



# MEMO

**TO:** Mayor and Council  
**FROM:** Ken Cassel, City Manager  
**DATE:** July 1, 2020  
**RE:** FY 19- 2020 Budget Adjustment

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Most municipalities have a policy that allows the City Manager to re-allocate funds (budget adjustment) from department to department during the year without formal Council action if the total adopted budget is not exceeded. An exceedance in the total budget would require a budget amendment approved by council in accordance with applicable accounting standards.

We do not have such a policy allowing the City Manager to move funds from department to department within the budget if the total adopted budget is not exceeded. Therefore, it is because of this lack of a policy or direction from the Council that we now need council authorize the movement of funds between departments.

There are several reasons this adjustment is needed at this time.

First, the initial budget for the legal department was under estimated during the budget process. The under estimate was due to missing a line in the contract that allowed for a 2.5% add-on to the invoice for incidental cost and the full impact of the Para-legal added to the department.

Second, the adopted budget did not anticipate outside legal expense. There were to date three occasions that involved outside legal expense.

Therefore, it is necessary to re-allocate funds from the Miscellaneous - Event Expense line in the legislative section of the budget to the legal department budget. This does not account for any additional need for outside legal fees through September 30<sup>th</sup>.

Should there be a need for additional outside legal services between now and October 1<sup>st</sup> we will need appropriate the funds by resolution from one of the other departments line item and move it to the legal department.

The amount to be re-allocated is outlined in the accounting attachment Exhibit A on Resolution 2020 – 18.