

Memorandum



DATE August 8, 2008

TO Members of the Finance, Audit & Accountability Committee
Chair Mitchell Rasansky, Vice Chair Jerry Allen, Mayor Pro Tem Dr. Elba Garcia,
Vonciel Jones Hill, Angela Hunt, Ron Natinsky and David Neumann

SUBJECT Appropriations and Appropriation Adjustments

The subject briefing is on the Committee's August 12th agenda. Briefing materials are attached.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'D. A. Cook'.

David Cook
Chief Financial Officer

Cc: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Tom Perkins, Jr., City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
David O. Brown, Interim Assistant City Manager
Ramon Miquez, P.E., Assistant City Manager
Jill A Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager

Appropriations and Appropriation Adjustments

Modifications to Current Practices

Finance, Audit and Accountability Committee

August 12, 2008

Past Practice

- For at least 30 years, Management has
 - Closely monitored revenues and expenses throughout the fiscal year
 - Adjusted spending to ensure there are revenues (or available fund balance) to cover projected costs
 - Kept City Council apprised of revenue and expense forecasts (through monthly or quarterly reports)

Past Practice

- Management has
 - Obtained Council authorization to increase budgets that have been exceeded
 - Authorized after the end of the fiscal year
 - Authorized after expenses in excess of appropriations have been incurred

Issue

- Exceeding authorized budget levels may not comply with City Charter language (Chapter XI, Sec. 6):
 - No money shall be drawn from the city treasury, nor shall any obligation for the expenditure of money be incurred, except in pursuance of appropriation...

Proposal

- In order to avoid exceeding authorized budgets
 - Management will continue to closely monitor revenues and expenses throughout the fiscal year
 - Management will continue to adjust spending to ensure there are revenues (or available fund balance) to cover projected costs
 - Management will continue to keep City Council apprised of revenue and expense forecasts with monthly revenue and expense reports

Proposal

- In order to avoid exceeding authorized budgets
 - In August or September of each fiscal year, the City Manager will seek Council authorization to increase budgets that are forecast to be exceeded
 - Use of excess revenues
 - Use of available fund balance
 - Reduction of other budgets
 - The recommendations will include “reserve” levels to account for future unanticipated expenses
 - This would allow for “last minute” unexpected expenses

Proposal

- The revised practice would begin with FY 2007-08 budgets and adjustments
 - Final FY 2006-07 year-end budget adjustments are recommended for approval on the Council's August 13 agenda

