

City of Sacramento Budget & Finance

Presentation to
Sacramento City Charter Committee
June 15, 2009

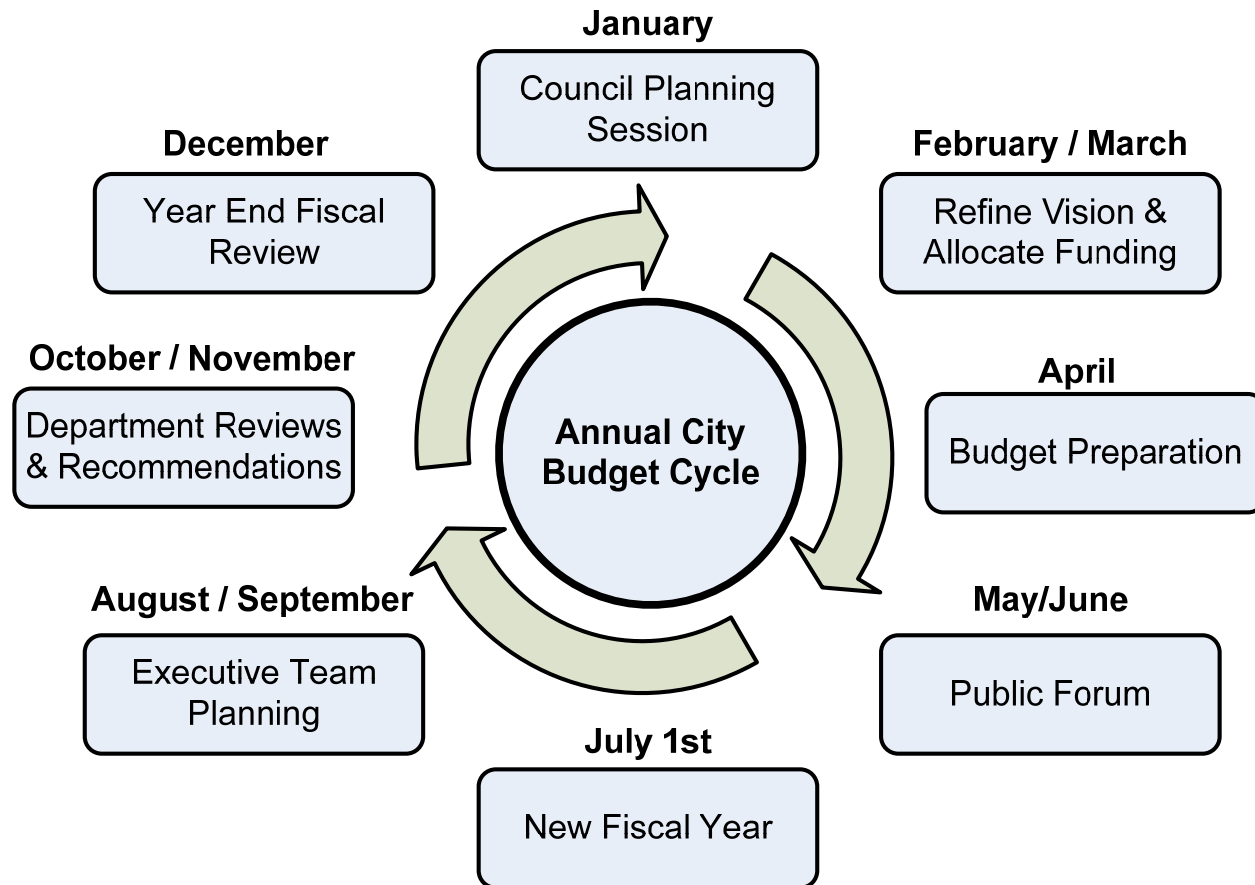
Segregation of Functions

City Manager (Finance Department)	City Treasurer
Budget	Cash Management (Cash Flow)
Payroll	Banking
Accounts Payable	Investments
General Accounting	Debt Issuance & Management
Revenue Collection & Recording	
Financial Reporting	
Council Report Review	

Basic Budgetary Roles & Responsibilities

- Executive (City Manager or Mayor)
 - Recommends priorities
 - Recommends budget
 - Implements adopted budget
 - Monitors expenditures & revenues during year
- Legislative body (City Council)
 - Sets priorities
 - Approves spending – appropriation
 - Approves exactions of revenue – taxes, fees, rates, etc.

Strategic Budget Cycle



General Fund Budget Disconnect

- No causal relationship between revenues & expenditures
- Performance of revenues has influence on content of labor contracts but there is often a gap in time
- Political influence is typically pressure to increase expenditures
 - Staffing levels = service levels
 - Compensation levels

Expenditures Are Labor Costs

- Expenditures
 - Employer cost of employees over 80 % of General Fund
 - Employer & not employee view of cost
 - Staffing levels equate to service levels
 - Per employee costs
 - Costs controlled by contracts – wages, other pay types, health plan subsidy
 - Benefit costs not controlled by contracts – retirement & retiree medical
- Pattern of recent past of annual labor cost increases at more than double inflation & population growth is clearly not sustainable

Revenues & the Economy

- Revenues generated from performance of economy: local, statewide & national
 - Prime determinants of local economy
 - Real estate market
 - Employment levels
 - Consumer confidence influenced by real estate market & employment levels
 - Statewide
 - Income
 - Taxable sales
 - Local & state economy in context of national & global economic trends