

# City reports budget surplus of more than \$11 million from last fiscal year

A combination of sound fiscal policy and a thriving retail environment, along with expenditures lower than anticipated for a variety of factors, has resulted in a significant budget surplus of an estimated \$11 million for the City of Costa Mesa.

At the end of the last fiscal year on June 30, 2016, the city's revenues totaled more than \$122.5 million while expenditures were \$111.4 million. That surplus represents 9 percent of the total revenues.

"We have made concerted efforts to keep our spending under control while still providing great customer service to our residents by rebuilding our older infrastructure, investing in new capital improvement projects and hiring top-level staffing in city departments," said Mayor Steve Mensinger.

The mayor called this a proud moment for the City of Costa Mesa.

"A significant amount of hard work, difficult decisions and favorable business conditions have resulted in this environment for success," he said. "Many people deserve thanks for their contributions, especially my fellow council colleagues, commissioners, city staff, the business community and Costa Mesa residents."

Indeed, the City Council now has the opportunity to determine where to allocate the surplus money and could follow its established policy of using surplus funds to increase reserves, reduce pension debt and increase expenditures on capital projects.

The process for the last two years has been for staff to bring a recommendation to the City Council's Financial Advisory Committee around November or December and the City Council review the Committee's recommendation as part of the council's Mid-Year Budget Review in February.

Based on the City Council's policy and based on prior budget discussions, staff will likely recommend that the committee increase the general fund reserves by \$2.66 million, which will immediately allow the city to reach the Council's \$55 million reserve goal.

The council can also recommend a number of measures, including paying down pension debt and other debt obligations as well as funding projects and enhancing various community priorities.