

2016-2017

MID-YEAR  
BUDGET  
REVIEW

SECTION  
III

RECOMMENDED  
BUDGET ADJUSTMENTS AND  
CLEAN-UP ACTIONS

**2016-2017  
MID-YEAR BUDGET REVIEW**

**RECOMMENDED BUDGET ADJUSTMENTS  
AND CLEAN-UP ACTIONS**

**RECOMMENDED BUDGET ADJUSTMENTS**

This section of the Mid-Year Budget Review describes recommended budget adjustments and is broken down by General Fund and Special/Capital Funds. This section consists of the following types of changes with further information found on the following pages:

**General Fund**

**Urgent Fiscal/Program Needs** – These actions recommend additional funding to address a very limited number of urgent fiscal/program needs. These adjustments are being brought forward for City Council consideration as part of this report, rather than later through the annual budget process, to comply with actions recently authorized by the City Council or because the Administration has deemed the need can or should not wait until later in the year.

**Required Technical/Rebalancing Actions** – These actions recommend adjustments to align already approved revenue estimates and expenditure budgets with the most current tracking information, or reallocate funding among appropriations based on updated needs.

**Grants/Reimbursements/Fees** – These actions, which have a net-zero impact, recognize new or adjusted grant, reimbursement, or fee activity revenue and adjust the appropriations for these purposes, as appropriate.

**Special/Capital Funds**

**Special/Capital Fund Adjustments** – These actions adjust revenue estimates based on current year collection information; recognize revenues from new or adjusted grants, reimbursements, and fees; reflect changes in project and program allocations based on revised cost estimates and project timing; reallocate project funding from reserves; and/or establish a limited number of new projects and programs.

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**RECOMMENDED CLEAN-UP ACTIONS**

**General Fund & Special/Capital Funds**

This section consists of clean-up actions for the General Fund & Special/Capital Funds. The following types of adjustments are included:

**Fund Balance Reconciliations** – Beginning Fund Balances in each budgeted fund are adjusted each year as part of the Annual Report process based on unaudited Comprehensive Annual Financial Report (CAFR) statements. In very limited cases, however, additional actions are required at the Mid-Year Budget Review to further revise Beginning Fund Balances based on a reconciliation to the final audited 2015-2016 CAFR.

**Salary and Benefits Program (MPP and Health Programs)** – Various actions are recommended to increase various department Personal Services appropriations for Management Pay for Performance Program (MPP) costs where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$1,395,000 all funds and \$1,171,000 General Fund). In addition, \$139,000 is being returned to the Development Fee Program Reserves due to their non-distribution. To offset these augmentations totaling \$1.3 million, this report includes recommendations to partially decrease the Salary and Benefits Reserve allocation in the General Fund that was set aside for the Management Pay for Performance Program in the 2016-2017 Adopted Budget and reduce the Ending Fund Balances in the Special Funds as appropriate. The savings in the General Fund of approximately \$256,000 will be used to assist in meeting the 2016-2017 Ending Fund Balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.

In addition, increases to various department Personal Services appropriations are recommended to accommodate the Health Program's lowest cost health plan rate increases (4.9%), effective January 1, 2017, where departmental budgets are not tracking to generate sufficient vacancy savings to absorb these additional costs (\$899,000 in all funds; \$844,000 in the General Fund). To offset these augmentations, decreases to the Salary and Benefits Reserve (\$844,000) and Development Fee Program Reserves (\$23,000) in the General Fund and reductions to Ending Fund Balances in the Special Funds are recommended. Because health rates were forecasted to increase 7.5%, but actually increased only 4.9%, savings of \$688,000 will remain in the Salary and Benefits Reserve. This funding will also be used to assist in meeting the 2016-2017 Ending Fund Balance estimate used as an ongoing funding source in the Five-Year General Fund Forecast.

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**General Fund & Special/Capital Funds**

**Technical Adjustments** – These actions correct errors or align revenues and/or expenditures among appropriations and funds for previously approved budget actions:

- **Net-Zero Funding Transfers/Reallocations** – These actions include net-zero transfers between appropriations, funds and revenue categories, and the redistribution of funding allocations. This category may also include minor adjustments for funding needs that total less than \$5,000. Some examples include the reallocation of funds between categories in the Housing Department, the shift of funding between the Finance Department and the Information Technology Department Personal Services and Non-Personal/Equipment for temporary staffing needs, the shift of Workers' Comp funding between the Fire and Public Works Departments, and the re-categorization of revenues for the Office of Economic Development.
- **Interest Earnings** – These actions increase several revenue estimates for interest earnings anticipated to be received in various Capital and Special Funds in 2016-2017. Offsetting adjustments to increase the corresponding transfer of these interest earnings to the General Fund are also included in this report.
- **Appropriation Re-Title** – These technical adjustments re-title selected appropriation names (e.g. Preliminary Engineering will be changed to Preliminary Engineering – Sanitary Sewer) and selected appropriation numbers to align with parameters within the new budget system, Hyperion.