATING FUNDS FOR FISCAL YEAR 2017/18 ONLY

WHEREAS, the City Manager presented to the City Council on May 23, 2017, a Proposed Budget for the 2017-19 fiscal years; and

WHEREAS, one budget workshop was duly scheduled, and held on June 13, 2017, and there was an opportunity for all persons to be heard and their suggestions or objections considered.

WHEREAS, City staff and the City Council have recommended certain changes be made to the Proposed Budget to reflect revised appropriations; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MISSION VIEJO, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the 2017-19 Budget for the City of Mission Viejo is hereby adopted.

SECTION 2. That appropriations are hereby authorized and revenue estimates confirmed for FY 2017/18 only, in accordance with the Proposed Budget dated May 23, 2017, as further modified by Council and staff on June 13, 2017, and June 27, 2017, as reflected on Exhibits A, B, C, D and E to this Resolution.

SECTION 3. That regular staff positions are hereby authorized for FY 2017/18 in accordance with Exhibit F to this Resolution.

SECTION 4. That, for FY 2017/18, Department Heads are hereby authorized to overspend individual operating budget object accounts within the budget categories of personnel services, operations, and capital outlay, and are authorized to move appropriations from one object to another, within each budgetary program and within the same fund, provided that total appropriations for a budget program and within the same fund are not exceeded.

SECTION 5. That, for FY 2017/18, the City Manager is hereby authorized to transfer operating budget appropriations within the same fund between categories, budgetary departments and budgetary programs, but only within each of the five broad program areas of: General Government (Legislative and Management & Support combined); Public Safety; Community Development; Engineering & Transportation and Infrastructure Maintenance combined; and Recreation, Community and Library Services; provided that total appropriations for a program area by fund are not changed.

SECTION 6. That, for FY 2017/18, the City Manager is hereby authorized to transfer capital improvement project appropriations between projects up to a limit of \$30,000 per transfer, within the same fund and within the responsibility of the same



department.

SECTION 7. That changes to total program area appropriations, changes to total fund appropriations, all other changes to capital improvement project appropriations not specified in Section 6 of this Resolution, changes to the number of regular positions by classification, cancellation of appropriations, and appropriations of fund balances shall require the majority approval of the City Council.

SECTION 8. That encumbrances at the end of FY 2016/17 will be re-appropriated for continued use in FY 2017/18.

SECTION 9. That all active capital project appropriation balances that existed at the end of FY 2016/17 will be re-appropriated for continued use in the FY 2017/18.

SECTION 10. That \$60,000 in the Interdepartmental program, account 001101-7600 be re-appropriated for continued use in FY 2017/18 to supplement funds in the 2017/18 Interdepartmental program budget to fund a portion of General Liability Insurance.

SECTION 11. That \$406,000 in the Information Technology program, account 233101-8451 be re-appropriated for continued use in FY 2017/18 to fund the Sire software upgrade in the amount of \$76,000 and to fund the I.T. upgrades to the Marguerite Aquatics Center in the amount of \$330,000.

SECTION 12. That \$30,000 in the Human Resources program, account 223101-7950 be re-appropriated for continued use in FY 2017/18 for employee recognition purposes in accordance with Administrative Regulations Number 516, effective July 1, 2017.

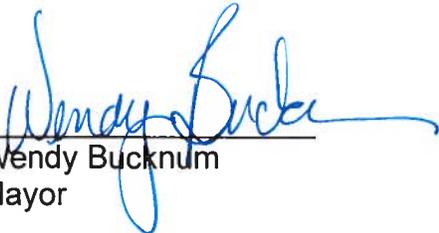
SECTION 13. That \$117,000 from personnel savings in the Recreation Department be re-appropriated to the Norman P. Murray (NPM) Facilities Maintenance program, 553101-8400, for continued use in FY 2017/18 for the purchase of new stacking chairs at the NPM Senior and Community Center.

SECTION 14. The Budget contains appropriations for the funding of the following community service organizations/projects: (1) Orange County Sheriff's Department of Valor ceremony (\$1,500); (2) Fair Housing Foundation (\$7,000); (3) Social Service agencies identified as part of the Community Development Block Grant allocation (\$60,000); (4) Marine and Sailors Adoption Committee (\$25,420); (5) Pacific Symphony (\$50,000); (6) Mission Viejo Activities Committee (\$95,800); (7) Capistrano Valley, Trabuco Hills, Mission Viejo, Silverado, and Tesoro High Schools for graduation nights (\$8,500); (8) Community Service organizations (\$60,000); (9) American Cancer Society's Relay for Life (\$8,000); (10) Vocational Visions ceremony (\$1,250); (11) Trauma Intervention Program (\$11,200); (12) Orange County Fire Association Best and Bravest Dinner (\$750); (13) Rotary Club Mayor's Breakfast (\$750); (14) Orange County Human Relations Council (\$4,500); (15) Mission Viejo Chamber of Commerce (\$21,000). In making these appropriations, and any additional appropriations to community service organizations/projects on June 27, 2017, the City Council finds, determines and declares that with respect to each matter: (1) the project provides a service for the City that



complements or enhances a service that the City may lawfully provide itself; (2) the project provides a secondary benefit to the citizens of the City within the City's authority; and (3) the project provides a specific service to the City that the City could perform, but chooses not to perform or not to perform fully. Council hereby approves the contributions totaling over \$30,000 to the organizations/projects listed above or added on June 27, 2017.

PASSED, APPROVED, AND ADOPTED this 27th day of June, 2017.


 Wendy Bucknum
 Mayor

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Mission Viejo at a regularly scheduled meeting thereof, held on the 27th day of June, 2017, by the following vote of the Council:

AYES: Bucknum, Goodell, Kelley, Raths, and Sachs
 NOES: None
 ABSENT: None

ATTEST:


 For Karen Hamman
 City Clerk



MISSION VIEJO

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CITY OF MISSION VIEJO
Adopted Appropriations Limit
Article XIII B Gann Initiative



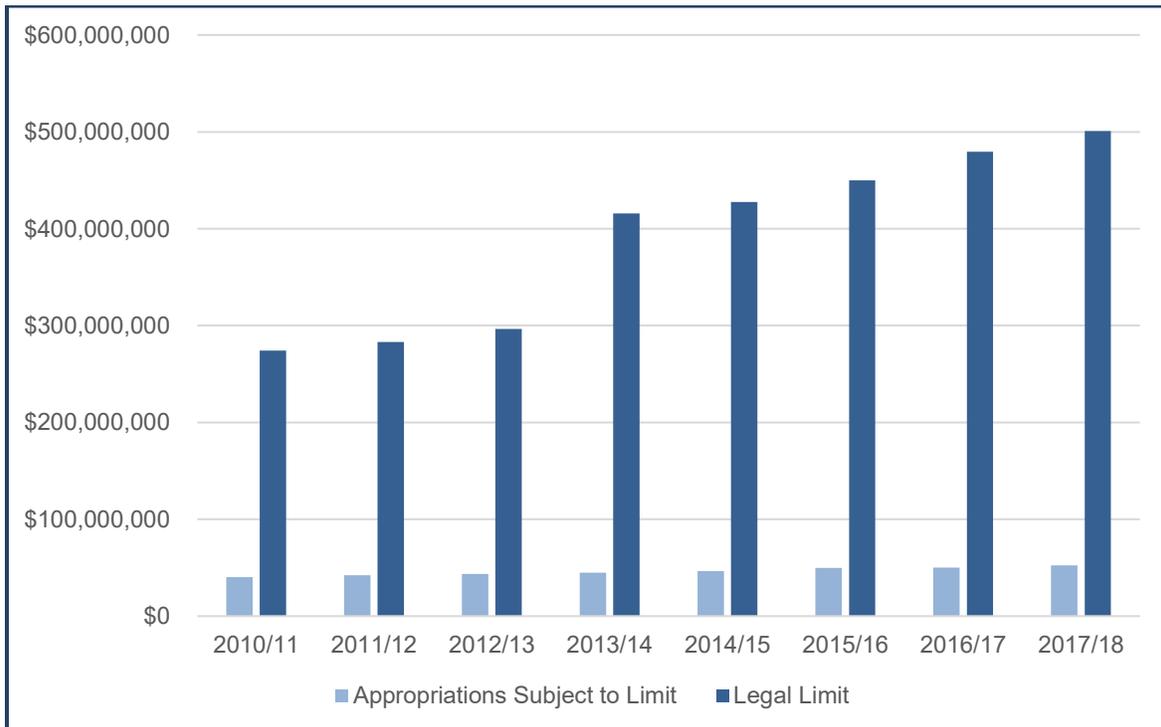
Article XIII B of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Limit, was adopted by California voters in 1980. This Article placed annual limits on the amount of tax proceeds that State and local governmental agencies can receive and appropriate (i.e., authorize to spend). The limit is different for each agency and changes each fiscal year. The limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978/79 in each agency, modified for changes in inflation and population in subsequent years.

For Mission Viejo and other cities that incorporated after FY 1978/79, the voters set the initial appropriations limit. Mission Viejo voters established the initial appropriations limit for the City at \$35,000,000. Each subsequent year the limit is increased or decreased for changes in inflation and population according to calculation methods prescribed by Proposition 111, which was passed by the State's voters in June 1990.

Each year the City Council must adopt by resolution the appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. Following is the calculation of the City's Gann Appropriations Limit for FY 2017/18:

Fiscal Year 2016/17 Appropriations Limits	\$479,615,556
County Population Growth	0.69%
Per Capita Personal Income Change	3.69%
Fiscal Year 2017/18 Appropriations Limit	\$500,743,152

Appropriations limits apply only to tax revenues, not to revenues that cover the costs of operations such as service charges, restricted revenues from other agencies, or grants. Appropriations subject to the limit in the FY 2017/18 budget total \$52,328,548 which is \$448,414,604 under the computed limit.





MISSION VIEJO

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CITY OF MISSION VIEJO *Glossary and Acronyms*

GLOSSARY OF BUDGET-RELATED TERMS AND ACRONYMS

ACCRUAL BASIS: The method of accounting under which revenues and expenses are recorded when they occur, regardless of the timing of related cash flows. Expenses are recorded at the time liabilities are incurred and revenues are recorded when earned.

ACTUAL: Represents the actual costs of operations.

ADOPTED: Represents the budget as approved by the City Council.

AMERICANS WITH DISABILITIES ACT (ADA): The Americans with Disabilities Act is a Federal law that gives civil rights protections to individuals with disabilities. The law guarantees equal opportunity for individuals with disabilities in State and local government services, public accommodations, employment, transportation, and telecommunications.

APPROPRIATION: A legal authorization granted by the City Council to make expenditures or incur obligations for specific purposes.

AQMD: Air Quality Management District

ARC: Annual Required Contribution

ATTRITION: A reduction in staff due to resignation or retirement.

ASSESSED VALUATION: The value assigned to real property (land and buildings) and tangible personal property (moveable property) by the Orange County Assessors Office for use as a basis in levying property taxes.

BALANCED BUDGET: The amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus other available sources.

BOND: A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

BUDGET: A financial plan that identifies revenues, and specific types and levels of services to be provided and establishes the amount of money that can be spent.

BUDGETARY CONTROL: The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and revenues.

CAFR: Comprehensive Annual Financial Report

CAPITAL IMPROVEMENT PROGRAM (CIP): A multi-year financial plan for construction of physical assets such as buildings, streets, and recreational facilities.

CAPITAL OUTLAY: Expenditures that qualify as capital costs according to accounting standards. Includes items such as furniture, fixtures, machinery, equipment and other relatively minor fixed assets.

CDBG: Community Development Block Grant



CITY OF MISSION VIEJO *Glossary and Acronyms*



CDFA: Mission Viejo Community Development Financing Authority

CEFV: Computers, Equipment, Furnishings, Vehicles Fund

CJPIA: California Joint Powers Insurance Authority

CONSUMER PRICE INDEX (CPI): A statistical description of price levels provided by the U.S. Department of Labor. The change in this index from year to year is used to measure the cost of living and economic inflation.

CONTINGENCY: A budgetary reserve set aside for emergency or unanticipated expenditures.

COPS: Citizens' Option for Public Safety

CSMFO: The California Society of Municipal Finance Officers, a statewide organization of municipal finance professionals. CSMFO annually sponsors a Budget Awards Program, which recognizes municipal budgets in four categories: operating budgets, capital budgets, public communications documents, and innovations in budgeting.

DEBT INSTRUMENT: Methods of borrowing funds, including general obligations (G.O.) bonds, revenue bonds, lease/purchase agreements, lease-revenue bonds, tax allocation bonds, certificates of participation (COPs), and assessment district bonds.

DEBT SERVICE: The payment of principal and interest on borrowed funds such as bonds and other debt instruments according to a pre-determined schedule.

DEFEASANCE: The irrevocable setting aside of sufficient funds with a third party bank to pay, together with interest earnings thereon, the principal and interest of debt obligations when they become due, such that the legal liability to pay such debt has been extinguished at the time of the set-aside.

DEPARTMENT: A major organizational unit of government that has overall management responsibility for a group of related service responsibilities or operations within a functional area. A department typically is comprised of divisions.

DEPRECIATION: Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

DIVISION: An organizational unit, which provides specific services or products within a department. Divisions may be comprised of one or more programs.

ENCUMBRANCE: An amount of money committed for the payment of goods and services not yet received or paid for. A purchase order is a common encumbrance.

EOC: Emergency Operations Center

EXPENDITURE: Decrease in net financial resources. Represents the actual payment for goods and services or the accrual thereof.

FEMA: Federal Emergency Management Agency



CITY OF MISSION VIEJO *Glossary and Acronyms*

FIXED ASSETS: Tangible assets having a long life that are intended to be held or used, such as land, buildings, machinery, furniture and other equipment.

FISCAL YEAR (FY): The period designated by the City for the beginning and ending of financial transactions. The City's fiscal year begins July 1 and ends June 30.

FR&R: Facility Rehabilitation and Replacement Fund

FULL-TIME EQUIVALENTS (FTE): The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is paid for 2,080 hours per year while a .25 FTE employee would work 520 hours per year.

FUND: An accounting entity with a set of self-balancing accounts used to record the financial affairs of a governmental organization.

FUND BALANCE: The difference between the assets and liabilities for a particular fund. Also represents the amount available for future spending from a fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GENERAL PLAN: A comprehensive, long-term plan, required of all California cities, for the physical development of the city. Mission Viejo's General Plan was initially adopted by the City Council on October 8, 1990; its policies, goals, and objectives are implemented through the City's development standards.

GFOA: The Government Finance Officers Association of the United States and Canada, an organization of government finance officials in the United States and Canada. GFOA annually sponsors a Distinguished Budget Presentation Awards program and makes awards to those governmental budgets that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

GRANT: Contributions, gifts of cash, or other assets from another government entity to be used or expended for a special purpose, activity or facility.

HA: Housing Authority

HUD: United States Department of Housing and Urban Development

IAC: Investment Advisory Commission

INFRASTRUCTURE: The underlying physical foundation or basic framework of a city, including streets, medians, sidewalks, bridges, traffic signals, buildings, parks, and other related facilities and fixtures.

INTERFUND TRANSFER: The movement of monies between funds of the same governmental entity.

IT: Information Technology

LAFCO: Local Agency Formation Commission



CITY OF MISSION VIEJO *Glossary and Acronyms*



MASTER FINANCIAL PLAN (MFP): The City's long-range financial plan that, on a biennial basis, projects General Fund revenues and expenditures over a seven-year period.

MISSION STATEMENT: A statement describing the main purpose of an organization in general, timeless terms.

MODIFIED ACCRUAL BASIS: The method of accounting under which revenues are recorded when they are both measurable and available while expenditures are recognized when incurred.

MVTV: Mission Viejo Television

NPDES: National Pollution Discharge Elimination System

OBJECTIVE: Something to be accomplished in specific, well-defined, and measurable terms, and that is achievable within a specific time frame.

OCCOG: Orange County Council of Governments

OCFA: Orange County Fire Authority

OCSD: Orange County Sheriff's Department

OCTA: Orange County Transportation Agency

OPEB: Other Post-Employment Benefits

OPERATING BUDGET: A budget that is based on the day-to-day costs of delivering City services.

OPERATING EXPENSE: The cost for personnel, contractual services, materials, equipment, etc. required for a department to function.

OPERATING REVENUE: Funds received as income to pay for ongoing operations, including such items as taxes, user fees, and interest earnings.

ORDINANCE: A formal legislative enactment by the City Council.

PEG: Public, Education & Government Fees

PERFORMANCE MEASURE: A measure that gauges the amount or quality of work performed and results achieved. Types of measures include: input, output, efficiency, and effectiveness.

PERS/CalPERS: California Public Employees Retirement System

PERSONNEL COSTS: Salaries and benefits paid to City employees. Included are items such as insurance and retirement.

PROGRAM: A subsection of a division that provides a specific service or product. A program is the smallest unit of service. There may be one or more programs within a division.

PROGRAM AREA: A grouping of individual programs in one or more departments that are similar based on a broad definition of the type of service provided.



CITY OF MISSION VIEJO *Glossary and Acronyms*



PROGRAM BUDGET: A budget wherein expenditures are displayed based on programs of work, and only secondarily by the character and object class of the expenditure.

RESERVE: A separate account maintained for restricted use, e.g. self-insurance programs, capital improvement projects, or for unrestricted use to protect the City from emergencies or unanticipated expenditures.

RESOLUTION: An order of a legislative body requiring less formality than an ordinance.

RESOURCES: The amounts available for appropriation including estimated revenues, beginning fund balances, and transfers in.

REVENUE: Income received through such sources as taxes, fines, fees, grants or service charges which can be used to finance operations or capital assets.

RISK MANAGEMENT: An organized attempt to protect an organization's assets against accidental loss in the most cost-effective manner.

SA: Successor Agency to the Community Development Agency

SCAG: Southern California Associations of Governments

SCOR: Senior Corps of Retirees

SUBVENTIONS: Revenues collected by the State that are allocated to the City on a formula basis. The major subventions received by the City from the State of California include motor vehicle in-lieu, and gasoline taxes.

TAXES: Compulsory charges levied by a government for the purpose of financing services performed for common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments.

TCA: Transportation Corridor Agencies

TOT: Transient Occupancy Tax

TRUST & AGENCY FUNDS: These funds are used to account for assets held by the City in a trustee capacity or as an agent.

USER FEE: the fee charged for services to the party who directly benefits from the service.

VISION: A guiding statement that describes a desirable future state toward which priority efforts should be directed.

WORKING CAPITAL: A financial measure calculated as current assets minus current liabilities; it represents the amount of day-to-day operating liquidity of an organization.



MISSION VIEJO

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**FY 2017-19 Budget
Authorized Positions
Regular Positions/Full-Time Equivalent (FTE)**

TO BE EFFECTIVE JULY 1, 2017

Title Change
New Job Classification
FTE Reduction
Reclassification
FTE Increase

Department	FY 2014/15 Adopted	FY 2015/16 Adopted	FY 2016/17 Revised on 11/22/16	FY 2017/18 Adopted	Change	FY 2018/19 Adopted	Change
City Council							
Councilmembers	5.000	5.000	5.000	5.000	0.000	5.000	0.000
Total City Council	5.000	5.000	5.000	5.000	0.000	5.000	0.000
City Manager							
City Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
<i>Executive Administrator</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>
Executive Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
<i>Senior Executive Assistant</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>	<i>-1.000</i>	<i>0.000</i>	<i>0.000</i>
Total City Manager	3.000	3.000	3.000	3.000	0.000	3.000	0.000
Administrative Services							
Director of Admin Services/City Treasurer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Accountant	1.000	2.000	2.000	2.000	0.000	2.000	0.000
Accounting Clerk	1.000	1.000	1.750	1.750	0.000	1.750	0.000
Accounting Information Specialist	0.800	0.800	0.800	0.800	0.000	0.800	0.000
<i>Accounting Manager</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>
<i>Accounting Supervisor</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>	<i>-1.000</i>	<i>0.000</i>	<i>0.000</i>
Accounting Technician	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Budget & Purchasing Analyst	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Budget & Research Manager	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Human Resources Analyst	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Human Resources Manager	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Junior Accountant	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Payroll & Accounting Technician	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Payroll Technician	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Purchasing Analyst	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Senior Accountant	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Senior Accounting Clerk	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Senior Department Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Senior Human Resources Analyst	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Treasury Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
<i>Treasury Manager</i>	<i>0.900</i>	<i>0.900</i>	<i>0.900</i>	<i>1.000</i>	<i>0.100</i>	<i>1.000</i>	<i>0.000</i>
Total Administrative Services	14.700	14.700	15.450	15.550	0.100	15.550	0.000
City Clerk							
City Clerk / Director of Community Relations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Director of Community Relations/City Clerk	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Assistant City Clerk	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Marketing Graphics Designer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Records Management and Community Relations Coordinator	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Records/Television Production Coordinator	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Total City Clerk	4.000	4.000	4.000	4.000	0.000	4.000	0.000
Community Development							
Director of Community Development	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Associate Planner	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Business Relations Concierge	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Code Enforcement Officer	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Code Enforcement Supervisor	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Economic Development Manager	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Planning and Code Enforcement Technician	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Planning and Economic Development Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Planning Technician	0.000	0.000	0.500	0.500	0.000	0.500	0.000
Senior Code Enforcement Officer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Senior Planner	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Total Community Development	9.000	9.000	8.500	8.500	0.000	8.500	0.000



**FY 2017-19 Budget
Authorized Positions
Regular Positions/Full-Time Equivalents (FTE)**

TO BE EFFECTIVE JULY 1, 2017

- Title Change*
- New Job Classification*
- FTE Reduction*
- Reclassification*
- FTE Increase*

Department	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	Change	FY 2018/19	Change
	Adopted	Adopted	Revised on 11/22/16	Adopted		Adopted	
Information Technology							
Director of Information Technology	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	0.750	0.750	1.000	1.000	0.000	1.000	0.000
Information Technology Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Information Technology Service Delivery Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Information Technology Specialist	5.000	5.000	5.000	5.000	0.000	5.000	0.000
Information Technology Technician	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Total Information Technology	9.750	9.750	10.000	10.000	0.000	10.000	0.000
Library Services							
Director of Library & Cultural Services	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Cultural Services Supervisor	2.000	2.000	2.000	2.000	0.000	2.000	0.000
Design & Marketing Specialist	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Librarian I/II	6.700	7.100	6.000	6.000	0.000	6.000	0.000
Library Assistant	2.500	2.500	2.500	2.500	0.000	2.500	0.000
Library Clerk	2.900	2.900	2.900	2.900	0.000	2.900	0.000
Library Manager	3.000	3.000	3.000	3.000	0.000	3.000	0.000
<i>Library & Cultural Arts Coordinator</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>
<i>Library Services Coordinator</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>	<i>-1.000</i>	<i>0.000</i>	<i>0.000</i>
Programs & Outreach Librarian	0.000	0.000	0.500	0.500	0.000	0.500	0.000
Senior Librarian	3.000	3.000	3.000	3.000	0.000	3.000	0.000
Senior Library Assistant	2.000	1.600	2.200	2.200	0.000	2.200	0.000
Total Library Services	24.100	24.100	24.100	24.100	0.000	24.100	0.000
Public Services							
Assistant City Manager/Director of Public Services	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Animal Services Assistant	4.000	4.000	5.000	5.000	0.000	5.000	0.000
Animal Services Licensing Representative	1.750	1.750	2.500	2.500	0.000	2.500	0.000
Animal Services Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Animal Services Officer	4.000	4.000	6.000	6.000	0.000	6.000	0.000
Animal Services Representative	2.000	2.000	2.000	2.000	0.000	2.000	0.000
Animal Services Supervisor	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Animal Services Operations Supervisor	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Animal Services Field Supervisor	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Animal Services Volunteer Coordinator	0.750	0.750	1.000	1.000	0.000	1.000	0.000
Custodian	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Emergency Services Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Facilities Maintenance Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Facilities Maintenance Superintendent	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<i>Management Analyst</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>
Public Services Operations Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
<i>Public Services Supervisor</i>	<i>5.000</i>	<i>5.000</i>	<i>5.000</i>	<i>7.000</i>	<i>2.000</i>	<i>7.000</i>	<i>0.000</i>
Public Services Contracts Administrator	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Senior Animal Services Officer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Senior Department Assistant	1.600	1.600	1.600	1.600	0.000	1.600	0.000
<i>Senior Public Services Contracts Administrator</i>	<i>5.000</i>	<i>5.000</i>	<i>5.000</i>	<i>3.000</i>	<i>-2.000</i>	<i>3.000</i>	<i>0.000</i>
Total Public Services	32.100	32.100	37.100	38.100	1.000	38.100	0.000
Public Works							
Director of Public Works	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Assistant City Engineer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
City Engineer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Engineering Technician	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Environmental Program Administrator	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Program Engineer*	0.750	0.750	1.000	1.000	0.000	1.000	0.000
Senior Engineering Technician	1.000	1.000	1.000	1.000	0.000	1.000	0.000



**FY 2017-19 Budget
Authorized Positions
Regular Positions/Full-Time Equivalent (FTE)**

TO BE EFFECTIVE JULY 1, 2017

- Title Change*
- New Job Classification*
- FTE Reduction*
- Reclassification*
- FTE Increase*

Department	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	Change	FY 2018/19	Change
	Adopted	Adopted	Revised on 11/22/16	Adopted		Adopted	
Public Works							
Senior Public Works Inspector	2.000	2.000	2.000	2.000	0.000	2.000	0.000
Transportation Analyst	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Transportation Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Total Public Works	10.750	10.750	11.000	11.000	0.000	11.000	0.000
Recreation & Community Services							
Director of Recreation & Community Services	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Community & Senior Center Administrator	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Community & Senior Center Supervisor	1.000	0.000	0.000	0.000	0.000	0.000	0.000
<i>Community Services Coordinator</i>	<i>5.625</i>	<i>5.625</i>	<i>8.500</i>	<i>8.550</i>	<i>0.050</i>	<i>8.550</i>	<i>0.000</i>
Community Services Manager	2.000	2.000	2.000	2.000	0.000	2.000	0.000
Community Services Specialist	4.950	4.950	3.000	3.000	0.000	3.000	0.000
Community Services Supervisor	5.000	6.000	6.000	6.000	0.000	6.000	0.000
Department Assistant	2.500	1.000	0.000	0.000	0.000	0.000	0.000
<i>Senior Department Assistant</i>	<i>0.800</i>	<i>2.300</i>	<i>2.425</i>	<i>2.375</i>	<i>-0.050</i>	<i>2.375</i>	<i>0.000</i>
Total Recreation & Community Services	24.875	24.875	23.925	23.925	0.000	23.925	0.000
GRAND TOTAL	137.275	137.275	142.075	143.175	1.100	143.175	0.000

*Program Engineer is shared services with Rancho Santa Margarita; .60 FTE Mission Viejo and .40 FTE RSM



MISSION VIEJO

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CITY OF MISSION VIEJO ***Accounting System and Internal Controls***

BASIS OF PRESENTATION

The financial transactions of the City are recorded in individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Descriptions of individual funds are included elsewhere in the Introduction to this budget document. In summary, the funds used by the City of Mission Viejo are grouped as follows:

Governmental Funds

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. In addition, for budgetary purposes, the City maintains two separate replacement reserve funds, the Computer/Equipment/Furnishings/ Vehicles (CEFV) Replacement Fund and the Facility Rehabilitation/Replacement Fund, which are combined with the General Fund for purposes of the City's audited financial statements. The CEFV Fund and Facility Rehabilitation/Replacement Fund will be closed on June 30, 2017 and resources returned to the General Fund.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City of Mission Viejo maintains several special revenue funds for gas taxes; library operations funded from restricted property taxes; various types of transportation funding and other grant programs; and the operations of the senior center.

Debt Service Funds

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest general long-term debt.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital equipment, facilities, and infrastructure. The City maintains several capital projects funds for various transportation funding, grant programs, and developer fees.

Proprietary Funds

Enterprise Funds

Enterprise Funds are established for government activities that are financed and operate in a manner similar to private business. User fees primarily finance costs of providing services to the general public. The City has three enterprise funds --- one for animal services and two for the Mission Viejo Television program.



CITY OF MISSION VIEJO ***Accounting System and Internal Controls***

BASIS OF ACCOUNTING

The City's accounting system operates on a basis consistent with "generally accepted accounting principles" (GAAP), which requires that the "modified accrual" basis be used for all Governmental Funds. A modified accrual system is one where 1) revenues are recorded when received in cash and are accrued when they are both measurable and available within the accounting period or soon enough after the end of the period to pay liabilities of the period; and 2) expenditures, other than interest or long-term debt, are recorded when liabilities are incurred. For Proprietary Funds, the accrual basis is utilized; revenues are recognized when earned, and expenses are recognized when incurred.

BASIS OF BUDGETING

The budgets for all Governmental Funds are prepared on a modified accrual basis. Revenue estimates for Governmental Funds include resources expected to be received and also resources that will be measurable and available at year-end. The basis of budgeting for Governmental Funds differs from the basis of accounting for these funds in that each governmental fund's budget is based on all expected obligations to be incurred. Expected obligations include both purchase orders to be issued as well as services to be received. During the year, for budgetary control purposes, encumbrances are recorded against appropriations when a commitment is made (e.g., at the time a purchase order is issued).

Budgets for Proprietary (Enterprise) Funds are generally prepared on a full accrual basis. Revenue estimates are based on resources expected to be earned and expenses are budgeted based on the total expected obligations expected to be incurred. In each of the two funds, depreciation and capital outlay are budgeted. During the course of the year, for both Enterprise Funds, encumbrances are recorded against appropriations when a commitment is made (e.g., at the time a purchase order is issued).

The City's Comprehensive Annual Financial Report shows Governmental Fund expenditures on both a GAAP basis and budgetary basis for comparison purposes.

INTERNAL CONTROLS

The City is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

ALLOCATED COSTS

The City prepares a cost allocation plan every few years, the use of this plan is primarily utilized to allocate personnel costs to grants and billing for shared services with other organizations when applicable. The City does not allocate general overhead such as attorney fees and general liability insurance to city programs within the General Fund or other funds including enterprise funds.



CITY OF MISSION VIEJO
Debt Administration



The City's Management and Budget policy on capital financing and debt management (see Section 5 of these policies, which are located in their entirety in the Appendices) directs that there be a balance between pay-as-you-go financing (i.e., funding projects using available cash on hand) and debt financing of capital projects.

In addition to the City Council approved policies governing capital financing and debt management, the City is subject to a State-imposed legal debt limit. This debt limit refers to "general obligation debt," and specifies that it cannot exceed 15% of the City's assessed property valuation. The table below shows the City of Mission Viejo's legal debt limit calculation, based on the FY 2016/17 assessed valuation per the County of Orange, Auditor/Controller. As the table shows, if the city chose to, it could incur more than \$593 million in debt.

However, State laws significantly limit the ability of local governments to issue general obligation debt. Accordingly, most governments, including Mission Viejo, have utilized other forms of long-term financing, including certificates of participation and lease revenue bonds, to address capital financing needs. There is no legal limit on these forms of long-term financing.

Legal Debt Limit (General Obligation Debt)	
Assesed Valuation, FY 2016/17*	\$ 15,835,376,499
Adjusted Assesed Valuation (x 0.25)	\$ 3,958,844,125
Legal Debt Limit -- 15% of Adjusted Assesed Valuation	\$ 593,826,619
Amount of Debt Applicable to Limit	\$ -
Legal Debt Margin	\$ 593,826,619
Percent of Legal Debt Limit Utilized	0%

**This figure from Orange County Auditor/Controller, "Assesed Valuations" table*

Since incorporation, the City has relied predominantly on pay-as-you-go financing for funding capital projects. No general obligation debt has ever been used and other forms of general bonded debt have been utilized sparingly. The City has no plans to issue new bonds during the 2017-19 budget period.

Outstanding Bond Issues

The 2016 Lease Revenue Refunding Bonds were issued for \$13.150 million to refinance the 2009 Series A Lease Revenue Bonds, issued in 2009 for \$17.305 million to refinance the 1996 Certificates of Participation (COPs) and the 2001 Lease Revenue Bonds. The 2009 Series A bonds were refunded for a gross savings of \$3.1 million and a net present value savings of \$1.4 million, which equates to a savings rate of about 10.25%. The debt service on these bonds is \$1,139,863 in FY 2017/18, and \$1,134,463 in FY 2018/19 and comprise 2.0% of General Fund revenue in FY 2017/18 and 1.9% in FY 2018/19. From FY 2017/18 until the loan is paid off in FY 2030/31, debt service payments are approximately \$1.08 million annually.

There are two additional outstanding bond issues – both relate to the financing of public parking improvements at the "Shops at Mission Viejo." The table below provides details on the City's outstanding bond debt.



**CITY OF MISSION VIEJO
Debt Administration**



The first of the two mall bond issues, the 1999 Series A bonds, are variable-rate demand revenue bonds. At June 30, 2017, \$18.4 million of these bonds were outstanding. These bonds are secured solely by mall property tax increment and 50% of mall sales tax. A rate cap of 5.5% offers interest rate protection and letters of credit assure adequate liquidity. Project revenues (e.g., property tax increment and sales tax) in excess of annual debt service requirements are, after one year, released to the City and/or are available for 1999 Series B bond debt service.

It is anticipated that approximately \$2,754,416 in excess project revenues will be returned to the City's General Fund during 2017-19 (i.e., the "rolling reserve release" amount).

Bond Debt Service Requirements to Maturity				
Year Ending June 30	CDFA**		General Fund	
	1999 Series A Revenue Bonds*		2016 Series A Lease Revenue Bonds	Total
2018	\$ 1,365,449		\$ 1,139,863	\$ 2,505,311
2019	\$ 1,472,000		\$ 1,134,463	\$ 2,606,463
2020	\$ 1,459,436		\$ 1,136,063	\$ 2,595,498
2021	\$ 1,546,000		\$ 1,131,913	\$ 2,677,913
2022	\$ 1,632,000		\$ 1,137,163	\$ 2,769,163
2023	\$ 1,617,000		\$ 1,131,513	\$ 2,748,513
2024	\$ 1,702,279		\$ 1,144,013	\$ 2,846,292
2025	\$ 1,686,000		\$ 1,137,813	\$ 2,823,813
2026	\$ 1,670,000		\$ 1,135,413	\$ 2,805,413
2027	\$ 1,754,000		\$ 1,141,613	\$ 2,895,613
2028	\$ 1,837,101		\$ 947,613	\$ 2,784,714
2029	\$ 1,909,578		\$ 950,613	\$ 2,860,191
2030	\$ -		\$ 950,813	\$ 950,813
2031	\$ -		\$ 950,925	\$ 950,925
	\$ 19,650,843		\$ 15,169,788	\$34,820,631
Lease Amount Representing Interest	\$ (1,250,843)		\$ (2,879,788)	\$ (4,130,631)
Outstanding Principle	\$ 18,400,000		\$ 12,290,000	\$30,690,000

**Debt service requirements to maturity are based on the interest rate in effect as of May 31, 2017. The interest rate used is 0.8%, and is reset weekly per the terms of the bond*

***Excluded from this table is the 1999 Series B Revenue Bonds, since these are subordinate bonds and a minimum debt service payment amount has yet to be established.*

The 1999 Series B bonds are subordinate bonds, held by the mall owner. Debt service is payable only from excess project revenues released from the Series A bonds. At June 30, 2017, the outstanding principal was \$7.3 million and the unpaid interest was \$2.1 million. Any unpaid debt service as of 2028 will be forgiven. There remains \$2.7 million of authorized, but unissued, Series B bonds.



CITY OF MISSION VIEJO *Community at a Glance* *and Selected Demographic Statistics*

GENERAL INFORMATION

Mission Viejo is an 18 square mile community located in south Orange County, California. It is located about halfway between Los Angeles and San Diego, along the east side of Interstate 5.

Mission Viejo's master plan, approved by the County of Orange in 1965, laid the foundation for the development of a community having a broad range of housing opportunities.

HISTORY

Mission Viejo is built upon what once was part of the 53,000 acre Rancho Mission Viejo. The chain of title to the land dates back to 1769, close to the beginning of Spanish rule in California. In the 1800's, an English trader, John Foster (later Don Juan Forster) purchased Rancho Mission Viejo and Rancho Trabuco. After Forster's death in 1882, his sons began selling the land holdings. A cattle rancher, James O'Neill, eventually took possession of the Rancho Mission Viejo lands in 1907. For decades, Rancho Mission Viejo was a working cattle ranch.

In 1963, the Mission Viejo Company began the purchase of 10,000 acres of Rancho Mission Viejo for a new, planned community. Three years later, this new community welcomed its first residents.

On November 3, 1987, the residents voted to incorporate. Mission Viejo officially became a city on March 31, 1988. On December 16, 1992, the Aegean Hills area was annexed to the City, and on August 9, 2013 the City annexed the 40.26 acre Skyridge Development Project on El Toro Road at the Northeast end of the City.

CITY GOVERNMENT

The City of Mission Viejo is a General Law city that operates under the Council-Manager form of city government.

The voters elect five "at-large" members to serve on the City Council for staggered four-year terms. There is a term limit of three consecutive terms for Council members. The Council appoints the City Manager and selects one of its members to serve as Mayor for a one-year term. The City Council holds regular public meetings on the second and fourth Tuesday of each month.

DEMOGRAPHIC AND ECONOMIC INFORMATION

The Department of Finance as of January 2017, shows a population of approximately 96,718. The residents of the city have a median age of 42 years and per median household income is \$96,088 as reported by the Saddleback College 2015 South Orange County Economic Report. The median home value in Mission Viejo is \$625,000. In 2014 (latest year data is available) the City's three largest employers were Saddleback Community College, Mission Hospital Regional Medical Center, and Saddleback Unified School District. Additionally, detailed information can be found in the tables on the following page.

PARKS AND RECREATIONAL FACILITIES

Mission Viejo is known for its recreational facilities and overall sports orientation. The City was the site of the 1984 Olympic long-distance cycling competition and is home to the Nadadores swim and dive team. Mission Viejo was also the training site for the 1994 World Cup USA men's soccer team. In 2013 Mission Viejo was the first location in the United States to host the International Tennis Federation Wheelchair Masters. Mission Viejo was also a Host Town for the 2015 Special Olympics World Games.

There are 42 parks in Mission Viejo, plus Wilderness Glen, an 83-acre area with large sycamore and oak trees, the Oso Creek Trail, the newly renovated universally designed and interactive Pavion Park, La Paws dog park, and Lake Mission Viejo, a 124-acre recreational lake, which in 2016 became the first fully sustainable man-made lake in California due to the addition of a water purification facility.

Recreational facilities include two recreation and fitness centers, two tennis facilities, and an aquatics center. Community centers include the Melinda Heritage House and the Norman P. Murray Community and Senior Center.



CITY OF MISSION VIEJO
Community at a Glance
and Selected Demographic Statistics

POPULATION*			
			96,718
GENDER*			
	Number	% of Population	
Male	45,566	48.8%	
Female	47,739	51.2%	
RACE*			
White	64,276	68.74%	
Hispanic	15,877	16.98%	
Asian and Pacific Islander	8,312	8.89%	
African American	1,129	1.21%	
All Other	3,711	3.97%	
AGE*			
Under 5 Years	4,613	4.9%	
Under 18 years	21,270	22.8%	
21 Years and Older	68,282	73.2%	
55 Years and Older	25,887	27.7%	
60 Years and Older	19,347	20.7%	
65 Years and Older	13,532	14.5%	
MEDIAN AGE*			
			42

AREA IN SQUARE MILES	
	18
PARKS & COMMUNITY CENTERS	
Number of Parks	42
Acres of Parks/Open Space/Medians/Slopes	1,128
Recreation and Community Centers	9
Baseball/Softball fields	19
Soccer/Football fields	35
LAND USE**	
Residential	60%
Recreation/Open Space	17%
Community Facility	7%
Commercial/Office	5%
Industrial	2%
Transportation Corridors	9%
HOUSING DATA	
Median Home Price^^	\$625,000
Total Number Housing Units	34,254
Median Household Income***	\$ 96,088
Assessed Valuation in billions^ (FY 2016/17)	\$ 15.835

POLICE SERVICES (Orange County Sheriff Department)	
Sworn personnel	52
Non-sworn personnel	10
Patrol Units	26
Number service calls	27,956
FIRE SERVICES (Orange County Fire Authority)	
Stations Total	3
Commissioned personnel	51
Volunteer personnel	0
Number of Incidents (2016)	7,508
SCHOOLS	
Elementary	13
Secondary	7
Community College	1

EMPLOYMENT^^	
Labor Force in Mission Viejo	49,700
Total Employed	48,200
Total Unemployed	1,500
Unemployment Rate	3.1%
MAJOR EMPLOYERS^^^	
Saddleback College	3,033
Mission Hospital Regional Medical Center	2,200
Saddleback Valley Unified School District	1,200
Capistrano Unified School District	691
Nordstrom	409
TOP 5 PRINCIPAL PROPERTY TAX PAYERS 2014^^^	
Shops at Mission Viejo	\$176,688,079
Innovations Institute, LLC	\$120,000,000
Mission Hospital Regional Medical Center	\$108,859,506
Essex Madrid LP	\$ 65,797,560
EQR-Del Lago Vistas Inc.	\$ 64,190,348

*Data from State of California, Department of Finance, January 1, 2017. California State Data Center, 2010 Census Data

** City of Mission Viejo General Plan, August 19, 2013

*** Saddleback College 2015 South Orange County Economic Report

^County of Orange, Auditor-Controller, Property Tax Accounting

^^State of California, Employment Development Department, Labor Market Information, April 2017, Preliminary

^^^Information from City of Mission Viejo Comprehensive Annual Financial Report (CAFR), 06/30/2016



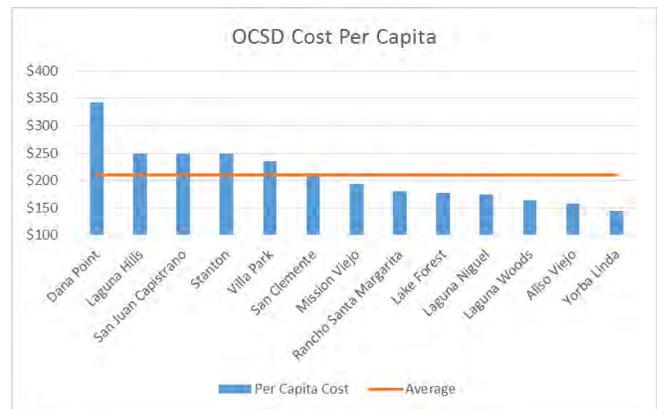
CITY OF MISSION VIEJO *Community at a Glance and Selected Demographic Statistics*

The City of Mission Viejo's closest neighbors are the cities of Aliso Viejo, Laguna Niguel, and Lake Forest. These cities are also similar because they are General Law cities that operate as Council-Manager form of city government.

In fiscal year 2015/16 Mission Viejo had the highest population and per capita income at 96,701 and \$59,303 respectively, of the four neighboring cities.



Mission Viejo and twelve other South Orange County cities contract with the Orange County Sheriff's Department (OCSD) for police services. In fiscal year 2016/17 the average contract cost per capita was \$210.00 and Mission Viejo's contract cost per capita was below the average at \$193.00.



Mission Viejo is a bedroom community and is nearly built out. According to the Department of Finance of the 34,882 homes in the City 70.88% are single family detached homes. Compared to the neighboring Cities that are more densely populated by multi-family homes.





CITY OF MISSION VIEJO
Community at a Glance
and Selected Demographic Statistics

TOP 25 SALES TAX PRODUCERS

(In alphabetical order)

December 31, 2016

Apple Computer
Arco Alicia Parkway Center
Audi Mission Viejo
Auxilio Solutions
Bed Bath & Beyond
Best Buy
Circle K
CVS Pharmacy
Epicurean Discovery
Home Depot
Infiniti of Mission Viejo
Jaguar Land Rover Mission Viejo
Macys
Nissan Infiniti
Nordstrom
Norm Reeves Acura
Ralphs
South County Pool Supply
South County Lexus
Target
Tesla Motors
Tesoro
TJ Maxx
Toyota Lease Trust
Volvo Lease Trust

**% of Total Sales Tax Revenue
Generated by Top 5 Producers
20%**



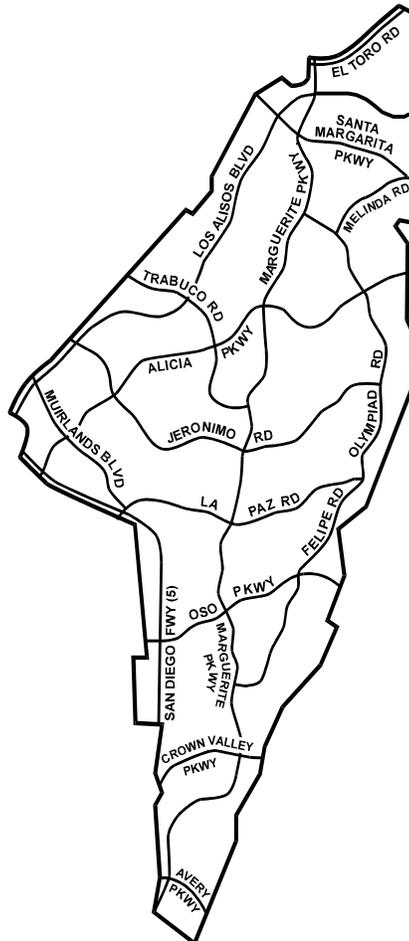
CITY OF MISSION VIEJO
Community at a Glance
and Selected Demographic Statistics



State of California

Los Angeles

San Diego



City of Mission Viejo





MISSION VIEJO

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City of Mission Viejo COUNCIL POLICY



SUBJECT	RES. NO.	POLICY NO.	EFF. DATE	PAGE
MANAGEMENT AND BUDGET POLICIES	92-124	0300-8	7/31/92	1 of 11
	04-91		7/6/04 (revised)	
	05-100		8/15/05 (revised)	
	06-57		8/21/06 (revised)	
	07-54		10/1/07 (revised)	
	08-09		2/4/08 (revised)	
	12-24		5/7/12 (revised)	
	13-53		9/16/13 (revised)	
	17-24		6/30/17 (revised)	

PURPOSE

The purpose of this policy is to set forth the financial policies upon which the development of the City’s budget is to be based. Except as otherwise noted, the following policies will be reviewed every two years during the preparation of the City’s biennial budget; recommended changes will be presented to the City Council for consideration with the adoption of the City’s biennial budget.

1. REVENUE

A. The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue generation.

B. The City will estimate revenue using an objective, analytical process; in the case of assumption uncertainty, conservative projections will be utilized.

C. The City will fund all current expenditures from current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.

D. Development process costs and related administrative expenses will be totally offset by development fees.

E. The City will identify basic tax-provided services and will establish user fees and charges for services provided in excess of basic services and/or to non-taxpaying users.

F. The Administrative Services Director will provide to the City Council quarterly reports that discuss revenue projections in light of actual collections to date. Revised revenue projections will be budgeted every six months.

G. On an ongoing basis, non-recurring revenues and fund balances will not be used to fund recurring expenditures, and regarding interest earnings, only interest generated from minimum General Fund fund balance amounts, as specified by Council policy, will be used for recurring expenditures. Each two-year budget will be evaluated for compliance with this policy. Necessary changes to these policies to achieve compliance will be evaluated at the time of each Master Financial Plan update.

City of Mission Viejo COUNCIL POLICY



SUBJECT	RES. NO.	POLICY NO.	EFF. DATE	PAGE
MANAGEMENT AND BUDGET POLICIES	92-124	0300-8	7/31/92	2 of 11
	04-91		7/6/04 (revised)	
	05-100		8/15/05 (revised)	
	06-57		8/21/06 (revised)	
	07-54		10/1/07 (revised)	
	08-09		2/4/08 (revised)	
	12-24		5/7/12 (revised)	
	13-53		9/16/13 (revised)	
	17-24		6/30/17 (revised)	

H. Gas Tax revenues will be allocated between the operating and capital budget on a flexible, two-year basis. Capital projects will be funded first, and any remaining balance, less the replenishment of the minimum Gas Tax reserve, will be available to fund street-related operating costs.

2. GOVERNMENTAL FUND BALANCE POLICY

A. This Fund Balance Policy establishes guidelines and procedures for allocating and reporting fund balance in the financial statements in accordance with Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and as committed by City Council, effective beginning fiscal year June 30, 2011.

B. Fund balance is defined as the difference between the assets and liabilities reported in a governmental fund.

C. GASB Statement No. 54 defines five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent.

D. The following components defined by GASB Statement No. 54 shall constitute the City's Fund Balance for financial reporting purposes:

1. *Nonspendable Fund Balance* (inherently nonspendable) – Assets that cannot be converted to cash (e.g., prepaid items and inventories of supplies) and assets that will not be converted to cash soon enough to affect the current period.
2. *Restricted Fund Balance* (externally enforceable limitations on use) – Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments and limitations imposed by law through constitutional provisions or enabling legislation.
3. *Committed Fund Balance* (self-imposed limitations on use set in place prior to the end of the fiscal year) – Limitation imposed at the highest level of decision making that requires formal action at the same level to remove (Ordinance).
4. *Assigned Fund Balance* (limitation resulting from intended use) – Intended use established by highest level of decision making, by a body designated for that purpose, or by an official designated for that purpose (delegated by the City Council to the City Manager).
5. *Unassigned Fund Balance* (residual net resources) – Excess of nonspendable, restricted, committed, and assigned total fund balance.

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E. For the General Fund, unless the fund balances are non-spendable or restricted, fund balances are considered to be “spendable” and available for use at the discretion of the City Council.

F. For all other Special Revenue, Capital Projects and Debt Service Funds, these resources are limited as to use by external enforceable limitations (e.g. enabling legislation), therefore fund balances in these funds will be categorized as restricted.

3. RESERVES

A. The Reserves Policy is designed to develop standards for setting reserve levels for various significant City funds. Adequate reserve levels are a necessary component of the City’s overall financial management strategy and a key factor in external agencies’ measurement of the City’s financial strength.

B. The City shall maintain reserves at a prudent level, and shall use reserves appropriately with a focus on contributing to the reserves in good times and drawing on the reserves in times of difficult budget periods to maintain a consistent level of service and quality operations.

C. Use of reserves may be used as approved by the City Council to supplement the annual budget by providing appropriate cash flow for the operation of city services, to address emergencies and unexpected opportunities, to maintain the city’s credit rating or other purposes deemed appropriate by the City Council.

D. The policy covers the General Fund, Library Fund and the Gas Tax Fund.

a. General Fund - The reserves of the General Fund will be based on an analysis of the risks that influence the need for reserves as a hedge against uncertainty and loss. A risk is defined as the probability and magnitude of a loss, disaster, or other undesirable event. The risk analysis will review the following risk factors and the City’s level of exposure to each risk factor.

- b. Risk Factors:
1. Revenue Sources Stability
 2. Vulnerability to Extreme Events
 3. Expenditure Volatility
 4. Leverage
 5. Liquidity
 6. Other Fund’s Dependency

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- 7. Growth
- 8. Capital Projects
- 9. Capital Asset Replacement

- c. The analysis will identify the target reserve level for each risk factor, the recommended level of total General Fund reserves based on all risk factors, and a minimum General Fund reserve level calculated as five (5) full percentage points below the risk analysis target reserve level.
- d. The risk analysis will be performed biennially in coordination with the preparation of the two year budget. The General Fund reserves classifications and target level will be established and updated by resolution based on each biennial analysis.
- e. Library Fund - A minimum fund balance of 10% of estimated Library Fund revenues for the current year will be set aside as a reserve for unanticipated economic downturns and/or one-time expenditures.
- f. Gas Tax Fund - A minimum fund balance of \$400,000 will be set aside as a reserve for street repair emergencies and other unanticipated traffic safety projects.

4. CASH MANAGEMENT

A. Investments and cash management will be the responsibility of the City Treasurer.

B. In accordance with Section 53646 of the Government Code, the City Council will review and update annually, a specific investment policy. The primary purpose of this policy is to set forth the City's investment philosophy and objectives. The City's investment objectives are, in order of priority: 1) safety, 2) compliance with Federal, State and local laws, 3) liquidity, and 4) yield. The policy also specifically outlines authorized investments, the acceptable percentages and maximum maturities allowed for each investment instrument and the criteria used to determine qualified depositories/dealers.

C. The City invests all idle cash as determined by analysis of anticipated cash flow needs. Specific emphasis will be placed on future cash requirements when selecting maturity dates to avoid forced liquidations and the potential corresponding loss of investment earnings.

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D. In order to maximize yields from the overall portfolio, the City will consolidate cash balances from all funds for investment purposes, and will allocate investment earnings to each fund in accordance with generally accepted accounting principles.

E. The City will maintain the investment portfolio under the prudent person standard. The investment officer, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments. The Prudent Person Standard is as follows: Investments shall be made with judgment and care -- under circumstances then prevailing -- which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

F. To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the City will be held in safekeeping by a third party bank trust department, acting as the City's agent.

G. The City Treasurer will generate a monthly report to the City Manager and City Council in conformance with all State laws and City investment policy requirements.

H. The City's independent auditors, in conjunction with their annual audit, will audit the cash and investment balances in conformance with generally accepted accounting principles. In addition, the Treasurer shall establish an annual process of independent review by an external auditor to assure compliance with internal controls. The City Council may at any time order an audit of the investment portfolio and/or City Treasurer's investment practices.

I. An Investment Advisory Commission (IAC) will oversee the implementation of the City's investment program, assuring its consistency with the investment policy and recommending changes to the investment policy for consideration by the City Council.

5. CAPITAL FINANCING AND DEBT MANAGEMENT

A. Capital budgeting will be consistent with the City's Master Financial Plan (MFP) and Capital Improvement Plan (CIP) which have been developed to assure the provision of adequate and complete physical facilities necessary to implement the City's General Plan and all of its components.

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B. Capital projects may be funded on a pay-as-you-go basis or using debt proceeds. Capital budgeting is limited by the availability of revenues and bond proceeds. The ability to meet debt service requirements will act as a ceiling on capital programming. Because capital expenditures produce long-term benefits, they can appropriately be funded by debt. The issuance of debt can lead to a more equitable tax burden across generations of citizens and taxpayers. However, pay-as-you-go financing provides operating flexibility when the economy or revenue growth slows. Therefore, it is best that there be a balance between pay-as-you-go financing and debt financing for capital projects.

C. The City recognizes the value of external sources of capital and incorporates these into the CIP to the degree funding is available. The availability of alternative sources of funding will always be examined.

D. When the City finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project.

E. The City will not use long-term debt financing for any recurring purpose such as current operating and maintenance expenditures. Short-term debt instruments such as revenue, tax, or bond anticipation notes shall be excluded from this limitation.

F. It is critical that outstanding debt be kept at a level that is appropriate for the City's resources. To accomplish this goal, certain industry-standard measures of debt burden will be monitored regularly. The following measurements will be monitored by staff, as part of the MFP biennial update or by other means: debt service on General Fund supported debt as a percent of General Fund operating expenditures; debt service on General Fund supported debt as a percent of General Fund revenues; unreserved General Fund fund balance as a percent of General Fund operating expenditures; unreserved General Fund fund balance as a percent of General Fund revenues; debt service coverage on lease revenue bonds that are secured by specific revenue sources; gross direct debt; net direct debt; net overlapping debt; gross direct, net direct, and net overlapping debt per capita; net direct debt as a percent of per capital personal income; and net direct debt as a percent of assessed valuation. These measures will be examined for the City and for other comparable cities. Trends in these measures will be reported to the City Council. In addition, prior to the issuance of long-term debt, staff will review these measurements as well as current economic conditions including local unemployment rates, per capita and median family income trends and federal, state and county economic forecasts. Staff will analyze the impact of any potential debt on current and future budgets for debt service and operations. This analysis will also address the reliability of revenues to support debt service.

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G. The City will generally conduct debt financing on a competitive basis. However, negotiated issues may be used due to market volatility or the use of an unusual or complex financing or security structure.

H. The City will diligently monitor its compliance with bond covenants and ensure its adherence to federal arbitrage regulations.

I. The City will provide full disclosure on every financial report and bond prospectus and will strive to maintain the best possible bond rating on all debt issuances.

6. OPERATING BUDGET

A. The City of Mission Viejo's Operating Budget will be developed on a biennial basis. Appropriations for each year of the two-year budget will be approved by the City Council annually.

B. The City of Mission Viejo's Two-Year Operating Budget will be presented in a program budget format. The purpose of this format is to clearly outline the major service areas and the associated expenditures.

C. The City's Budget Document will include selected performance measures to better describe the workload of the different City programs, to gauge our effectiveness in providing services, and to ultimately be able to compare the City's overall performance with other like agencies.

D. The City will avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets. Each adopted two-year budget will be balanced. Recurring General Fund revenues will be equal to or greater than recurring General Fund operating expenditures for each year of the two-year budget, and over the long term.

E. All budgetary procedures will conform to state regulations and generally accepted accounting principles.

F. Three levels of budgetary authority to amend appropriations will be maintained. 1) Department Heads will have the flexibility to move appropriations from one object to another within the budget categories of personnel costs, operating costs and capital outlay, within each budgetary program within the same fund; 2) the City Manager will have the authority to transfer appropriations between categories, and between budgetary programs within the same fund, but only within each of the five broad program areas of General Government (Legislative and Management & Support combined), Public Safety, Community Development, Engineering &

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Transportation and Infrastructure Maintenance combined, and Recreation, Community and Library Services; and 3) City Council approval will be required to transfer appropriations between funds and between program areas.

G. The encumbered operating budget and all unexpended capital budget appropriations will be recommended to Council for carryover at the end of each year of the two-year budget period. Non-salary unencumbered appropriations in the operating budget at the end of each fiscal year budget period, may be recommended to Council for carryover.

H. Omnibus budget adjustment reports will be presented to Council every six months.

7. EMPLOYEE COMPENSATION

A. On an annual or biennial basis, the Human Resources Division will perform a salary and total compensation survey of selected benchmark positions for the group of comparator agencies approved by the City Council. The current approved group of comparator agencies is as follows: Brea, Carlsbad, Costa Mesa, Fullerton, Irvine, Laguna Niguel, Lake Forest, Newport Beach, Orange, Rancho Cucamonga, San Clemente, Tustin, Whittier and Yorba Linda. The Human Resources Division may use alternate comparator agencies for benchmark positions in Information Technology, Animal Services, and Library Services. The California Public Agencies Compensation Survey (CalPACS) will serve as the primary source of information for determining the recommended salary range and total compensation level for each of the City’s authorized position titles.

B. The policy of the City is to compensate its employees on a total compensation basis at a level comparable to the median of the group of approved comparator agencies. For purposes of this policy, total compensation is defined to include salary, retirement, insurances, retiree health insurance, auto allowances and City-paid deferred compensation, as defined in the most recent citywide classification and compensation study.

C. The City Manager is authorized to develop a salary range structure consistent with this policy. Salary range adjustments will reflect consideration of external market comparisons, internal differentials, and the classification relationships among all other authorized City positions.

D. The policy of the City is to carefully control the cost of employee retirement programs. Accordingly, the City’s policy is to require employees to pay the full member contribution toward the CalPERS retirement benefit.

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E. The policy of the City is to promote and facilitate wellness and wellness programs for its employees. Effective July 1, 1999, the City Council authorizes free membership, with some restrictions as determined by the City Manager, to the City’s Recreation and Tennis Centers for employees and their resident family members.

F. Health care benefits are important for attracting and retaining competent and dedicated providers of municipal services and providing employer contributions toward the cost of retiree health insurance is a particularly attractive benefit. Effective July 1, 2000, the City Council authorized the City Manager to establish a Retiree Insurances Program available to City employees with at least twelve (12) years of continuous service who simultaneously retire from the City and CalPERS. The escalating cost of health care, however, requires the City to manage this benefit in a fiscally responsible manner. In light of the expected continued growth in the cost of health care premiums, as well as the requirement in FY 2008-09 to implement Governmental Accounting Standards Board (GASB) Statement No. 45 regarding post-employment benefits, the City has established the Supplemental Health Account for Retired Employees (SHARE), a defined contribution program for retiree health insurance benefits for all employees first eligible for City health benefits on or after January 1, 2007. It is the City’s policy to conform to all GASB reporting requirements affecting post-employment benefits and to fully fund the actuarially determined annual required contribution (ARC) for the Retiree Insurances Program.

H. The City will utilize the standard mileage rate set by the Internal Revenue Service to reimburse eligible employees for any miles driven in the employees’ own vehicles while on City business.

8. CAPITAL IMPROVEMENT PROGRAM

A. The purpose of the Capital Improvement Program is to systematically plan, schedule, and finance capital projects as determined by the City Council. The Capital Improvement Program will include major rehabilitation costs to existing infrastructure and facilities, as well as the cost of new facilities or capital improvements. It is the policy of the City Council that staff inventory and assess the condition of all major capital assets every two years as part of the Master Financial Plan update and budget development processes.

B. A Capital Improvement Project (CIP) shall be established for all projects greater than \$100,000 with an expected useful life of at least three years that meet the definition of a public project per Section 22002 of the State Public Contracts Code. These include projects involving construction, reconstruction, alteration, renovation, improvement, demolition, repair work, and painting (other than minor repainting) of any City-owned, leased or operated facility. This definition excludes maintenance work as defined in Section 22002 of

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the State Public Contracts Code (for example: routine, recurring and usual work for the preservation or protection of any publicly owned or operated facility; landscape maintenance; minor repainting)

For purposes of this policy, the scope of a proposed CIP may be defined as the work to be undertaken at a single location. However, if work at a specific location would not otherwise meet the cost threshold for establishing a separate CIP, and similar work is to take place at other locations(s) during the same fiscal year, then all such similar work shall be defined as one CIP.

C. The City Council shall be notified in advance, via the consent calendar, of all public projects to be undertaken as part of the operating budget that are greater than \$30,000 and less than or equal to \$100,000, and all non-landscape maintenance work (such as concrete/hardscape repairs and creek repairs) greater than \$100,000 at a single location. All other maintenance work is not subject to this notification requirement.

D. As part of the budget process, departments will submit Capital Improvement Program requests providing a detailed description of the proposed project or purchase. All requests will be reviewed by the City Manager using a formal evaluation process. The evaluation system consists of several ranking criteria, which are assigned relative weights as follows:

1. Project's impact on health and safety, weight of 10
2. Project remedies a service deficiency, 8
3. Service area served by the project, 7
4. Percent of project costs to be funded by outside (non-City) resources/funding to be lost if project not done, 7
5. Priority assigned by requesting department, 6
6. Project improves, upgrades or rehabilitates an existing facility, 9
7. Project's impact on the City's operating budget, 8
8. Other considerations, including aesthetics, feasibility, special populations served, conformance to plans (including the General Plan), interjurisdictional effects and community economic effects, 6

Once the evaluation scores are assigned, project priorities will be determined and then presented to City Council for further review. After completing their review, City Council will appropriate funding for the capital improvement plan as part of the two-year budget process.

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E. The City Manager will have the authority to transfer up to \$30,000 in appropriations between capital projects within the same fund but only among projects under the responsibility of the same department. All other changes to capital project budgets must be approved by the City Council.

F. With Council approval, unexpended project appropriations will be carried forward as continuing appropriations to future fiscal years, as required to complete the intent of the original budget.

G. The City will actively pursue grant and other outside funding sources for all capital improvement projects.

9. FIXED ASSETS

A. The “modified approach” to fixed asset infrastructure accounting, as defined by the Governmental Accounting Standards Board in their Statement No. 34, shall be utilized for the City’s street network. This policy will be reevaluated in the event there is a substantial reduction in City revenues from FY 2001-02 levels. The City Council will establish a range of acceptable condition levels for the street network on a biennial basis and the City Manager will set the actual target condition level(s) each year.

10. LONG-RANGE FINANCIAL PLANNING

A. The City will provide an update of the Master Financial Plan (MFP), which projects General Fund revenues and expenditures over a seven-year period, on a biennial basis. The MFP update will serve as the first step in the development of the City’s budget for the subsequent two-year period. The MFP will address long-term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.



MISSION VIEJO

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City of Mission Viejo
200 Civic Center
Mission Viejo, California 92691