

**CITY OF ALBANY  
CITY COUNCIL AGENDA  
STAFF REPORT**

Agenda Date: February 7, 2005  
Date Prepared: February 2, 2005  
Reviewed by \_\_\_\_\_

**SUBJECT:** Revision of the General Fund Operating Budget for Fiscal Year 2004-05.

**RESOLUTION:** 05-3 A RESOLUTION OF THE ALBANY CITY COUNCIL  
REVISING THE 2004-05 GENERAL FUND OPERATING  
BUDGET OF THE CITY OF ALBANY.

**REPORT BY:** Beth Pollard, City Administrator  
Charles Adams, Finance and Administrative Services Director

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**STAFF RECOMMENDATION**

That Council adopt Resolution 05-3, revising the 2004-05 Operating Budget of the City of Albany.

**BACKGROUND**

At its meeting of June 21, 2004, the Council adopted a resolution establishing the operating budget for the City for the fiscal years ending June 30, 2005 and June 30, 2006. It is the policy of the City to periodically review its operating budgets and to revised the budgets to reflect updated projections of revenues and expenditures resulting from changes in economic conditions and changes in goals and objectives as established by the Council.

The objective of adopting a revised budget is to ensure that the budget remains a valid and effective instrument for the control of the City's financial operations, that it serves as a benchmark for measurement of City financial status, and to the City's financial resources are utilized in accordance with plans and objectives that have been discussed and approved by the Council.

**DISCUSSION/ANALYSIS**

Midway through the fiscal year, it is evident that revenues for the year will be less than the amount anticipated in the adopted budget. We project a shortfall of \$330,000 of which the major declines are property transfer taxes and traffic and parking fines. A complete summary of revised revenue projections is included as an attachment to this staff report.

General Fund expenditures are now projected to be \$340,000 less than the amount authorized in the adopted budget. The major reduction is occurring in salaries and benefits for the Police Department as a result of staff vacancies which have ranged between three and six positions during the first half of the fiscal year, and full staffing is not projected for any time during this fiscal year. A complete summary of revised expenditure projections is included as an attachment to this staff report.

The only proposed change in budgeted inter-fund transfers is the addition of a transfer of \$24,000 from the General Fund to a newly created Fire Operating Equipment Reserve Fund. This transfer has no effect on the fund balance of the General Fund, because budgeted expenditures have been reduced by \$24,000. The purpose of this new reserve fund is to allow the Fire Department to replace equipment on a schedule that fluctuates significantly from year to year, without causing wide swings in operating expenditures from year to year.

### **FINANCIAL IMPACT**

General Fund revenues have been revised from the \$11,539,86 to \$11,209,516, expenditures have been reduced from \$13,724,472 to \$13,385,584. The net increase in projected General Fund Balance, including transfers, has declined from \$24,403 to \$8,944.

#### Attachments:

- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual CAFR Basis General Fund, Expenditures by Type
- Statement of Revenues, Expenditures – Budget and Actual CAFR Basis General Fund, Expenditures by Department
- Statement of Revenues, Expenditures and Changes in Fund Balances – Budget CAFR Basis General Fund
- Schedule of General Fund Mid-Year Budget Revisions