

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Ron Ahlers, Finance Director *RA*
BY: Irmina Lumbad, Budget and Finance Manager *IL*

DATE: May 19, 2011 (Council Meeting of June 15, 2011)

SUBJECT: Consider Resolution Amending the Fiscal Year 2010/2011 Budget and Authorizing the Transfer Up to \$1,500,000 from the Special Projects Fund to the General Fund to Maintain the \$3,000,000 Unreserved Fund Balance

BACKGROUND

On June 18, 2008 the City Council adopted Resolution No. 2008-2725 establishing the Special Projects Fund (4004) and directing staff to incorporate the financial reserve policy in the Council's Policies Resolutions. This policy provides that the City will maintain a maximum General Fund unreserved fund balance of \$3,000,000. Any excess General Fund unreserved fund balance will be transferred to the Special Projects Fund. It further dictates that an annual adjustment of the reserve levels will be made in conjunction with the year-end analysis and preparation of the City's Comprehensive Annual Financial Report (CAFR) and only after Council approves such action.

DISCUSSION

At the end of June 30, 2008, \$21,478,865 was transferred from the General Fund to the Special Projects Fund and in the subsequent two fiscal years (FY), excess General Fund unreserved fund balance of \$1,969,504 (FY 2008/09) and \$1,837,820 (FY 2009/10) were also moved. During the current year, \$2,643,539 of General Fund reserves were used to pay off \$1,928,609 of liabilities to the CalPERs Side Fund, Other Post Employment Benefits (OPEB) and California Joint Powers Insurance Authority (CJPIA) General Liability; \$386,262 to complete some deferred repairs and maintenance projects; \$150,000 for litigation; \$100,000 for LMD engineering and study; and \$78,668 additional transfers to the Lighting and Landscaping Assessment Maintenance Districts. Based on the fiscal year 2011/2012 City Manager's Draft Recommended Operating and Capital Improvement Projects Budget provided to Council on the May 18 meeting, we reported that by June 30, 2011 the General Fund is

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projected to use \$1,443,985 of its reserves resulting in an estimated \$1,556,014 unreserved fund balance. In order to maintain the required \$3,000,000 unreserved fund balance we need to transfer money from the Special Projects Fund to the General Fund.

FISCAL IMPACT

To account for the transfers between the two funds, we recommend that the City Council approve staff's recommendation to increase the expenditure budget by \$1,500,000 in the Special Projects Fund (4004) and to increase the revenue budget in the General Fund (1000) by the same amount. Moreover, at year end after final analysis of the General Fund reserve level has been completed, authorize staff to transfer up to \$1,500,000 from the Special Projects Fund (4004) to the General Fund (1000) to maintain the \$3,000,000 unreserved fund balance requirement.

STAFF RECOMMENDATION (Roll Call Vote)

Adopt Resolution No. 2011-_____.

Attachments: Resolution No. 2011-_____

RESOLUTION NO. 2011-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AMENDING THE FISCAL YEAR 2010/2011 BUDGET TO APPROPRIATE \$1,500,000 IN THE SPECIAL PROJECTS FUND (4004); INCREASE REVENUE BUDGET BY \$1,500,000 IN THE GENERAL FUND; AND TO AUTHORIZE THE TRANSFER UP TO \$1,500,000 FROM THE SPECIAL PROJECTS FUND (4004) TO THE GENERAL FUND (1000) TO MAINTAIN THE \$3,000,000 UNRESERVED FUND BALANCE

WHEREAS, on June 18, 2008 City Council adopted Resolution 2008-2725 which established the Special Projects Fund (4004) and adopted the General Fund Reserve Policy; and

WHEREAS, on October 6, 2010 City Council adopted Resolution 2010-2959 containing the revised City Council Policies. This document includes said General Fund Reserve policy, which states that the City will maintain a maximum General Fund unreserved fund balance of \$3,000,000. Any excess General Fund unreserved fund balance will be transferred to the Special Projects Fund. It further dictates that the annual adjustment of the reserve levels will be made only after Council confirms such action; and

WHEREAS, on May 18, 2011 staff presented to City Council the fiscal year 2011/2012 City Manager's Draft Recommended Operating and Capital Improvement Projects Budget. The budget message reported that the General Fund is expected to have a \$1,556,014 unreserved fund balance at June 30, 2011; and

WHEREAS, a staff report has been presented to City Council requesting an expenditure budget increase of \$1,500,000 in the Special Projects Fund (4004) and a corresponding revenue budget increase in the General Fund (1000); and

WHEREAS, at the end of fiscal year 2011/2012 after final accounting of the General Fund reserve has been completed, staff is requesting fund transfer of up to \$1,500,000 to the General Fund (1000) to maintain the annual reserve level at \$3,000,000; and

WHEREAS, Exhibit "A", attached hereto and made a part hereof, describes said budget amendment and its resultant impact to the budget line item.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That a Budget Amendment appropriating \$1,500,000 in the Special Projects Fund (4004), as more particularly described in Exhibit "A", is hereby approved.

SECTION 2. That a Budget Amendment increasing the revenue budget by \$1,500,000 in the General Fund (1000), as more particularly described in Exhibit "A", is hereby approved.

SECTION 3. That a fund transfer up to \$1,500,000 from the Special Projects Fund (4004) to the General Fund (1000) is hereby approved.

SECTION 4. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 15th day of June, 2011

Janice S. Parvin, Mayor

ATTEST:

Maureen Benson, City Clerk

Exhibit A: Budget Amendment

EXHIBIT A

**BUDGET AMENDMENT FOR
SPECIAL PROJECTS FUND & GENERAL FUND
TO TRANSFER UP TO \$1,500,000 TO MAINTAIN THE
GENERAL FUND UNRESERVED FUND BALANCE AT \$3,000,000
FY 2010/2011**

FUND BALANCE ALLOCATION:

Fund Title	Fund-Account Number	Amount
Special Projects Fund	4004-5500	\$ 1,500,000.00
General Fund	1000-5500	\$ (1,500,000.00)
Total		\$ -

REVENUE BUDGET ALLOCATION:

Account Number	Current Budget	Revision	Amended Budget
1000-3720	\$ -	\$ 1,500,000.00	\$ 1,500,000.00
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Total	\$ -	\$ 1,500,000.00	\$ 1,500,000.00

EXPENDITURE APPROPRIATION:

Account Number	Current Budget	Revision	Amended Budget
4004-9820	\$ -	\$ 1,500,000.00	\$ 1,500,000.00
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Total	\$ -	\$ 1,500,000.00	\$ 1,500,000.00

Finance Approval:

