



STAFF REPORT

DATE: August 20, 2019

TO: Ronald L. Olson, City Manager

FROM: Jonathan Locke, Executive Director of Finance

VIA: Miranda Drake, Director of Budget

SUBJECT: Year End Budget Amendment

BACKGROUND AND FINDINGS:

Each year, a budget amendment is needed at year-end to align budgets with anticipated expenditure levels. City staff has estimated revenues and expenditures through the end of the fiscal year and identified accounts that require a budget amendment. The City Manager is able to approve budget amendments between accounts of the same department and fund. The City Council must approve budget amendments between accounts of different departments and to increase the overall budget of a fund.

In accordance with Section X. Fund Balance of the Financial Governance Policies adopted by the City Council February 26, 2019, this budget amendment will transfer fund balance in excess of 22% to the Capital Projects Fund for each applicable operating fund. Also, to establish the Support Services Internal Service Fund (ISF), the major operating funds will transfer a proportionate amount based on the indirect cost allocation. In addition, the amendment will adjust and increase expenditure budgets in the General Fund, Water and Sewer Fund, Solid Waste Fund, Drainage Utility Fund, multiple special revenue funds, internal service funds, and capital improvement project funds.

THE ALTERNATIVES CONSIDERED:

No alternatives were considered.

Which alternative is recommended? Why?

A budget amendment is required to transfer excess fund balance to the Capital Project Funds, establish the Support Services ISF, and to address forecasted budget shortfalls.

CONFORMITY TO CITY POLICY:

The City's Financial Governance Policies, Section V. Budget Administration (B)(1) states that City Council may amend or change the budget by ordinance.

FINANCIAL IMPACT:**What is the amount of the expenditure in the current fiscal year? For future years?**

Upon approval, expenditure accounts will be amended in the FY 2019 Budget as follows:

- General Fund - increase of \$5,702,096
 - Transfer of fund balance in excess of 22%, establish Support Services ISF, and adjust operating expenditures.
- Water and Sewer Fund - increase of \$4,321,782
 - Transfer of fund balance in excess of 22%, establish Support Services ISF, and adjust operating expenditures.
- Solid Waste - increase of \$2,036,920
 - Transfer of fund balance in excess of 22%, establish Support Services ISF, and adjust operating expenditures.
- Drainage Fund - increase of \$589,180
 - Transfer of fund balance in excess of 22% and adjust operating expenditures.
- Aviation Fund - increase of \$9,500 for operating expenditures.
- Special Revenue Funds - increase of \$136,642 for operating expenditures.
- Internal Service Funds - increase of \$13,251 for operating expenditures.
- Capital Improvement Project Funds - increase of \$8,325,495
 - Capital expenditures and other project reserves.

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

Staff recommends that City Council approve the ordinance amending the FY 2019 Annual Budget and Plan of Municipal Services.

DEPARTMENTAL CLEARANCES:

Legal Department

ATTACHED SUPPORTING DOCUMENTS:

Ordinance