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City of Palo Alto

MEMORANDUM

TO: Finance Committee

DATE: October 18, 2016

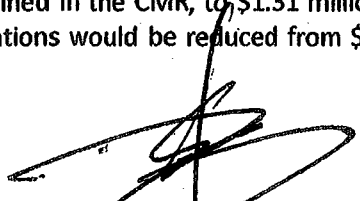
SUBJECT: Recommended Changes to Approval of Fiscal Year 2016 Reappropriation Requests to be Carried Forward into Fiscal Year 2017 CMR #7311

City Manager Report #7311, Approval of Fiscal Year 2016 Reappropriation Requests to be carried forward into Fiscal Year 2017 and Approve Corresponding Budget Amendments in Various Funds, recommends a number of transactions: 1) recommending the carry forward of unspent and unencumbered funds from FY 2016 to FY 2017, and 2) recommending the corresponding amendments to the FY 2017 budget appropriation ordinances. However, staff recommends adjusting two of these transactions outlined below based on further review of final financials and an inadvertent calculation error:

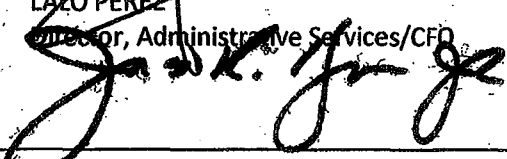
- 1) Reduce the General Fund Non-Departmental reappropriation for Management and Development Training (Attachment A page 2) from \$242,000 to \$202,000. The previous calculation inadvertently did not adjust for encumbered funds.
- 2) Eliminate the Printing and Mailing Fund Administrative Services reappropriation for Postage Meter Equipment Replacement (Attachment A page 4) from \$85,000 to \$0. Although there is sufficient budgeted expense savings, this is an internal service fund, which allocates and recovers costs based on actual expenses. Therefore, since the costs associated with this purchase were not incurred, they were not recovered through allocated charges and the processing of this reappropriation would negatively affect the financial position of the fund balance in this fund. Staff will bring back this recommendation and the associated allocation of charges as part of the Mid-Year Budget review in order to ensure appropriate expense and cost recovery during FY 2017.

As a result of these two changes, the total General Fund reappropriation recommended would be reduced from \$1.35 million, as outlined in the CMR, to \$1.31 million in the General Fund and the total Internal Services Funds reappropriations would be reduced from \$817,000, as outlined in the CMR, to \$732,000.

DEPARTMENT HEAD:



LALO PEREZ
Director, Administrative Services/CFD



CITY MANAGER:

JAMES KEENE
City Manager