



FINANCE DEPARTMENT
Memo No. 17-96

DATE: October 28, 2016
TO: Dennis Beach, City Manager
VIA: Erjeta Diamanti, Budget Analyst
FROM: Andrew Jean-Pierre, Controller
SUBJECT: Budget adjustment for FY2016

A budget is an estimate of anticipated expenditures and revenues. The Finance Department in conjunction with the Budget Department has reviewed the current estimates and has found a need to transfer budgeted amounts within certain fund expenditures for the end of the fiscal year ending 2016. This will also provide administration a realistic view of the City's financial position and improve the ability of a department to review and compare past performance.

Below is a summary of the adjustments and the impact on the funds.

General Fund

Preliminary results for FY 2016 show the City's General Fund will exceed its projection for revenues by \$1,549,701 for the electric franchise tax, half-cents sales tax, zoning fees and engineering service fees. The result of this activity has created a favorable variance for the City of \$1,549,701.

Management is requesting your approval to use a portion of this variance to adjust the below line items which were either over expended or did not meet the City's revenue projection.

- \$354,927 to cover overtime expenses associated with Fire Operations due to: Continued staffing gap which exists at the Battalion Chief level position and several on-the-job injuries as well as long-term illness situations.
- \$91,314 to cover overtime expenses associated with Ocean Rescue due to several on-the-job injuries and a lifeguard lieutenant vacant position.

Total adjustment is \$446,241. There will be no impact to the General Fund due to the favorable variances which are outlined above. See Exhibit A for the line item detail on the accounts that would be adjusted.

Administrative Capital Fund

This fund consists of capital improvement project administration activities. For FY 2016 total costs for this fund were \$966,248. Revenues to cover these costs are generated as City projects are administered. Based on actual time spent on capital projects by the Engineering staff the total costs have been allocated to the various City projects.

Total adjustment is \$966,248. This is an internal service charge with no impact to the City as a whole. See Exhibit B for the line item detail on the accounts that would be adjusted.

On behalf of Finance and the Budget department, we respectfully request your approval of the suggested line item adjustments (total \$1,412,489).