



TO: Mayor and City Council
Cliff Moore, City Manager

FROM: Steve Groom, Director of Finance and Budget
Jen Morris, Financial Services Officer

DATE: June 11, 2019
RE: 2019 Budget Ordinance - 2018 Carryforward

This budget ordinance accomplishes two things for the 2019 Budget year: adjusts for prior year encumbrances which are expected to be paid during 2019 and effects course corrections based on new information for the 2019 Budget year itself. These are both recurring annual budget processes and staff expects further 2019 course corrections as the year progresses. Most of these corrections are outside of the General Fund.

Staff requests approval of the 2019 budget per the attached detail spreadsheet, described in more detail as follows:

2018 Encumbrances. These are commitments for specific goods or services that were properly approved and authorized within the 2018 budget, but not received or performed by Dec. 31st and will be paid during 2019. The timing of this adjustment is intended to be when complete information is available. An appropriation needs to be carried forward to avoid these payments impacting 2019's budget. Therefore this action amends the 2019 Budget appropriation for these expenditures. A very large portion of this adjustment is for the Equipment Rental Fund, for purchase of vehicles and equipment that have a long purchase lead-time.

Additionally, offsetting revenue and expense for CDBG grants of \$3,250,217 not yet obligated are also carried forward. All of these expenditures were included in the 2018 budget and as result are revenue-neutral to the 2019 Budget – these simply renew expenditure authority. General Fund roll-forward is \$21,200 which was authorized in 2018.

2019 corrections. The adjustments and corrections to the 2019 budget that are now known that were not known at the time of adoption, are submitted:

- 1) A correction to CBD Capital Improvement fund for 2016 Plaza design expenditures funded by donations, subsequently refunded. In August 2016, City council authorized design work to be funded 50% by private donations and 50% by Real Estate Excise Tax (REET) 2. When donations were refunded following the 2018 referendum results, the Capital Improvement Fund was left with a deficit balance, therefore a transfer from REET 2 will resolve and close out the process.
- 2) Transportation Benefit District revenue and expense are both increased based on current projections. The 2018 budget of \$550,000 was forecast for the initial 6-month period in 2018 and should have been increased to full-year forecast for 2019. Current estimate of \$1,450,000 is based on four months actuals and an average of \$120,000 per month.
- 3) A \$44,365 YakCorps assessment that was not known at time of budget adoption that is allocated and billed to participants



- 4) Eliminating an expenditure from General Fund and charging appropriately to Risk Management to reflect the correct salaries classification for these expenditures, improving the General Fund position by \$8,801.
- 5) Department of Archeology grant was awarded after budget was adopted; a \$3,000 increase in expenditure is needed together with recognition of \$12,000 in revenue.
- 6) PFD revenue increase was budgeted but \$59,110 Capital Theatre expense was omitted in the budget ordinance.
- 7) Transfer of \$153,445 debt service from Traffic Engineering LED to General Fund for a financing substitution. In 2018, due to on-going legal issues with the LED streetlight project contractor, a substitution was requested and approved by the Washington State Local Option Capital Lending (LOCAL) program to apply proceeds of the 2017 LED borrowing to purchase of fire apparatus.

Staff expects further 2019 course-correction budget adjustments later in the year, as new information becomes available that is not fully known at this time.