

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	May 20, 2013
	Agenda Item No.	60
	Roll Call No.	<u>13-844</u>
	Communication No.	<u>13-261</u>
	Submitted by:	Scott E. Sanders, Finance Director

AGENDA HEADING:

Hold hearing on amendment to the Annual Budget for current Fiscal Year (FY) ending June 30, 2013.

SYNOPSIS:

Recommend hold hearing to amend the annual budget for the current fiscal year (FY2012-13). Throughout the year more accurate projections associated with capital projects and operational programs become available. State law requires that these new projections are routinely reflected in formal budget amendments. These amended amounts were presented in the budget book under the column “2012-13 Amended” throughout the document. The general operating fund is still balanced when factoring in these new projections. In accordance with best practices, amendments will now be made once in the fall and once in the spring each year.

FISCAL IMPACT:

Amount: \$16,293,715 in additional revenues and \$41,240,734 in additional expenditures. (See explanation in Additional Information below.) Expenditures are offset by additional revenues, fund carry-over, and transfers. Over \$22 million of the increased expenditures are associated with capital projects such as street projects, completion of the Fire Station #1, purchase of property in floodplains, and the Municipal Service Center; for which the revenue had already been received. Nearly \$5 million of the expenditures are associated with refinancing which saved the City funds and \$5.7 million is for Transfers to simply account for the expenditures in the correct fund.

Funding Source: Various operating and capital funds. Explanations follow for the adjustments grouped by Program as defined by State of Iowa.

ADDITIONAL INFORMATION:

The City of Des Moines historically has amended the current budget at the same time as the new fiscal year budget is being adopted. A city can amend the budget anytime during the fiscal year to reflect more current projections. This amendment does not represent new program additions or policy changes, but simply such things as carry-over of funds in the capital projects which cross fiscal years, required accounting entries to refund the parking revenue bonds, new economic development projects using funds set aside for such projects when they happen, and better estimates on federal or state revenues which were uncertain at the time of the original budget approval. Most of the actions have been communicated to Council at workshops or Council meetings since the budget was originally adopted in February of 2012.

The State of Iowa Code chapter 384.18 requires that cities amend their budgets to establish spending authority sufficient to cover total annual expenditures grouped by Program area. The State does not require that revenue projections are updated. The following are descriptions of the amendments by Program.

Public Safety – Adjustments are related to flood buyout and recovery program for which grant funding was received. The Automated Traffic Enforcement (ATE) program costs were budgeted conservatively in case the technology was to be prohibited by state law. The amendment accounts for the full years' revenue and expenditures. Additional adjustments are being made for workers compensation and salary projections to reflect actual costs.

Public Works – Additional costs are projected for workers compensation payments as directed by State law.

Health and Social Services – Original projections for federal funding was conservative related to Community Development programming and both revenue and expenditures need to be adjusted.

Culture and Recreation – Costs associated with Library programming was delayed into the current fiscal year and funding was carried over from the previous year.

Community and Economic Development – Additional costs were incurred for economic development grants that presented themselves after the original budget was approved. Future tax revenues will more than pay for the incentives.

General Government – Costs higher than anticipated have been incurred for severance pay of retirees.

Capital Projects – Capital project costs need to be accounted for during the fiscal year in which they occur and the construction season crosses over fiscal years during the summer. Therefore it is very difficult to project anticipated capital expenditures that will be completed by June 30th of each year. Budgeting and control of Capital Projects is accomplished through the Capital Improvement Plan process and approval of individual projects. The funding source for each project is provided on the council communication letter when bids are accepted.

Business Type/Enterprises – All the adjustment is due to the accounting of the refunding of Parking Revenue bonds and refinancing of the EMC Parking Lease.

PREVIOUS COUNCIL ACTION(S):

Date: May 6, 2013

Roll Call Number: [13-0721](#)

Action: [On](#) amendment to the annual budget for the current Fiscal Year ending June 30, 2013, (5-20-13). ([Council Communication No. 13-234](#)) Moved by Mahaffey to adopt. Motion Carried 7-0.

Date: February 27, 2012

Roll Call Number: [12-0334](#)

Action: [On](#) proposed annual budget for fiscal year ending June 30, 2013 and adoption of the Capital Improvement Program (CIP) for 2012-2013/2017-2018. ([Council Communication No. 12-101](#))
Moved by Coleman to adopt. Motion Carried 6-1. Nays: Griess.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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