



CITY COUNCIL AGENDA REPORT

Meeting Date: 4/18/2019

From: Stuart Schillinger, Administrative Services Director

Subject: Mid Year Budget Report

Community Goal/Result

Fiscal Stability

Purpose

Provide funding for current approved programs and services and set funding aside for long-term liabilities.

Recommendation

City Council adopt resolution 2019-10 to amend the FY 2018/19 Budget

Background

On June 21, 2018, City Council adopted the FY 2018/19 budget. The budget projected General Fund Revenues at \$18,736,342 including transfers in. General Fund expenditures were projected at \$19,961,362 including transfers out. The beginning fund balance was estimated at \$9,400,000 and ending fund balance of \$8,174,980.

The City completed its FY 2017/18 audit in December 2018. The audit provides the actual starting fund balance for FY 2018/19. Our actual General Fund balance as of July 1, 2018 was \$11,065,042. Not all of this is in cash as there are loans and advances to other funds included in this amount. This means beginning fund balance for FY 2018/19 was about \$1,660,000 higher than anticipated (Actual beginning Fund Balance \$11,065,000 minus estimated beginning Fund Balance \$9,400,000 equals approximately \$1,660,000).

Discussion

Attached is a spreadsheet showing the FY 2017/18 budget compared to actuals as well as the 2018/19 adopted budget compared to the midyear re-projection for the General Fund. As the spreadsheet shows staff is anticipating approximately \$900,000 in additional revenues for the year and no changes in expenditures. This is due to an increase in Sales Tax. Staff projected \$4,400,000 for the year and after the first couple of quarters being reported it is anticipated that the City will receive \$5,300,000 in Sales Tax. The City has received an additional \$158,000 in ERAF (Educational Revenue Augmentation Funds) revenues but this is offset by a lower than anticipated TOT (Transient Occupancy Tax), and other minor corrections. The expenditure budget is projected to be on target.

All other funds are meeting expectations.

The anticipated ending Fund Balance for the General Fund is \$10,777,838. Four Hundred thousand dollars is money the City Council allocated to the City's 115 Pension Trust Fund that has not been invested yet. Additionally, last fiscal year Plan Check revenues were higher than anticipated due to construction at Sierra Point. Since Plan Checks may overlap fiscal years staff recommends allocating \$200,000 to cover costs from last year's permits that will be completed this year. Additionally, the City's Liability Fund has a cash deficit of approximately \$500,000 due to the issues related to Baylands legislation. Once these previous expenses are removed from the General Fund, there is a balance of \$9,677,838. City Council requires \$3,500,000 be set aside for sudden unanticipated expense, and 5% of revenues and 5% of expenditures be set aside for annual budget discrepancies (\$1,981,776). The Council also directed staff set aside funds to ensure that services do not need to be immediately reduced in case of recession. Previously, staff set aside \$2,500,000 now staff recommends increasing this approximately \$700,000 to \$3,196,062. The increase is the result of the higher Sales Tax revenues. As more of the City's revenues are received through Sales Tax more revenues are vulnerable to a recession.

After all of the set asides and other uses there is \$1,000,000 for Council use. Last year City Council adopted a policy, which would move 40% into the City's Pension 115 Trust, 40% into the City's OPEB Trust, and 20% for Capital Projects. This would mean \$400,000 would go into the 115 Trust raising the amount to about \$900,000. The additional \$400,000 in the OPEB Pension Trust would raise the amount to \$2,000,000. The remaining \$200,000 is available for Capital Projects, which staff will bring forward at the June 4, 2019 meeting.

As of June 30, 2018, the City had an unfunded liability of \$5,832,023 for its OPEB liability and \$21,000,000 for our PERS Liability. The City is currently making its annually required payment for both funds which means if nothing else changes both liabilities will be fully paid off in 20 years. Council determined last year that it would like to have both paid off sooner, if possible, which is why additional money goes towards these liabilities when available. Staff would suggest that the City's Administrative and Financial Policy Committee to develop a policy related to the quicker funding of these liabilities over the next year.

Fiscal Impact

The City is able to pay for all of its commitments of the 2018/19 budget and set additional money aside for its OPEB and PERs liabilities and money for Capital Projects.

Measure of Success

The City is able to meet the goals and policies adopted by the City Council.

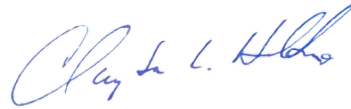
Attachments

Mid-year Budget Overview

Resolution 2019-10

Stuart Schillinger

Stuart Schillinger, Administrative Services Director



Clay Holstine, City Manager

Overview of 2017/18 and 2018/19 Mid Year Reprojections

	Projected	Actual	
Fund Balance 2017-18	11,295,785	11,655,902	
Revenues 2017-18	17,758,030	19,918,709	
Expenditures 2017-18	19,619,664	20,121,665	
Ending Fund Balance 2017-18	9,434,151	11,065,042	Unassigned/Nonspendable

	Budget	Reprojection
Beginning Fund Balance 2018-19	9,400,000	11,065,042
Revenues 2018-19	18,736,342	19,674,158
Expenditures 2018-19	19,961,362	19,961,362
Ending Fund Balance 2018-19	8,174,980	10,777,838

Anticipated use of Fund Balance

Pension Trust from 2017-18 not invested	400,000	
Plan Checks from 2017-18 to be spent later	200,000	
General Liability Fund	500,000	
Emergency Reserve	3,500,000	
Recession Reserve	3,196,062	Increased from 2.5 million 5% of Revenues 5% of Expenditures
Annual Reserve	1,981,776	
Pension Trust 2018-19	400,000	
OPEB Trust 2018-19	400,000	
Capital Projects	200,000	
Total		10,777,838

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RESOLUTION NO. 2019-10

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF BRISBANE
AMENDING THE ANNUAL BUDGET
FOR FISCAL YEAR 2018-19 AND MAKING APPROPRIATIONS FOR THE AMOUNT BUDGETED**

WHEREAS, a proposed annual budget for the City of Brisbane for the Fiscal Year commencing July 1, 2018 and ending June 30, 2019 was adopted by City Council on June 30, 2016; and

WHEREAS, the City Council has reviewed the proposed changes to the FY 2018/19 on April 18, 2019, attached to the Resolution.

NOW THEREFORE, THE CITY COUNCIL DOES RESOLVE, that the amended budget, as submitted, is adopted as the annual budget for the Fiscal Year commencing July 1, 2018 and thereby appropriates the amounts budgeted.

PASSED, APPROVED, AND ADOPTED this 18th day of April 2019

Madison Davis,
Mayor

I hereby certify that the foregoing **Resolution No. 2019-10** was duly and regularly adopted at a regular meeting of the Brisbane City Council on April 18, 2018 by the following vote:

AYES:
NOES:
ABSENT:

Ingrid Padilla
City Clerk

Sales Tax - \$5,300,000 increased from \$4,400,000