

STAFF REPORT

SAUSALITO CITY COUNCIL

AGENDA TITLE:

Adopt Resolution Approving Final Fiscal Year 2006-2007 Budget Amendment

RECOMMENDED MOTION:

Approve Resolution Adopting Final Fiscal Year 2006-2007 Budget Amendment

SUMMARY

This report reviews final FY 2006-2007 General Fund revenue and expenditure summaries and makes specific recommendations for adjustments.

BACKGROUND

The Finance Director/Treasurer completed the year-end accounting. For the FY 2006-2007, the General Fund is projected to end the year with revenues over expenditures by \$1,100,000. The surplus is due to higher than projected revenues from secured property tax (\$145,249), sales tax (\$104,381), transient occupancy tax (\$78,281), franchise tax (\$95,865), business license (\$111,907), and a decrease in General Fund expenditures by \$565,000.

The City's external auditor, Maze & Associates, will return at the end of September 2007 to complete the field work and confirm the year-end result.

ISSUES

Based on the Government Finance Officers Association (GFOA) recommended best practice and sound fiscal policy, staff recommends that the Council adopt a resolution that will:

1. Transfer \$150,000 from the General Fund to the Employee Benefits Fund to build up a reserve needed to pay for the post-employment retiree health benefits (GASB 45). The City is faced with an actuarial projected unfunded GASB 45 liability in excess of \$3,000,000. As of to-date, the City has set aside only \$50,000 in FY 2004-2005. No funding was made in FY 2005-2006.
2. Transfer \$250,000 from the General Fund to the General Capital Improvement Fund to build up a reserve for capital improvement projects (CIP). The City adopted a policy of setting aside one-time revenue for CIP. In FY 2006-2007, the City received \$536,237 in excess Educational Revenue Augmentation Fund (ERAF). Only \$285,000 has been set aside.

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3. Designate \$620,000 as General Fund emergency reserve. The City adopted a budget goal of having at least 5% of General Fund expenditures in an emergency reserve to meet sudden and unexpected need.
4. Designate \$150,000 as General Fund budget stabilization reserve to help stabilize future budget years in case of economic uncertainties and to minimize the disruption of city services to the community.

FISCAL IMPACT

None. The General Fund ended the FY 2006-2007 with a surplus.

STAFF RECOMMENDATIONS

Staff recommends that the City Council adopt the attached resolution amending the FY 2006-2007 budget.

ATTACHMENTS

1. Resolution of the City Council of the City of Sausalito approving the final FY 2006-2007 budget amendment

PREPARED AND SUBMITTED BY:

APPROVED BY:

Louise Ho, Finance Director/Treasurer

Adam Politzer, City Manager

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RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAUSALITO
APPROVING FINAL FISCAL YEAR 2006-07 BUDGET AMENDMENT**

WHEREAS, it is the goal of the City Council of the City of Sausalito to continue to provide the highest level of cost-effective service to Sausalito's residents and businesses within the funds available; and

WHEREAS, the City of Sausalito has ended Fiscal Year 2006-07 with excess revenues over expenditures of over \$1,100,000 due to certain larger than anticipated revenues and a decrease in expenditures; and

WHEREAS, the City Council wishes to allocate those excess revenues to set up reserves for emergencies and budget stabilization , to address the unfunded actuarial retiree health benefit liability, and to set aside one-time revenue for capital improvement projects.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Sausalito does hereby approve an amendment to the Fiscal Year 2006-07 City Budget to enact the changes outlined in Exhibit A, attached hereto.

PASSED AND ADOPTED at a meeting of the City Council of the City of Sausalito held on the ____ day of _____, 2007, by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:
ASBSTAIN: Councilmembers:

Mayor of the City of Sausalito

ATTEST:

Deputy City Clerk

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Exhibit A

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