

FINANCE MEMORANDUM

#09-06

DATE: May 14, 2009

TO: Honorable Mayor Kathleen M. Novak and City Council Members

FROM: Bill Simmons, City Manager *WAS*
Shawn Cordsen, Finance Director *SC*

SUBJECT: Budget Reduction Ordinance CB-1688

UPDATE:

In response to the current economic environment, staff reassessed the revenue forecasts presented in the Adopted 2009 Budget. Given the current information regarding collection rates, staff is recommending the following reductions to the 2009 revenue forecasts:

General Fund	\$ 1,266,927
Water Rights Fund	189,327
Water Bonded Debt Service Fund	189,327
<u>Total</u>	<u>\$ 1,645,581</u>

While the economy has had relatively little impact on the operating revenues collected by the City's Enterprise Funds, both the Water Rights and Water Bonded Debt Service Funds receive a portion of their revenues via sales tax. Due to the economic downturn, it is projected that the sales tax revenues will fall below original estimates. The impacts of the reduced sales tax collections will require a reduction in the amount appropriated for water right purchases (as shown below). However, due to adequate fund balance the revenue reductions should not impair the City's ability to payoff the water debt in December 2009 as scheduled.

In addition to the revenue reduction shown above, staff is also recommending the following expenditure reductions:

General Fund	\$ 943,456
Water & Wastewater Fund	332,712
Water Rights Fund	168,953
Stormwater Fund	3,000
Sanitation Fund	74,664
<u>Total</u>	<u>\$ 1,522,785</u>

As mentioned above the reduction in sales tax revenue has adversely impacted the degree to which funding will be available to procure additional water rights. While revenue in the fund is expected to decrease \$189,327, staff is only recommending \$168,953 in expenditure reductions. By allocating the entire fund balance, staff is able to maximize the City's ability to procure additional water rights to the fullest extent possible.

Additional information regarding the recommended reductions has been attached for review. Upon approval, staff will update the 2009 Budget Document to incorporate all changes, including those made to the Capital Improvement Program. Staff estimates that a supplemental booklet of updated budget information will be available approximately one week after adoption of the above changes.

STAFF REFERENCE:

If Councilmembers have any comments or questions, you may contact Shawn Cordsen at scordsen@northglenn.org or at 303-450-8719.

SPONSORED BY: MAYOR NOVAK

COUNCILMAN'S BILL

ORDINANCE NO.

No. CB-1688
Series of 2009

Series of 2009

A BILL FOR A SPECIAL ORDINANCE AMENDING THE 2009 BUDGET RECOGNIZING REVENUES AND APPROPRIATING EXPENDITURES BY APPROPRIATION AMENDMENT, FOR THE PAYMENT OF THE COSTS AND EXPENSES OF THE MUNICIPAL GOVERNMENT, AGENCIES AND OFFICES OF THE CITY OF NORTHGLENN, COLORADO, FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2009.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT THE 2009 BUDGET SHALL BE AMENDED AS FOLLOWS:

Section 1. Appropriation amendments, transfer of appropriations and recognition of revenues, as set forth in the attached documents, incorporated herein by this reference.

- (a) **General Fund. Amend the 2009 General Fund budget to reduce revenues in the amount of \$1,266,927 and expenditure appropriations in the amount of \$943,456.00.**
- (b) **Water & Wastewater Fund. Amend the 2009 Water & Wastewater Fund budget to reduce expenditure appropriations in the amount of \$332,712.00.**
- (c) **Water Rights Fund. Amend the 2009 Water Rights Fund budget to reduce revenues in the amount of \$189,327.00 and expenditure appropriations in the amount of \$168,953.00.**
- (d) **Bonded Debt Service Fund. Amend the 2009 Bonded Debt Service Fund budget to reduce revenues in the amount of \$189,327.00.**
- (e) **Stormwater Fund. Amend the 2009 Stormwater Fund budget to reduce expenditure appropriations in the amount of \$3,000.00.**
- (f) **Sanitation Fund. Amend the 2009 Sanitation Fund budget to reduce expenditure appropriations in the amount of \$74,664.00.**

Section 2. The City Council of the City of Northglenn, Colorado, hereby finds and declares that in making appropriations provided by this ordinance:

- (a) No appropriation for debt service has been reduced or transferred.
- (b) No appropriation has been reduced below any amount required by law to be appropriated.
- (c) No appropriation has been reduced by more than the unencumbered balance thereof.

- (d) In the case of each transfer of all or part of any unencumbered appropriation, such transfer has been requested and approved by the City Manager.
- (e) In the case of each reduction of an appropriation, the City Manager has rendered his report and recommendations thereon and has requested and approved such reduction.
- (f) In the case of the appropriation amendment, the City Manager has certified that there are funds available for appropriation.

Section 3. This Ordinance and each part, provision and section thereof, shall take effect on _____ of April, 2009.

INTRODUCED, READ AND ORDERED POSTED THIS ____ DAY OF _____, 2009.

KATHLEEN M. NOVAK
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

PASSED ON SECOND AND FINAL READING THIS ____ DAY OF _____, 2009.

KATHLEEN M. NOVAK
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMAN
City Attorney

**GENERAL FUND
BUDGET AMENDMENT**

	2009 Adopted Budget	2009 Proposed Budget Reduction 5/14/09
Revenues		
Taxes:		
Property	3,209,594	3,113,317
Sales Tax	9,412,500	9,087,192
Use Taxes	1,816,556	1,175,540
Other Tax	270,500	282,329
Franchise Fees	1,219,300	1,219,300
Licenses and Permits	330,428	256,321
Intergovernmental	1,333,500	1,206,452
Charges for Services	1,303,122	1,288,122
Fines and Forfeitures	1,737,082	1,737,082
Investment Earnings	350,000	350,000
Miscellaneous	150,000	150,000
Total Revenues	21,132,582	19,865,655
Expenditures		
Legislative	734,620	688,058
Administrative	790,302	762,502
Planning & Development	1,813,168	1,665,207
Police	7,872,738	7,716,914
Parks, Recreation & Culture	3,425,789	3,274,204
Public Works	1,580,374	1,247,845
Finance	2,414,836	2,379,776
Management Services	1,493,865	1,447,730
Total Expenditures	20,125,692	19,182,236
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,006,890	683,419
Other Financing Sources (Uses)		
Intergovernmental To CIP	840,000	840,000
Capital Improvements	-	-
Transfer to CIP	(1,331,702)	(1,331,702)
Transfer to CIP - Previous Funds	(501,837)	(501,837)
Transfer to CIP - Capitalize	-	-
Transfer to Vehicle Replacement	-	-
Transfer to Debt Service	(260,000)	(260,000)
NURA Advance Repayment	-	-
Proceeds from Property Sales	-	-
NNDC Funding	-	-
ESTIP	(430,000)	(430,000)
Contingency	(200,000)	(200,000)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(876,649)	(1,200,120)
Beginning Fund Balance	6,039,145	6,039,145
Ending Fund Balance	5,162,496	4,839,025
Less: Reserves/Designations		
25% Operating Reserve	(5,081,423)	(4,845,559)
Skate Park Designation	(100,000)	(100,000)
Unreserved Fund Balance	(18,927)	(106,534)

*References page 14 of the budget document.

**WATER AND WASTEWATER - OPERATING FUND
BUDGET AMENDMENT**

	2009 Adopted Budget	2009 Amended Budget 2/12/09	2009 Proposed Budget Reduction 5/14/09
Revenues			
Intergovernmental	5,100	5,100	5,100
Charges for Services	8,390,264	8,390,264	8,390,264
Investment Earnings	100,000	100,000	100,000
Miscellaneous	-	-	-
Total Revenues	8,495,364	8,495,364	8,495,364
Expenditures			
Legislative	75,000	75,000	75,000
Administrative	270,781	270,781	190,262
Utilities	4,363,336	4,363,336	4,363,336
Public Works	1,202,122	1,202,122	990,760
Finance	2,354,015	2,354,015	2,315,184
Management Services	178,930	178,930	176,930
Total Expenditures	8,444,184	8,444,184	8,111,472
Excess (Deficiency) of Revenues Over (Under) Expenditures	51,180	51,180	383,892
Other Financing Sources (Uses)			
Capital Improvements	-	-	-
Transfer to CIP	(360,000)	(449,500)	(449,500)
Transfer to CIP - Previous Funds	(30,000)	(30,000)	(30,000)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(338,820)	(428,320)	(95,608)
Beginning Funds Available	1,153,844	1,153,844	1,153,844
Ending Funds Available	815,024	725,524	1,058,236

*References page 15 of the budget document.

**WATER & WASTEWATER - WATER RIGHTS FUND
BUDGET AMENDMENT**

	2009 Adopted Budget	2009 Proposed Budget Reduction 5/14/09
Revenues		
Sales Taxes	1,935,000	1,745,673
Investment Earnings	250,000	250,000
Total Revenues	2,185,000	1,995,673
Expenses		
General & Administrative	-	-
Total Expenses	-	-
Excess (Deficiency) Revenues over Expenses	2,185,000	1,995,673
Other Financing Sources (Uses)		
Water Rights Acquisition	(9,100,000)	(8,931,047)
Beginning Funds Available	6,935,374	6,935,374
Ending Funds Available	20,374	(0)

*References page 16 of the budget document.

**WATER AND WASTEWATER - BONDED DEBT SERVICE FUND
BUDGET AMENDMENT**

	2009 Adopted Budget	2009 Proposed Budget Reduction 5/14/09
Revenues		
Taxes:		
Sales	1,935,000	1,745,673
Food	665,000	665,000
Capital Charges	1,300,000	1,300,000
Investment Earnings	50,000	50,000
Total Revenues	3,950,000	3,760,673
Expenditures		
Principal Payment	2,785,000	2,785,000
Interest and Fiscal Charges	139,250	139,250
Total Expenditures	2,924,250	2,924,250
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,025,750	836,423
Other Financing Sources (Uses)		
Transfer from General Fund	260,000	260,000
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,285,750	1,096,423
Beginning Funds Available	1,266,260	1,266,260
Ending Funds Available	2,552,010	2,362,683

*References page 18 of the budget document.

**STORMWATER FUND - OPERATING
BUDGET AMENDMENT**

	2009 Adopted Budget	2009 Proposed Budget Reduction 5/14/09
Revenues		
Charges for Services	430,000	430,000
Investment Earnings	25,000	25,000
Total Revenues	455,000	455,000
Expenditures		
Utilities	114,263	114,263
Public Works	155,025	152,025
Total Expenditures	269,288	266,288
Excess (Deficiency) of Revenues Over (Under) Expenditures	185,712	188,712
Other Financing Sources (Uses)		
Capital Improvements	-	-
Transfer to CIP	(40,000)	(40,000)
Transfer to CIP - Previous Funds	(60,000)	(60,000)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	85,712	88,712
Beginning Funds Available	518,140	518,140
Ending Funds Available	603,853	606,853

*References page 19 of the budget document.

**SANITATION FUND - OPERATING
BUDGET AMENDMENT**

	2009 Adopted Budget	2009 Proposed Budget Reduction 5/14/09
Revenues		
Charges for Services	1,533,800	1,533,800
Fines and Forfeitures	-	-
Investment Earnings	55,000	55,000
Total Revenues	1,588,800	1,588,800
Expenditures		
Public Works	1,749,038	1,676,374
Finance	252,169	250,169
Total Expenditures	2,001,207	1,926,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	(412,407)	(337,743)
Other Financing Sources (Uses)		
Capital Improvements	-	-
Transfer to CIP	-	-
Proceeds from Property Sales	-	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(412,407)	(337,743)
Beginning Funds Available	1,638,467	1,638,467
Ending Funds Available	1,226,059	1,300,723

*References page 20 of the budget document.