



# City of San Antonio

## Agenda Memorandum

**File Number:**15-3075

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**Agenda Item Number:** 16.

**Agenda Date:** 5/14/2015

**In Control:** City Council A Session

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**DEPARTMENT:** Office of Management and Budget

**DEPARTMENT HEAD:** Maria Villagomez (OMB)

**COUNCIL DISTRICTS IMPACTED:** City Wide

**SUBJECT:** FY 2015 Mid-Year Budget Adjustment

### **SUMMARY:**

A mid-year budget adjustment is recommended to the FY 2015 Budget that will result in a revised budget based on actual revenues and expenditures for the six months of the fiscal year (October to March) and projections for the remaining six months of the fiscal year (April to September) in the General Fund and various Restricted Funds.

### **BACKGROUND INFORMATION:**

As part of the City's financial management practices, the City Manager recommends a Mid-Year Budget Adjustment for City Council consideration annually. This Adjustment aligns revenues and expenses based on actual activity for the first six months of the fiscal year (October to March) and updated projections for the remaining six months of the fiscal year (April to September). The result of this adjustment is a revised Budget for the Fiscal Year.

City Council adopted a balanced budget on September 18, 2014 for the City's fiscal year that began October 1, 2014.

In November 2014, the City Council amended the FY 2015 General Fund Budget. This amendment increased the City's contribution to uniform employee healthcare coverage in the amount of \$14,258,562 for FY 2015 by deferring Street Maintenance projects and adjusted the Police and Fire Budgets. This action maintained a balanced General Fund Budget for FY 2015 as required by law, while adhering to the City's adopted financial policies. This adjustment was necessary because the adopted budget included a reduction in uniform healthcare based on the police union's assurance to achieve a tentative agreement of the labor union contract by the end of October 2014. The City began meeting with the police union to negotiate a new collective bargaining contract in January 2014. To date, there is no agreement with the police union. Further, the fire union has refused to begin negotiations.

The FY 2015 Six Plus Six Financial Report (2nd Quarter Report) will be presented to the City Council at the May 13th "B" Session. At this presentation, City Council will be provided with a briefing and recommended Mid -Year Budget Adjustment for the General Fund and various restricted funds.

### **ISSUE:**

The Six Plus Six Financial report to be presented to City Council during the May 13<sup>th</sup> "B" Session will provide City Council with an informational briefing on the City's FY 2015 financial status of revenues and expenses through the second quarter of the fiscal year (October to March) and projections for the remaining six months (April to September). At this briefing, City Council will be provided with information regarding specific areas within the FY 2015 Budget that are recommended for increases or decreases as well as the reclassification of 2 existing positions in the Fire Department. The specific appropriation adjustments with supporting resources and justifications will be presented during the May 13<sup>th</sup> City Council "B" Session.

**ALTERNATIVES:**

Should the recommended Mid-Year Budget Adjustment not be implemented, the FY 2015 budget would not be reset to reflect the actual revenues and expenditure activity for the first six months of FY 2015 and projections for the remaining six months of the fiscal year.

**FISCAL IMPACT:**

The FY 2015 Mid-Year Budget Adjustment adjusts appropriation levels and adjusts budgeted revenues within the General Fund and some restricted funds.

**RECOMMENDATION:**

Staff recommends approval of the FY 2015 Mid-Year Budget Adjustment providing the necessary appropriation levels for the identified Funds and Departments to be presented to City Council at the May 14<sup>th</sup> "B" Session.