



Legislation Text

File #: RES 18-0042, **Version:** 1

ITEM TITLE:

#18-42 - Amending the 2018 City of Valdez Budget by Appropriating \$5,712,442.98 in Funds Carried Forward from the 2017 Budget Year

SUBMITTED BY: Brian Carlson, Finance Director

FISCAL NOTES:

Expenditure Required: \$5,712,442.98

Unencumbered Balance: \$5,712,442.98

Funding Source: Excess Funds Carried Forward from 2017

RECOMMENDATION:

Approve 2018 Budget Amendment

SUMMARY STATEMENT:

- This Resolution reflects funds carried forward to 2018 from the final audited 2017 budget year. It is comprised of:
 - \$2.18MM of revenues in excess of budgeted revenues, and
 - \$3.53 MM of budgeted expenses in excess of actual expenses
- Staff has compiled department requests totaling \$924,390 for Council consideration. If approved, staff will immediately in 2018 proceed with these projects and expenditures.
- Staff proposes that the balance of the carry-forward amount (\$4,788,053) be appropriated to unspecified capital projects reserve in advance of the capital projects budgeting process, which will begin in February of 2019. If approved, these funds will be unspent until allocated to various capital and maintenance projects in 2019.
- If Council objects to any of the proposed appropriations, that portion of the carry-forward amount will revert to General Fund Balance.
- Attachments: *2017 Carry Forward Sources*

Resolution Amending the 2018 Budget

Attachment A - Budget Amendment Detail

- Notes about the carry-forward amount:
 - Finance staff will do additional analysis of the tax roll to attempt to reduce the **property tax** carry forward figure (\$810K in 2017).
 - Finance staff typically budgets a conservative **interest** revenue figure. Though staff has implemented improved cash-management practices, the interest figure includes actual interest earned, and **unrealized gains/losses** on bonds yet to mature. This figure cannot be anticipated, as it is a function of bond prices reacting to interest rate movements. The City does not realize these gains/losses, as its bonds are not sold prior to maturity.
 - The **PERS** revenue of \$318K reflects the State of Alaska's contribution to the City's PERS participants. It is a bookkeeping entry, not a cash receipt, and is directly offset by increased **benefits** expenses, prorated among the staffed departments.
 - Staff has historically not budgeted for the **State Revenue Sharing** program, as the ongoing revenue has been uncertain and not within the City's control.
 - **Miscellaneous revenues** of \$353K reflect the aggregate variance in fees and service charges.
 - **Salaries & Wages** and **Benefits** expenses reflect vacancies during the year. The City budgets for full employment, though historic actual employment is approximately 94% of budgeted costs.
 - **Snow Removal** and **Utilities** expenses primarily reflect weather conditions. In recent years staff has begun to budget to the average actual cost, and will utilize the Budget Variance Reserve during years when weather conditions drive an increase in costs.
 - Staff will analyze the various other expenses which are under-budget to determine drivers, and to inform future-years' budgeting.