

## SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

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DATE: December 16, 2010

ITEM #: Consent C 5

SUBJECT: 2010 Budget Amendments

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

### ISSUE:

The issue before the Council is the adoption Ordinance 1100-10 to amend the 2010 budget. The ordinance was introduced at the December 2, 2010 meeting following a public hearing. The ordinance has been amended to include a \$6,700 reduction in General Fund expenditures.

### STAFF RECOMMENDATION:

Staff recommends the following amendments to the 2010 Budget:

1. Fund 001 General Fund: The total increase in expenses will be \$32,300 and the total reduction in expense will be \$39,000. \$13,500 will be transferred to Fund 203 GO bond fund for debt service. This leaves \$6,700 as additional reserve funds.
2. Fund 302 Real Estate Excise: Increase operating transfer from the REET fund to the GO Bond fund by \$9,000. The \$9,000 in REET fund reserves will be used to make payments on the GO bond for the Community Center to make up the short fall in revenues collected.
3. Fund 109 Community Improvement: Increase revenues and expenses by \$9,999 to include the Justice Assistance Grant (JAG) received by the City in 2010.

### SUMMARY STATEMENT:

The Council has been reviewing and amending the budget as necessary during the fiscal year. City staff have identified budget issues for the end of the 2010 fiscal year. The GO Bond fund was short by \$22,310 (negative balance). Additional funding is needed from REET funds and the General Fund.

### 001 General Fund:

The General fund is adopted at the department level. Technically the General Fund does not need to be amended as the fund will not exceed the budgeted amounts for expenses. Four of the General Fund departments will exceed their budgets (Legal, Other Governmental, Emergency management and miscellaneous). In order to provide transparency on where money is spent, staff recommends amending the department budgets.

The General Fund budget was amended under Ordinance 1090-10 in October 2010. There was an overall reduction of \$11,750 in expenditures in the various departments. Legal costs and general operating costs were increased and police, community development and building costs were reduced.

Legal: The legal costs have increased due to litigation, settlement negotiations and public records requests received during 2010. It is anticipated the final expense will increase by an additional \$10,500.

Other Governmental Services pay for the ongoing expenses for the General Fund such as office supplies, insurance and utilities. The second supplement to the municipal code was received in October. The budget has been increased by \$3,500.

Emergency Management budget has been increased by \$4,800 to cover the cost of removal and installation of the siren poles.

Miscellaneous cost: The original budget provided for operating transfer to other funds to cover cost for IT services, equipment reserves and for the interfund loan payment. Fund 203, GO bond fund, has not received adequate revenues from REET funds to make the 2010 bond payments. An additional \$13,500 from the General Fund will be needed to cover debt service. The bonds are secured by General Fund revenues and property taxes.

The original budget included an amount of under Planning and Community Development for a development review and consultant costs which have not occurred. The budget has been reduced by \$30,000. Jail fees and court costs are less than expected and staff recommends an additional \$9,000 reduction in the budgeted amounts.

The total increase in expenses will be \$32,300 and the total reduction in expense will be \$39,000. This leaves \$6,700 as additional reserve funds. .

**2010 BUDGET SUMMARY**

Fund	Fund Name	ADOPTED with 1st Amendment	Proposed AMENDED	DIFFERENCE
001	General Fund - Revenues			
	Beginning Fund Reserve	\$0.00	\$0.00	\$0.00
	Taxes	\$1,461,361.00	\$1,461,361.00	\$0.00
	License/Permits	\$35,075.00	\$35,075.00	\$0.00
	Intergovernmental	\$304,704.00	\$304,704.00	\$0.00
	Charges for Services	\$29,100.00	\$29,100.00	\$0.00
	Court Fees	\$28,200.00	\$28,200.00	\$0.00
	Miscellaneous	\$86,129.00	\$86,129.00	\$0.00
	Transfers Out	\$0.00	\$0.00	\$0.00
	<b>TOTAL RESOURCES</b>	<b>\$1,944,569.00</b>	<b>\$1,944,569.00</b>	<b>\$0.00</b>
001	General Fund - Expenditures			
	Legislative	\$13,120.00	\$13,120.00	\$0.00
	Executive	\$33,248.00	\$33,248.00	\$0.00
	Finance/Administration	\$52,132.00	\$52,132.00	\$0.00
	Grants	\$27,451.00	\$27,451.00	\$0.00
	Legal	\$81,324.00	\$91,824.00	\$10,500.00
	Civil Service	\$0.00	\$0.00	\$0.00
	Other Governmental	\$64,700.00	\$68,200.00	\$3,500.00
	Law Enforcement	\$1,082,608.00	\$1,082,608.00	\$0.00
	Law Enforcement - Court	\$122,400.00	\$113,400.00	(\$9,000.00)
	Emergency Management	\$5,825.00	\$10,625.00	\$4,800.00
	Code Enforcement	\$29,586.00	\$29,586.00	\$0.00
	Planning/Community Development	\$221,464.00	\$191,464.00	(\$30,000.00)
	Building	\$51,521.00	\$51,521.00	\$0.00
	Public Health	\$1,500.00	\$1,500.00	\$0.00
	Library	\$6,200.00	\$6,200.00	\$0.00
	Park/Recreation	\$91,408.00	\$91,408.00	\$0.00
	Miscellaneous (Transfers Out)	\$60,082.00	\$73,582.00	\$13,500.00
	<b>TOTAL EXPENDITURES</b>	<b>1,944,569.00</b>	<b>1,937,869.00</b>	<b>-6,700.00</b>
	<b>ENDING FUND BALANCE</b>	<b>\$0.00</b>	<b>\$6,700.00</b>	<b>\$6,700.00</b>

**302 Real Estate Excise Tax 2 (REET 2)**

The City collects real estate excise throughout the year as properties are sold. The revenues from REET funds are used to make payments on the Community Center bonds. In 2010, the revenues were \$18,420 less than anticipated in the budget. Fund 302 REET had a beginning fund balance of \$47,098.

**RECOMMENDATION:**

Staff recommends the Council amend the fund budget as follows.

## 2010 Revenues

Fund 302 REET 2	Description	Original Budget	Amended Budget
302-000-308-10-000	Fund Reserve	30,000	\$47,000
302-000-317-30-000	Real Estate Excise Tax	43,500	\$26,600
	TOTAL RESOURCES	73,600	\$73,600

## 2010 Expenditures

Fund 302 REET 2	Description	Original Budget	Amended Budget
302-302-597-55-000	Op Transfer to Fund 203 (GO bond fund)	\$63,500	\$72,500
	TOTALS	\$63,500	\$72,500
ENDING FUND	RESERVES	\$10,100	\$1,100

**109 Community Improvement Fund:**

The Community Improvement Fund is used to track shared community based projects such as Safe Stop and downtown enhancements. In 2010 the City received a \$9,999 Justice Assistance Grant (JAG) for community policing projects. These include the police bikes, Rosetta Stone program for Spanish, trading cards and the bicycle rodeo event. The revenue and expense were not included in the 2010 adopted budget.

**RECOMMENDATION:**

Staff recommends the Council amend the fund as follows.

## 2010 Revenues

109 Com. Imp. Fund	Description	Original Budget	Amended Budget
109-000-333-04-200	JAG Grant	\$0	\$9,999
109-000-334-04-200	Special Program	\$1,500	\$1,500
	TOTAL RESOURCES	\$1,500	\$11,499

## 2010 Expenditures

109 Com. Imp. Fund	Description	Original Budget	Amended Budget
109-573-573-90-641	Jag Expense	\$0	\$9,999
109-574-574-90-310	Safe Stop	\$1,500	\$1,500
	TOTAL EXPENSE	\$1,500	\$11,499
ENDING FUND	RESERVES	\$0	\$0

**RECOMMENDATION:**

Adoption of Ordinance 1100-10 to amend the 2010 Budget as recommended.

**CITY OF SULTAN  
SULTAN WASHINGTON  
ORDINANCE 1100-10**

**AN ORDINANCE OF THE CITY OF SULTAN AMENDING THE 2010  
BUDGET ADOPTED UNDER ORDINANCE 1065-09 AND AMENDED  
UNDER ORDINANCE 1090-10; PROVIDING FOR SEVERABILITY; AND  
ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, the City is required under state law to have a balanced budget; and

WHEREAS, the 2010 budget was amended under Ordinance 1090-10 in October 2010, and

WHEREAS, it is necessary to amend the budget to adjust for unanticipated revenues or expenditures;  
now therefore

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

SECTION 1: The 2010 Budget as authorized under Ordinance 1065-09 and as amended under Ordinance 1090-10 for revenues and expenditures for the operation of the City of Sultan for the fiscal year ending December 31, 2010 is amended to increase in the following amounts:

FUND # AND NAME	REVENUES/ UNENCUMBERED FUNDS	EXPENDITURES
001 General Fund	\$ 0	\$(6,700)
109 Community Improvement	\$ 9,999	\$ 9,999
302 REET 2	\$ 0	\$ 9,000

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 2010 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.

Section 4. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 5. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

**ADOPTED** BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE \_\_\_\_ DAY OF \_\_\_\_\_, 2008.

CITY OF SULTAN

\_\_\_\_\_  
Carolyn Eslick, Mayor

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Laura Koenig, City Clerk

Approved as to form:

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Margaret J. King, City Attorney