TO: HONORABLE CITY COUNCIL

ATTENTION: FINANCE COMMITTEE

FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: JULY 15, 2008 CMR: 306:08

SUBJECT: REQUEST TO PRELIMINARILY APPROVE 2007-08 REAPPROPRIATIONS REQUESTS

RECOMMENDATION
Staff recommends that the Finance Committee recommend that Council preliminarily approve the FY 2007-08 reappropriations (Attachment A).

BACKGROUND
As a part of the year-end financial process, department staff works with the Administrative Services Department (ASD) to review outstanding financial obligations. In the course of regular operations, items can span two fiscal years in the processing—planning in one fiscal year and actual payment in the next. This necessitates carrying forward both encumbered and budgeted amounts. Council approves these carry-forward items in the year-end closing ordinance once the accounting books are closed. Staff utilizes the reappropriation process if base funding in the following fiscal year cannot accommodate the expense.

In 1995, the Fiscal Procedures Chapter of the Municipal Code (Chapter 2.28, Section 2.28.090) governing reappropriations was amended to allow Council to preliminarily authorize reappropriations of non-capital budgets at the beginning of the fiscal year with final authorization to be made at the time of adoption of the budget closing ordinance. The purpose of this was to ease difficulties experienced by the departments caused by the delayed, final approval of the reappropriations where the reappropriation was justified and sufficient funds from the prior year were clearly available. Preliminary approval allows the department to continue with normal operations and spend the funds as of the Council’s preliminary approval date rather than the year-end ordinance approval date.

DISCUSSION
With the implementation of SAP, there is an opportunity to take advantage of system efficiencies by allowing the system to automatically post the previous year’s reappropriations with other encumbered, carry-forward funds as of the beginning of the new fiscal year. As noted above, the Municipal Code allows the “preliminary” approval of reappropriations as long as final approval
is included with the normal year-end closing ordinance. The preliminary reappropriation action allows for an early review of uncommitted funds in a just-concluded fiscal year. Attachment A identifies those reappropriation requests that ASD recommends for preliminary approval.

**RESOURCE IMPACT**
Staff has determined that sufficient uncommitted budgeted funds exist to allow for the preliminary approval of the attached 2007-08 reappropriations list (Attachment A). General Fund proposed reappropriations total $647,719.

**POLICY IMPLICATIONS**
This recommendation is consistent with adopted Council policy.

**ENVIRONMENTAL REVIEW**
The action recommended is not a project under Section 21065 for the purposes of the California Environmental Quality Act.

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**ATTACHMENT**
Attachment A: 2007-08 Reappropriations List