



Camarillo City Council

Camarillo Sanitary District

AGENDA REPORT

Date: June 11, 2025

To: Honorable Mayor and City Councilmembers
Chairman and Directors of the Camarillo Sanitary District

From: Greg Ramirez, City Manager

Submitted by: Mark Uribe, Finance Director

Subject: Amend the Fiscal Year 2024/25 Budget and Adopt the Fiscal Year 2025/26 Budget and Related Resolutions

BACKGROUND

This action will make certain year-end amendments to the Fiscal Year 2024/25 Budget for the City of Camarillo, and adopt the Budget for Fiscal Year 2025/26, the Annual Gann Appropriations Limit, and the GASB 54 Commitment of Fund Balance for the City of Camarillo and the Camarillo Sanitary District (CSD). The Council and District is also asked to consider resolutions setting forth the Compensation, Classification and Benefits Program and a Statement of Understanding for the terms and conditions of employment for City and Camarillo Sanitary District (CSD) employees.

DISCUSSION

ANNUAL BUDGET

The proposed Resolutions address the following:

1. Adopts the FY 2025/26 Budget.
2. Establishes the level of authority for budget amendments.
3. Provides a mechanism to carryover balances related to outstanding purchase orders, capital projects, and grant revenues and expenditures.
4. Adopts the compensation, classification and benefits program and approves a statements of understanding pertaining to terms and conditions of employment for City and CSD employees effective July 1, 2025.

Overview

Overall, the City's financial position remains in good fiscal condition. The City is in compliance with the City Council Reserve Policy 3.05 as most of the projected Fund

Balances are expected to meet or exceed their established reserve levels at the fiscal year ending on June 30, 2026. The Proposed FY 2025/26 Budget is operationally balanced, as operating revenues are projected to meet or exceed ongoing operating expenditures, thereby maintaining or increasing fund balances. For individual funds that are expected to have a decrease in fund balance, the primary reasons are one-time costs such as capital projects, facility maintenance upgrades, or uses of accumulated fund balance.

The FY 2025/26 Proposed Budget for all City of Camarillo (herein referred to as the City) and Camarillo Sanitary District (CSD) funds includes Revenues of \$142.1 million and Expenditures of \$159.2 million, for a projected use of accumulated fund balance of \$17.1 for one-time costs or capital project expenditures.

The General Fund is the chief operating fund for the majority of the City's general municipal operations and services (administration, public safety, public works, community services, and community development). The FY 2025/26 General Fund Proposed Budget includes Revenues and Transfers In of \$60.7 million and Expenditures and Transfers Out of \$63.3 million, for a net decrease in Fund Balance of \$2.6 million. Within the \$2.6 million net decrease, \$1.3 million is allocated for one-time projects that will be funded through available fund balance reserves rather than ongoing revenue sources and \$1.4 million will be funded through the City's Pension Rate Stabilization Program (PRSP) for the City's Unfunded Accrued Liability (UAL).

Additional detailed information for all funds can be found in the attached Proposed Fiscal Year 2025/26 Budget Document. The document outlines the changes for all City & CSD funds, provides revenue, expenditure, and fund balance details by type of fund, and a Reserve Analysis to show projected fund balance and working capital balances in relation to levels established in City Council Policy 3.05, Reserve Level.

Adoption of the FY 2025/26 Budget

On June 4, 2025, the Camarillo City Council and the Camarillo Sanitary District jointly convened to review the FY 2025/26 proposed Budget. The Camarillo Library Board also participated to review the portion of the budget related to Library operations. At that time, the City Council and Camarillo Sanitary District thoroughly reviewed the proposed budget.

Level of Authority for Budget Amendments

The Resolution sets forth the levels of budget authority for the City Council and the City Manager. Since there are budget adjustments throughout the year as conditions change, it is appropriate to establish the level of authority for those changes with the adoption of the budget and to include that provision in the budget resolution. Please note that while the City Manager has the authority to make budget transfers between line items, there must be funding source compatibility between the source account and the use account. A need for any additional appropriation from fund balance must be approved by the City Council.

Mechanism to Carryover Balances Related to Outstanding Orders, Capital Projects, and Grant Revenues and Expenditures

Staff is recommending that authority be granted to the City Manager to carryover from the FY 2024/25 into FY 2025/26 budget balances related to purchase orders (encumbrances), capital projects, and grant revenues and expenditures. By authorizing the City Manager to approve those carryovers as soon as the FY 2024/25 is closed, the carryovers can be completed in a timely manner.

ANNUAL GANN APPROPRIATIONS LIMIT

California voters approved an initiative on November 6, 1979, that added Article XIII B to the State Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. Each government entity is required to set its Gann Appropriations Limit each fiscal year with 1978/79 as the base year; then adjust each subsequent year by using a combination of increase in population, plus increase in CPI or per capita personal income.

Proposition 4 and its implementing legislation Chapter 1205/80 were modified by Proposition 111 and SB 88 (Chapter 60/90). Beginning with the Fiscal Year 1990/91 Gann Appropriations Limit, the annual adjustment factors changed. Annually, the government entity can select the greater of growth in the California Per Capita Income, or growth in assessed valuation due to non-residential construction within the City. For the population factor, the entity can select the greater of population growth within the City or the County.

In compliance with Proposition 111, revised annual adjustment factors were applied to the base year 1986/87 limit and each year in between in order to calculate limits for Fiscal Year 1998/99. In addition, the limit can be adjusted for assumed responsibility from one government entity to another. County charges for administration fees for property tax collection were added to the Fiscal Year 1991/92 Gann Appropriation Limit.

The California Department of Finance and the Ventura County Assessor supply the information for determining the factors.

Calculation of the FY 2025/26 Gann Appropriations Limit

The application of the annual growth factors to the prior year's Limit result in a Fiscal Year 2025/26 Limit of \$148,945,358 calculated as:

2024/25 Appropriation Limit	\$139,841,666
2025/26 Population	1.0007
2025/26 Inflation Factor (Per Capita Cost of Living Change)	1.0644

Ratio of Change (1.0644 x 1.0007) x 1.0651

2025/26 Appropriation Limit **\$148,945,358**

The population factor is the annual change in population for the County. The inflation factor is the percent change in Non-Residential Valuation.

GASB 54 COMMITMENT OF FUND BALANCE

State law requires all general-purpose local governments to publish a complete set of financial statements within seven months of the close of each fiscal year. These statements are referred to as the Annual Comprehensive Financial Report (ACFR). According to the Governmental Accounting Standards Board (GASB), fund balance is defined as the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in Governmental Funds.

In 2011, the City implemented GASB Statement No. 54 which requires the City to report governmental fund balances in distinct classifications. City Council, as the governing body of the City, may commit fund balance for specific purposes pursuant to constraints imposed by formally adopting a resolution. The Council's resolution to commit fund balance must occur within the fiscal reporting period in order to be reported in the ACFR for that fiscal year.

During the June 04, 2025 Budget Workshop, the City Council was presented with changes in Fund Balances at the presentation of the City's Budget for Fiscal Year 2025/26. In total, the City's General Fund Balance is projected to be \$98.3 million on June 30, 2026. One new General Fund Commitment was introduced this year, a General Fund Unfunded Accrued Liability PRSP Trust Fund. Through this process, Finance Staff is recommending a total Commitment of \$89.9 million of the projected fund balance for the following purposes:

\$31,683,913 for Council Reserve Goal per Policy 3.05

14,405,000 Facility Improvement Projects

10,000,000 Natural Disaster Recovery

8,000,000 Pleasant Valley Rec & Park District – Community and Senior Center

5,400,000 Economic Development

3,800,000 Continuum of Care

200,000 Camarillo Springs Debris Remediation

15,000,000 Loan to Water Utility

1,400,000 Unfunded Accrued Liability PRSP Trust Fund

\$89,888,913 Total Committed Fund Balance

Commitments are established at the discretion of the City Council and may be changed at any time by Council resolution.

COMPENSATION, CLASSIFICATION AND BENEFITS PROGRAM

The proposed Resolutions set forth the Compensation, Classification and Benefits Program for all City and CSD employees and certain related terms and conditions of employment by a Statement of Understanding, effective July 1, 2025. All employees will receive a 3.0% COLA (cost-of-living adjustment) effective July 1, 2025. Individual employee increases are subject to review of the employee's performance on their anniversary date throughout the fiscal year.

The Compensation and Classification plan was reviewed with the following City Council goals in mind: a) Employee Relations – maintain an effective workforce through competitive salaries, benefits and training; and b) Fiscal Management, objective 2 – continue to identify and implement means and methods for streamlining internal and public-facing City operations and processes in order to achieve greater effectiveness and time efficiencies. In order to fulfill these goals and objectives, the proposed Resolutions amend the Compensation and Classification Plan for City and CSD employees as follows:

- Addition of the following classification titles:
 - Human Resources Manager

FISCAL IMPACT

The FY 2025/26 Proposed Budget for all City and CSD funds includes Revenues of \$142.1 million and Expenditures of \$159.2 million. The Expenditures in excess of Revenues is due to the use of accumulated fund balances for one-time projects and capital projects expenditures.

The FY 2025/26 Proposed Budget for the General Fund includes Revenues and Transfers In of \$60.7 million, and Expenditures and Transfers Out of \$63.3 million, for a net decrease in Fund Balance of \$2.6 million. Within the \$2.6 million net decrease, \$1.3 million is allocated for one-time projects that will be funded through available fund balance reserves rather than ongoing revenue sources and \$1.4 million will be funded through the City's Pension Rate Stabilization Program (PRSP) for the City's Unfunded Accrued Liability (UAL).

The proposed Compensation, Classification and Benefits Program changes are included in the Fiscal Year 2025/26 budget.

RECOMMENDATION

Camarillo Sanitary District Recommended Actions:

1. Adopt a Resolution approving the FY 2025/26 Budget and authorizing appropriations for FY 2025/26.

2. Adopt a Resolution setting the Compensation, Classification and Benefits Program and approving a Statement of Understanding for the terms and conditions of employment for Camarillo Sanitary District employees, effective July 1, 2025.

City Council Recommended Actions:

1. Adopt a Resolution approving the FY 2025/26 Budget and authorizing appropriations for FY 2025/26, excluding the Trolley operation.
2. Adopt a Resolution that selects the factors used to calculate the limit and establishes the Fiscal Year 2025/26 Gann Appropriations Limit for the City of Camarillo at \$148,945,358 as calculated.
3. Adopt a resolution to commit \$89,888,913 of the Projected General Fund's Fund Balance for the fiscal year ending June 30, 2025.
4. Adopt a Resolution setting the Compensation, Classification and Benefits Program and approving a Statement of Understanding for the terms and conditions of employment for City employees, effective July 1, 2025.
5. Adopt a Resolution approving the FY 2025/26 Trolley Budget.

ATTACHMENTS

1. Attachment 1 - Proposed Fiscal Year 2025/26 Budget Document
2. Attachment 2 - Resolution (CSD Budget)
3. Attachment 3 - Resolution (CSD Comp, Class and Benefits Program)
4. Attachment 4 - Resolution (City Budget)
5. Attachment 5 - Resolution (Gann Appropriations Limit)
6. Attachment 6 - Resolution (GASB 54 Commitment)
7. Attachment 7 - Resolution (City Comp, Class and Benefits Program)
8. Attachment 8 - Resolution (Trolley Budget)

REFERENCE MATERIALS – AVAILABLE FOR REVIEW AT CITY HALL

None