

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: September 7, 2012

Approved

Date

9/10/12

SUBJECT: ADOPTION OF AN ORDINANCE RATIFYING FINAL EXPENDITURES IN VARIOUS APPROPRIATIONS FOR 2011-2012 AND ADOPTION OF THE ASSOCIATED APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN 2011-2012

RECOMMENDATION

It is recommended that the City Council:

1. Adopt an ordinance ratifying the final 2011-2012 appropriation increases detailed in this report.
2. Adopt the following 2011-2012 Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund:
 - a. Increase the Earned Revenue estimate by \$2,803,231;
 - b. Increase the Transfer to Council District 1 by \$162,736;
 - c. Increase the Transfer to Council District 2 by \$135,416;
 - d. Increase the Transfer to Council District 3 by \$135,457;
 - e. Increase the Transfer to Council District 4 by \$126,867;
 - f. Increase the Transfer to Council District 5 by \$214,886;
 - g. Increase the Transfer to Council District 6 by \$247,082;
 - h. Increase the Transfer to Council District 7 by \$217,600;
 - i. Increase the Transfer to Council District 8 by \$132,518;
 - j. Increase the Transfer to Council District 9 by \$122,378;
 - k. Increase the Transfer to Council District 10 by \$94,405;
 - l. Increase the Transfer to City-Wide by \$795,172; and
 - m. Increase the Transfer to the General Fund – Parks Eligible Maintenance Costs by \$418,714.

3. Adopt the following 2011-2012 Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Tax and Property Conveyance Tax Fund: Parks Maintenance Yards Purposes:
 - a. Increase the Earned Revenue estimate by \$7,278; and
 - b. Increase the Transfer to the General Fund – Parks Eligible Maintenance Costs by \$7,278.

4. Adopt the following 2011-2012 Appropriation Ordinance amendments in the General Fund:
 - a. Increase the Workers' Compensation Claim – Fire appropriation by \$183,745;
 - b. Decrease the Workers' Compensation Claims – Transportation by \$85,000;
 - c. Decrease the Workers' Compensation Claims – Public Works by \$75,000; and
 - d. Decrease the Workers' Compensation Claims – Other Departments by \$23,745.

OUTCOME

The recommended actions account for unanticipated appropriation over-expenditures that occurred at the end of 2011-2012 and allow the final financial accounting for 2011-2012 to be completed.

BACKGROUND

As part of the process of completing the 2011-2012 fiscal year-end audit, final expenditures and encumbrances recorded by the Finance Department have been compared to the budget to determine whether the expenditures were within appropriation levels approved by the City Council. In this report, City Council approval is requested for a small number of appropriation increases necessitated because final 2011-2012 expenditure totals exceeded final modified appropriation levels.

ANALYSIS

As part of the year-end closing process, certain expenses not previously anticipated are recorded and cause appropriations to be exceeded. Under the City's current practice, appropriation increases necessary to fund those expenses require City Council ratification action.

The Administration makes every effort to limit the number of instances where after-the-fact ratification of over-expenditures must occur. As has been the practice in the past, year-end budget adjustments were prepared and brought to City Council by the Budget Office in June 2012 for the 2011-2012 fiscal year. A number of potential overruns were avoided as a result of the actions taken in that document.

The Administration manages approximately 1,800 appropriations allocated to over 100 City funds. In 2011-2012, appropriations were exceeded in three City funds as described in Attachment A. The total amount for the three funds involved is \$2,994,254 and includes the following: the Transfer appropriations in the Parks Construction and Conveyance Tax Fund – Parks Purposes Central Fund (\$2,803,231); Transfer appropriation in the Parks Construction and Conveyance Tax Fund – Parks Maintenance Yards Fund (\$7,278); and the Workers' Compensation Claims - Fire appropriation in the General Fund (\$183,745). In each of these three funds, additional revenue or savings from other appropriations are available to offset the exceeded appropriations.

EVALUATION AND FOLLOW-UP

The ratification of exceeded appropriations will be incorporated into the City's Comprehensive Annual Financial Report for 2011-2012.

PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1 above. Therefore, this memorandum will be posted on the City's Internet website for the September 25, 2012 City Council agenda.

COORDINATION

This memorandum was coordinated with the Finance Department and the Office of the City Attorney.

FISCAL/POLICY ALIGNMENT

The recommended budget actions align with the City's budget policy that dictates that the City will maintain the fiscal integrity of its operating, debt service, and capital improvement budgets.

HONORABLE MAYOR AND CITY COUNCIL

September 7, 2012

Subject: Adoption of an Ordinance Ratifying Final Expenditures for 2011-2012

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COST SUMMARY/IMPLICATIONS

As discussed in the memorandum, additional revenue or savings in other appropriations is available to offset the exceeded appropriations for 2011-2012.

CEQA

Not a Project, File No. PP10-067 (b), Appropriation Ordinance.

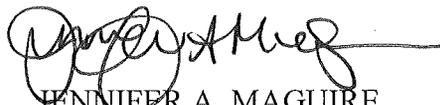


JENNIFER A. MAGUIRE
Budget Director

For questions, please contact Jim Shannon, City Manager's Budget Office, at (408) 535-4852.

I hereby certify that there was available for appropriation in the following funds in fiscal year 2011-2012 moneys in excess of those heretofore appropriated therefrom, said excess being at least the amounts as set forth below:

Construction Tax and Property Conveyance Tax Fund:	
Parks Purposes Central Fund	\$2,803,231
Construction Tax and Property Conveyance Tax Fund:	
Parks Maintenance Yards Purposes	\$7,278



JENNIFER A. MAGUIRE
Budget Director

ATTACHMENT A

Construction and Conveyance Tax Fund – Parks Purposes Central Fund \$2,803,231

As a result of higher than anticipated revenues, a technical adjustment is necessary to account for over-expenditures that occurred in the Transfer appropriations in the Construction and Conveyance Tax Fund – Parks Purposes Central Fund that is allocated for parks and community facilities development. The Construction and Conveyance Tax revenue is received in the Construction and Conveyance Tax Fund – Parks Purposes Central Fund and then distributed to other various Parks-related Construction and Conveyance Tax Funds (i.e City-Wide and Council District Funds) as well as the General Fund based on the City Council-approved distribution formula. Because Construction and Conveyance Tax Fund revenue ended the year above the budgeted level due to an unanticipated revenue spike in June, the transfer appropriations that were used to distribute this revenue to the other funds were also exceeded. The funding allocated for each of the ratification actions is offset by the additional Parks Construction and Conveyance Tax Fund revenue.

Construction and Conveyance Tax Fund – Parks Maintenance Yards Fund \$7,278

As a result of higher than anticipated revenues, a technical adjustment is necessary to account for the over-expenditures that occurred in the Transfer appropriation in the Construction and Conveyance Tax Fund – Parks Maintenance Yards Fund. Based on the City Council-approved distribution formula, a total of 15% of the revenue received in the Construction and Conveyance Tax Fund – Parks Maintenance Yards Fund is transferred to the General Fund for park maintenance operating and maintenance costs. Because Construction and Conveyance Tax Fund revenue ended the year above the budgeted level due to an unanticipated revenue spike in June, the transfer appropriation that was used to distribute this revenue to the General Fund was also exceeded. The funding allocated for the ratification action is offset by the additional Construction and Conveyance Tax Fund revenue.

General Fund \$183,745

An appropriation adjustment is necessary to account for over-expenditures that occurred in the Workers' Compensation Claims – Fire appropriation in the General Fund. This appropriation accounts for the cost of Workers' Compensation claims in the Fire Department. In June 2012, four awards totaling more than \$300,000 were approved and expended in connection with four claims from past years, which led to the unanticipated overage of \$183,745.

TOTAL **\$2,994,254**