

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

DATE: December 11, 2008

ITEM #: Action A 4

SUBJECT: Ordinance 997-08 – 2008 Budget Amendments

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

ISSUE:

The issue before the Council is to have second reading and adoption of Ordinance 997-08 to amend the 2008 Budget. Public hearings on the budget amendments were held on October 9, 2008 and October 23, 2008. The first reading of Ordinance 997-08 was held on October 23, 2008. The ordinance has been amended to provide for the following adjustments:

109 Community Improvement Fund: The City received a Graffiti Abatement Grant in the amount of \$12,500 to purchase equipment. The purchase has been delayed until January 2009 and this grant program has been included in the 2009 Budget.

101 Street Fund:

The City completed the Comprehensive Plan in 2008 which include a Transportation Element. The adopted budget included \$37,775 for work on the Transportation Element and the total cost was \$102,500. Fund reserves will be used to cover the additional cost.

2008 Budget

| Street Fund | Description | Original Budget | Amended Budget |
|-------------|------------------------|------------------|------------------|
| | Fund Reserves | \$0 | \$12,857 |
| | Taxes` | \$124,024 | \$124,024 |
| | Intergovernmental | 113,658 | \$113,658 |
| | Miscellaneous | 40,900 | \$40,900 |
| | | | |
| | TOTAL RESOURCES | \$283,582 | \$296,439 |

2008 Expenditures

| Street Fund | Description | Original Budget | Amended Budget |
|-------------|-----------------------|------------------|------------------|
| | Salaries/Wages | \$89,060 | \$89,060 |
| | Benefits | \$29,025 | \$29,025 |
| | Operating | \$13,000 | \$13,000 |
| | Services | \$94,432 | \$149,500 |
| | Capital | 5,450 | \$6,100 |
| | Debt Service | \$9,754 | \$9,754 |
| | Transfers Out | \$1,500 | \$0 |
| | | | |
| | TOTAL EXPENSES | \$242,221 | \$296,439 |

001 General Fund:

The following is a summary of adjustments by funding source and by department. Detailed information is included as Attachment B.

The COPS grant has been removed from the 2008 Budget into the 2009 Budget. Adjustments have been made to provide funding for the Records Specialist (\$7,000) in the Police Department, Administrative Assistant (\$31,000) and for cost to complete the Comprehensive Plan (\$263,000).

The total increase in revenues is \$7,829 and the total increase for expenditures is \$110,656. The adopted budget had a \$108,926 ending fund balance. The amended budget will have a \$6,099 ending fund balance. The difference is a \$102,827 reduction in anticipated ending fund balance.

| 2008 BUDGET SUMMARY | | | | |
|---------------------|-------------------------------|-----------------------|---------------------------|-----------------------|
| Fund | Fund Name | ADOPTED | AMENDED | DIFFERENCE |
| 001 | General Fund - Revenues | | | |
| | Taxes | \$1,349,558.00 | \$1,453,219.00 | \$103,661.00 |
| | License/Permits | \$69,500.00 | \$62,500.00 | (\$7,000.00) |
| | Intergovernmental | \$190,468.00 | \$196,636.00 | \$6,168.00 |
| | Charges for Services | \$125,800.00 | \$83,000.00 | (\$42,800.00) |
| | Court Fees | \$65,250.00 | \$61,750.00 | (\$3,500.00) |
| | Miscellaneous | \$155,944.00 | \$107,244.00 | (\$48,700.00) |
| | Transfers Out | \$0.00 | \$0.00 | \$0.00 |
| | TOTAL RESOURCES | \$1,956,520.00 | \$1,964,349.00 | \$7,829.00 |
| 001 | General Fund - Expenditures | | | |
| | Legislative | 8,915.00 | \$10,315.00 | \$1,400.00 |
| | Executive | 41,505.00 | \$74,300.00 ¹ | \$32,795.00 |
| | Finance/Administration | 34,215.00 | \$39,300.00 | \$5,085.00 |
| | Grants | 16,600.00 | \$10,100.00 | (\$6,500.00) |
| | Legal | 49,610.00 | \$55,810.00 | \$6,200.00 |
| | Civil Service | 16,250.00 | \$24,400.00 | \$8,150.00 |
| | Other Governmental | 63,788.00 | \$56,745.00 | (\$7,043.00) |
| | Law Enforcement | 905,428.00 | \$937,867.00 ² | \$32,439.00 |
| | Law Enforcement - Court | 179,400.00 | \$193,200.00 | \$13,800.00 |
| | Emergency Management | 1,433.00 | \$1,433.00 | \$0.00 |
| | Code Enforcement | 31,250.00 | \$15,200.00 | (\$16,050.00) |
| | Planning/Community | 219,465.00 | \$314,115.00 ³ | \$94,650.00 |
| | Building | 95,280.00 | \$65,650.00 | (\$29,630.00) |
| | Public Health | 700.00 | \$700.00 | \$0.00 |
| | Library | 102,915.00 | \$83,915.00 | (\$19,000.00) |
| | Park/Recreation | 28,620.00 | \$28,200.00 | (\$420.00) |
| | Miscellaneous (Transfers Out) | 52,220.00 | \$47,000.00 | (\$5,220.00) |
| | TOTAL EXPENDITURES | 1,847,594.00 | 1,958,250.00 | 110,656.00 |
| | ENDING FUND BALANCE | \$108,926.00 | \$6,099.00 | (\$102,827.00) |

¹ Administrative Assistant (\$31,000)

² Records Specialist (7,000) and Police overtime

³ Comprehensive Plan (\$263,000)

400 Water Utility Fund:

The Water Utility Fund will be amended to provide the \$64,000 transfer to the Water Debt Service Fund.

401 Sewer Utility Fund:

The Sewer Capital Facility Plan was updated as a part of the Comprehensive Plan revision. The adopted budget did not include funds for plan update in 2008. The total cost was \$158,000. In accordance with the Union contract, the City has been paying standby hours to employees working at the Wastewater Treatment plant. This expense was included in the wage and benefit budgets for 2008.

2008 Budget

| Sewer Fund | Description | Original Budget | Amended Budget |
|------------|------------------------|--------------------|--------------------|
| | Fund Reserves | \$0 | \$44,200 |
| | Charges for Service | \$1,041,900 | \$1,041,900 |
| | Miscellaneous | \$1,000 | \$17,000 |
| | FEMA funds | \$0 | \$31,600 |
| | | | |
| | TOTAL RESOURCES | \$1,042,900 | \$1,134,700 |

2008 Expenditures

| Sewer Fund | Description | Original Budget | Amended Budget |
|------------|-----------------------|------------------|--------------------|
| | Salaries/Wages | \$261,730 | \$285,000 |
| | Benefits | \$90,250 | \$95,000 |
| | Operating | \$92,500 | \$92,500 |
| | Services | \$225,514 | \$360,000 |
| | Intergovernmental | \$69,400 | \$69,400 |
| | Capital | \$17,980 | \$20,000 |
| | Transfers Out | 212,800 | \$212,800 |
| | | | |
| | TOTAL EXPENSES | \$970,144 | \$1,134,700 |

405 CR Utility Reserve Fund: The City was required to do an emergency replacement sewer lines at the Post Office and is 6th Street and working on the 2nd Street and Sultan Basin Road waterline projects. The Sultan Basin waterline was included in the adopted budget. Connection fees were anticipated in the adopted budget and due to the lack of construction; those funds have not been received. It will be necessary to use reserve funds to complete the projects. The revised budget follows:

2008 Revenues

| CR Utility Reserve | Description | Original Budget | Amended Budget |
|--------------------|------------------------|------------------|------------------|
| 405-000-308-10-000 | Fund Reserves | \$78000 | \$274,400 |
| 405-000-361-11-000 | Investment Interest | \$47,000 | \$24,000 |
| 405-000-381-20-000 | Interfund Loan Pmt | \$0 | \$47,000 |
| 405-000-397-10-000 | Operating Transfer In | \$0 | \$0 |
| | | | |
| | TOTAL RESOURCES | \$125,000 | \$345,400 |

2008 Expenditures

| CR Utility Reserve | Description | Original Budget | Amended Budget |
|--------------------|---|-----------------|------------------------|
| 405-405-597-55-000 | Operating Transfer Out to 409 Water Imp | \$125,000 | \$175,400 ⁴ |
| 405-405-597-55-000 | Operating Transfer Out to 407 Sewer Imp | 0 | \$170,000 ⁵ |
| | TOTAL EXPENSE | \$125,000 | \$345,400 |
| | | | |
| ENDING FUND | RESERVES | \$0 | \$0 |
| | | | |

407 Sewer System Improvements: The sewer line on 4th Street at the Post Office failed and the City was required to replace it earlier this year. The 6th Street sewer line requires replacement as it has also failed. The City will need to use reserve funds to complete the projects due to the limited sewer connections. The revised budget follows:

2008 Revenues

| Sewer System Imp | Description | Original Budget | Amended Budget |
|--------------------|------------------------|-----------------|----------------|
| 407-000-308-10-000 | Fund Reserve | \$27,318 | \$28,900 |
| 407-000-367-10-000 | Connection fees | \$167,847 | \$28,943 |
| 407-000-382-80-010 | PWTF Loan | \$500,000 | \$565,000 |
| 407-000-397-10-000 | OpTransfer In from 405 | \$0 | \$170,000 |
| | | | |
| | TOTAL RESOURCES | \$695,165 | \$792,283 |

2008 Expenditures

| Water System Imp | Description | Original Budget | Amended Budget |
|--------------------|---------------------------------------|-----------------|----------------|
| 407-407-596-40-630 | Construction – WWTP and I & I Program | \$694,000 | \$743,690 |
| 407-407-596-40-630 | Construction – Post Off | \$0 | \$12,500 |
| 407-407-596-40-630 | Construction – 6 th St | \$0 | \$35,000 |
| | | | |
| | TOTALS | \$694,000 | \$791,190 |
| ENDING FUND | RESERVES | \$1,165 | \$1,653 |

⁴ 2nd Street Waterline and Sultan Basin Road waterline

⁵ Post Office and 6th Street Sewer line repairs and I & I study

409 Water System Improvements: The City is moving forward with the 2nd Street water line. The 6th Street water line was not funded. The adopted budget did not include the waterline replacement. The revised budget follows:

2008 Revenues

| Water System Imp | Description | Original Budget | Amended Budget |
|--------------------|--------------------------------|------------------|------------------|
| 409-000-308-10-000 | Fund Reserves | \$ | 0 |
| 409-000-367-10-000 | Connection fees | \$0 | \$33,600 |
| 409-000-397-10-000 | Operating Transfer In from 405 | \$125,000 | \$175,400 |
| | | | |
| | TOTAL RESOURCES | \$125,000 | \$209,000 |

2008 Expenditures

| Water System Imp | Description | Original Budget | Amended Budget |
|--------------------|-----------------------------------|------------------|------------------|
| 409-409-596-40-630 | Construction SBR | \$125,000 | \$125,000 |
| 409-409-596-40-630 | Construction – 2 nd St | \$0 | \$84,000 |
| 409-409-596-40-630 | Construction – 6 th St | \$0 | 0 |
| | TOTAL | \$125,000 | \$209,000 |
| | | | |
| ENDING FUND | RESERVES | \$21,393 | \$0 |

412 Water Debt Service Fund: The Water Debt Service Fund's total loan payments for 2008 total \$154,764. To meet the debt service the adopted budget anticipated \$60,000 of fund reserves (actual was \$65,306) and connection fees of \$94,572. The actual budget amend is \$551, however, the funding sources have changed to include an interfund transfer from the CR Utility Reserve Fund.

2008 Revenues

| Water Debt Service | Description | Original Budget | Amended Budget |
|--------------------|--|------------------|------------------|
| 412-000-308-10-000 | Begin Fund Balance | \$60,000 | \$60,000 |
| 412-000-361-11-000 | Investment Interest | \$1,200 | \$1,200 |
| 412-000-367-10-010 | Water Connections | \$94,572 | \$32,023 |
| 412-000-397-10-000 | Transfers In from 400 (Operating fund) | \$0 | \$64,000 |
| | TOTAL RESOURCES | \$156,672 | \$157,223 |

2008 Expenditures

| Water Debt Service | Description | Original Budget | Amended Budget |
|--------------------|----------------------|------------------|------------------|
| 412-412-582-35-700 | PWTF Principal | \$114,706 | \$114,706 |
| 412-412-582-35-800 | PWTF Interest | \$40,058 | \$40,058 |
| | TOTAL EXPENSE | \$154,764 | \$154,764 |
| | | | |
| ENDING FUND | RESERVES | \$1,908 | \$2,459 |

Staff Recommendation:

Adoption of Ordinance 997-08 to amend the 2008 Budget with the recommended revenue and expenditure adjustments.

Motion:

Move to adopt Ordinance 997-08 as amended.

Attachments: A. Ordinance 997-08 2008 Budget Amendment

**CITY OF SULTAN
SULTAN WASHINGTON
ORDINANCE 997-08**

**AN ORDINANCE OF THE CITY OF SULTAN AMENDING
THE 2008 BUDGET ADOPTED UNDER ORDINANCE 972-07**

THE CITY COUNCIL OF THE CITY OF SULTAN DO ORDAIN AS FOLLOWS:

SECTION 1: The 2008 Budget as authorized under Ordinance 972-07 and amended by Ordinance 990-08 for revenues and expenditures for the operation of the City of Sultan for the fiscal year ending December 31, 2008 is amended to increase in the following amounts:

| FUND # AND NAME | REVENUES/ UNENCUMBERED FUNDS | EXPENDITURES |
|-------------------------------|---------------------------------|--------------|
| 001 General Fund | \$ 7,829 | \$110,656 |
| 101 Street Fund | \$ 12,857 | \$ 54,218 |
| 400 Water Utility Fund | \$ 64,000 | \$ 64,000 |
| 401 Sewer Utility Fund | \$ 91,800 | \$164,556 |
| 405 CR Utility Reserve | \$ 220,400 | \$ 220,400 |
| 407 Sewer System Improvements | \$ 97,118 | \$ 97,190 |
| 409 Water System Improvements | \$ 84,000 | \$ 84,000 |
| 412 Water Debt Service | \$ 551 | \$0 |
| Total Amendment | \$578,555 | \$795,020 |

A full copy of the amended budget sections are attached and made part of this ordinance by reference.

SECTION 2: The budget for the year 2008 is amended to provide for the changes as outlined above and filed in the office of the City Clerk.

SECTION 3: The City Clerk is hereby directed to transmit the amended budget to the Auditor of the State of Washington, Division of Municipal Corporations.

Severability: This ordinance is severable and if any portion of it shall be declared invalid or unconstitutional, the remaining portion shall remain valid and enforceable.

Effective Date: This ordinance shall be in full force and effect five days after publication as required by law.

REGULARLY ADOPTED this day 1of , 2008

Carolyn Eslick, Mayor

Attest:

Laura J. Koenig, City Clerk

Approved as to form:

Kathy Hardy, City Attorney

Published: