



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Approve Fiscal Year 2018-19 Year-End Budget Adjustments
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	9/3/2019
Staff Contact:	Walter C. Rossmann, 408-586-3111
Recommendation:	Approve the Fiscal Year 2018-19 year-end budget appropriations in the General Fund and Community Development Block Grant Fund

Background:

Finance staff is in the process of closing the City's accounts for Fiscal Year (FY) 2018-19 with a focus on expenditures. To maintain conformity with the City's budgeting policies and to prepare for the annual external financial audit, staff examined all expenditure accounts and identified three budget adjustments requiring Council approval. The City's budget policy requires that any additional appropriations to a department, capital improvement project's budget or re-appropriation of monies from one fund to another must be approved by the City Council.

Analysis:

The requested budget adjustments deemed to be necessary at year end FY 2017-18 include the following budget changes and authorizations which fall into the category of operations. They are also detailed in the attached Budget Change Form.

- 1. Increase General Fund revenue and expenditure appropriations for the Fire Department by \$561,396** for incurred overtime expenditures to respond to regional fires through the California Fire Service and Rescue Emergency Mutual Aid System. The source of funding for the budget appropriation is from reimbursements received from the State of California Office of Emergency Services (OES) and Federal Emergency Management Agency (FEMA). Therefore, staff recommends an increase to the revenue account for this reimbursement in the amount of \$561,396 to offset the expenditure adjustment.
- 2. Increase General Fund revenue and expenditure appropriations for the Office of the City Attorney by \$98,375 for expenditures related to the review of development projects.** The revenue received from Private Jobs will fully offset and cover the additional expenditure adjustment.
- 3. Increase Community Development Block Grant (CDBG) revenue and expenditure appropriations for the Finance Department by \$2,800 for expenditures related to the administration the CDBG funds.** There is enough CDBG revenue to cover the expenditure adjustment.

Policy Alternative(s):

Alternative 1: Not to approve Budget Appropriations

Pros: None

Cons: Will be out of compliance with Generally Accepted Accounting Principles.

Reason not recommended: By not approving these appropriation adjustments, the City's Comprehensive Annual Financial Report will not conform to Generally Accepted Accounting Principles, which may result in a qualified opinion from the City's external auditor and raise questions regarding the City's financial practices.

Fiscal Impact:

For Fire mutual aid overtime, \$561,396 in General Fund costs are offset by \$561,396 in realized and anticipated reimbursements. For City Attorney reimbursable expenditures, \$98,375 in requested costs are offset by \$98,375 in Developer revenue. For Finance reimbursable expenditures, \$2,800 in requested costs are offset by CDBG funds. Thus, there is no impact to the General Fund.

California Environmental Quality Act: Not applicable

Recommendation: Approve the Fiscal Year 2018-19 year-end budget appropriations in the General Fund

Attachment(s):

1. Budget Change Form