

2018-2019

ANNUAL

REPORT

**IV. RECOMMENDED BUDGET
ADJUSTMENTS AND
CLEAN-UP/REBUDGET ACTIONS**

**2018-2019
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

RECOMMENDED BUDGET ADJUSTMENTS

This section of the Annual Report describes recommended budget adjustments and is broken down by General Fund and Special/Capital Funds. The following types of changes are included:

General Fund

Required Technical/Rebalancing Actions – These actions recommend adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, reallocate funding for ongoing appropriations based on updated needs, correct technical problems in the 2019-2020 Adopted Budget, or comply with actions previously authorized by the City Council.

Grants/Reimbursements/Fees – These actions, which generally impact, recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes, as appropriate.

Urgent Fiscal/Program Needs – These actions recommend additional funding to address a very limited number of urgent fiscal/program needs. These adjustments are being brought forward for City Council consideration as part of this report, rather than later through the annual budget process, to comply with actions recently authorized by the City Council or because the Administration has deemed the need can or should not wait until later in the year. In the 2018-2019 Annual Report, the following Urgent Fiscal/Program Needs are identified, the Community Plan to End Homelessness – Quality of Life and Healthy Neighborhoods, Transfer to Municipal Golf Course Fund, the Guardian Rapid Response Program for the Police Department, and City Facilities Safety Assessment.

Special/Capital Funds

Special/Capital Fund Adjustments – These actions adjust revenue estimates based on recent collection information; recognize revenues from new or adjusted grants, reimbursements, and fees; reflect changes in project and program allocations based on revised cost estimates and project timing; reallocate project funding from reserves; and/or establish a limited number of new projects and programs.

**2018-2019
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

CLEAN-UP/REBUDGET ACTIONS

This section of the Annual Report consists of clean-up and rebudget actions for the General Fund and Special/Capital Funds. The following types of adjustments are included:

General Fund & Special/Capital Funds

Fund Balance Reconciliations – These actions revise the Beginning Fund Balance estimates in the 2019-2020 budget for all funds where the actual (unaudited) 2018-2019 Ending Fund Balance contained in the Comprehensive Annual Financial Report (CAFR) statements differ from the budgeted amount.

Development Fee Program Reconciliations – These actions adjust appropriations based on actual Development Fee Program expenditures and revenue receipts. Year-end reconciliations of the revenues and expenditures in the Development Fee Programs are conducted to determine if revenues exceeded or fell below costs. To ensure that all development fees will be used solely to support development fee activities, any excess revenues and interest earnings above actual costs are placed in the Development Fee Program Reserves.

Rebudgets – These actions revise various appropriations to rebudget funds to complete prior year projects. Downward adjustments to previously approved rebudget actions are included if actual year-end revenues or expenditures were higher than anticipated, while upward adjustments are included if actual year-end revenues or expenditures were lower than anticipated.

Technical Adjustments – These actions align revenues and/or expenditures among appropriations, funds, and/or categories for previously approved budget actions or reconcile revenues with expenditures to close out the previous fiscal year. Summaries of each of these adjustments are provided below:

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds, and revenue categories and the redistribution of funding allocations.
 - **Appropriation Name Change** – These actions rename appropriations to better align with the intended use of funds.
 - **Appropriation Department Change** – These actions realign appropriations with Departments responsible for the funds.
 - **Funding Reallocation** – These actions reallocate funds for the same purpose that was previously approved by City Council to another appropriation to better track the funding or to align funding with an appropriation best suited for the intended use (i.e. Non-Personal/Equipment to Personal Services).

**2018-2019
ANNUAL REPORT**

IV. RECOMMENDED BUDGET ADJUSTMENTS AND CLEAN-UP/REBUDGET ACTIONS

CLEAN-UP/REBUDGET ACTIONS

General Fund & Special/Capital Funds

- **Gift Trust Fund Reconciliation** – These technical actions allocate the actual revenues received in 2018-2019 that were not incorporated into the 2019-2020 Adopted Budget for existing gifts, as well as rebudgeted gifts that were anticipated to be spent in 2018-2019, but had funds remaining. The Gift Trust Fund accounts for revenues and expenditures related to gifts, donations, and bequests to the City, and funds deposited may be only be used for the specified gifts as indicated.
- **Restricted Revenue/Expenditure Reconciliations** – These actions adjust appropriations to align budgeted revenues and expenses with the actual performance of restricted revenues/expenditures. Reconciliations of these revenues and expenditures for these programs are conducted to determine if revenues exceeded or fell below costs. To meet the commitment to the restricted funding source, all related funds are used solely to support the respective programs.
- **Salary Program** – Several actions are recommended to increase various department Personal Services appropriations to fund the general wage increase that was negotiated and agreed to by the City and the International Union of Operating Engineers (OE#3) bargaining unit effective October 1, 2019. The negotiated bargaining unit agreement was reached after the adoption of the budget. Adjustments are included for those departments that are not able to absorb the additional costs (\$920,000 all funds and \$424,000 General Fund). To offset these augmentations, this report includes recommendations to partially decrease the Salaries and Benefits Reserve allocation in the General Fund that was set aside for this increase in the 2019-2020 Adopted Budget and reduce the Ending Fund Balances or an alternative funding source in the Special Funds as appropriate.