



STAFF REPORT
5/27/2020

TO: Honorable Mayor and City Council Members

FROM: Nathan Statham, Finance Director

SUBJECT: Resolution No. 2020-27, Approving Mid-Year Budget Adjustments for Fiscal Year 2019-2020

STAFF RECOMMENDATION:

Staff recommends that City Council approve the mid-year budget adjustments outlined below and adopt Resolution No. 2020-27 amending the budget for fiscal year 2019-2020.

BACKGROUND:

As the City approached the middle of the fiscal year, City finance staff evaluated the adopted budget, revenue projections, and economic conditions for the remainder of the fiscal year. It is standard procedure to perform a mid-year review of the City's budgetary and financial position to ensure any deviations from the initial budget projections are proactively addressed. Staff also reviews requests for appropriations to address new priorities that are unfunded or underfunded.

DISCUSSION/ANALYSIS:

Revenues

Recommended mid-year budgeted revenue decreases:

- General Fund - Revenue decreases are recommended for Measure U Taxes (\$75,000) and Sales and Use Taxes (\$75,000).

Recommended mid-year budgeted revenue increases:

- General Fund - Increases are recommended for Manufacturing Taxes (\$43,000), Waste Transfer Station revenues (\$62,500) and other revenue (\$10,000).

Expenditures

Recommended mid-year expenditure appropriation increases:

- General Fund - Increase appropriations for group insurance premiums (\$60,000), other legal services (\$80,000) and other operating expenses (\$5,041).
- Lighting and Landscape Districts - Appropriate a transfer out of the Lighting and Landscape Districts Fund for public works administrative fees (\$21,183).

FISCAL IMPACT:

Approval of these mid-year budget adjustments will have the following fiscal impacts:

- General Fund
 - Net decrease in estimated revenues of \$34,500.
 - Net increase in expenditure appropriations of \$145,141.
- Lighting and Landscape Districts
 - Net decrease in District resources due to the transfer out of \$21,183.

ATTACHMENTS:

1. Resolution 2020-27 - Amending the budget for fiscal year 2019-2020
2. Budget Adjustment Journal Entry (Exhibit A to Resolution 2020-27)