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FINANCE & RECORDS

MEMO

To: Mayor O'Brien and Members of City Council

From: Nancy A. Lueck, Finance Director
Gregg Mandsager, City Administrator

Date: September 12, 2011

Re: Proposed FY 2011/2012 General Fund Budget Amendments

Introduction and Background:

The City's FY 2011/2012 budget included a portion of the cost of the following two items with the remaining costs to be funded from the General Fund in future budget years.

1. The City used an internal loan to finance the City's new website. Of the total cost of \$22,968, a \$6,400 down payment was made from the IT budget in the General Fund in 2010/2011 leaving a "loan" balance of \$16,568. The 2011/2012 IT budget includes funding of \$6,400 for payment #2 on this loan which would leave a balance of \$10,268 to be paid from the FY 2012/2013 and future budgets unless this loan is paid off earlier.
2. The City's 2011/2012 Legal Services budget includes \$10,000 toward the cost of updating the City Code. The City Administrator has researched various methods of updating the Code including various Code services firms as well as our City Attorney. The City Attorney has provided a quote for a full update of the Code in an amount not exceeding \$25,000. This cost includes \$10,000 for the Zoning ordinance portion of the Code and \$15,000 for all of the remaining sections. The update of the Zoning ordinance portion of the Code is proposed to be completed after the update of the City's Comprehensive Plan and this cost can be included in the budget for 2012/2013. In order to update all of the remaining sections of the City Code, an additional \$5,000 allocation over the budgeted amount would be needed. The City's last full City Code update was completed in December of 1981.

Proposed Budget Revision Rationale:

The City's General Fund had a favorable financial year with revenues exceeding the budgeted amounts and expenditures coming in under budget. The preliminary ending balance is over \$2,076,000 compared to the revised estimate amount of \$1,613,919 (\$462,000 higher than the budget estimate). The General Fund balance was budgeted to decrease during the 2010/2011 year by \$134,638 and instead it increased by \$328,246. The ending fund balance is 13.5% of General Fund expenditures for FY 2010/2011, which is very favorable compared to the minimum of 10% required by the City's financial policies. A full

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on either side of the ocean that equaled them" — Mark Twain**

analysis of revenues, expenditures, and fund balances for all City funds will be presented to City Council at an In Depth meeting in October or November.

Recommendation:

While the Council's goal has been to maintain or increase the City's General Fund balance, the above two items are items that are appropriately funded from the City's General Fund either in the current or upcoming years. At this time we are requesting City Council consideration of amending the City's 2011/2012 budget by a total of \$15,268 for the above two items. While the decision to pay off the internal loan could be postponed to the budget discussions for 2012/2013, the proposed budget amendment for the City Code update would allow this process to begin and be completed earlier than the current budget allows.

Please contact either of us if you have any questions.