



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814 18
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Meeting Date: 6/21/2011

Report Type: Consent

Title: Amending FY 2010/11 Department of Parks and Recreation Operating Budget

Report ID: 2011-00574

Location: Citywide

Recommendation: Adopt a Resolution 1) amending the FY2010/11 Department of Parks and Recreation operating budget to reflect user fees collected in the Special Recreation Fund (Fund 2504) and the corresponding reimbursements to the General Fund (Fund 1001) for recreation program expenditures incurred; and 2) authorizing the transfer of up to \$370,000 from the Special Recreation Fund (Fund 2504) to the Department of Parks and Recreation operating budget to cover actual expenditures.

Contact: Lori Harder, Support Services Manager, (916) 808-5172; Dave Mitchell, Operations Manager (916) 808-6076, Department of Parks and Recreation

Presenter: None

Department: Parks & Recreation Department

Division: Recreation Administration

Dept ID: 19001411

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Resolution

City Attorney Review

Approved as to Form
Sheryl N. Patterson
6/15/2011 8:17:38 AM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
6/3/2011 3:11:40 PM

Approvals/Acknowledgements

Department Director or Designee: Jim Combs - 6/13/2011 2:40:11 PM

Assistant City Manager: Cassandra Jennings - 6/14/2011 7:57:24 PM

Description/Analysis

Issue: Every fiscal year during the year-end close process, the Department of Parks and Recreation transfers funds from the Special Recreation Fund based on actual fees collected from park and recreation users for the purpose of reimbursing the General Fund for recreation program expenses. Based on year to date projections, the Special Recreation Fund user fee revenues may be \$100,000 above what was initially budgeted for FY2010/11. Recreation program user fees are intended to cover the cost of programs, in years where expenses exceed actual costs fund balance is used to reimburse the General Fund for costs incurred.

Policy Considerations: Section 4.1 and Section 6.1 of the Budget Resolution (Reso 2010-388) requires that all appropriation changes in excess of \$100,000 to the operating and capital budgets, and from available fund balance, be approved by City Council resolution. The Special Recreation Fund is used for tracking user fees for various Parks and Recreation programs. These fees reimburse the General Fund for expenditures incurred that are associated with the recreation programs and services.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that will not have any significant effect on the environment and that do not constitute a “project”, as defined by the following sections of the CEQA Guidelines (Title 14 Cal. Code Reg. § 15000 et seq.): Sections 15061(b)(3);15378(b)(2).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The Department’s authority to amend their operating budget or to transfer funds from available fund balance in excess of \$100,000 requires City Council approval (Section 4.1 and Section 6.2 of the Budget Resolution 2010-388).

Historically, Parks and Recreation prepares an annual operating budget that estimates recreation user fee revenues and the reimbursements to the General Fund for expenditures associated with the recreation programs and services. Since this is only an estimate, if revenues increase above budgeted levels, the expenditures from the General Fund to deliver these programs also increases. In FY2010/11, the Special Recreation user fee collections are anticipated to exceed the budgeted amount by more than \$100,000. The Department would like to amend the operating budget to reflect the increased revenues and the corresponding increase in reimbursements to the General Fund to offset the associated costs that are incurred in the general fund for these programs. In addition, the Department may need a transfer from available fund balance to cover actual operating expenses. This action may be necessary upon year end close if the additional

revenues are not sufficient to reimburse the General Fund for the recreation program expenditures.

Financial Considerations: The Department has projected that this year's Special Recreation user fee revenues will exceed budgeted revenues by more than \$100,000. The Department would like to amend the operating budget to reflect the increased revenues and to reimburse the General Fund (Fund 1001) for the increased expenditures incurred from the fee generated recreation programs. In addition, the Department may need to transfer up to \$370,000 from the Special Recreation Fund (Fund 2504) fund balance. This action may be necessary upon year end close if the additional revenues are not sufficient to reimburse the General Fund for the recreation program expenditures. Current available fund balance in the Special Recreation Fund after accounting for FY2010/11 and the Proposed FY2011/12 expenditures is approximately \$370,000.

Emerging Small Business Development (ESBD): Not applicable.



Background

The Department of Parks and Recreation utilizes the Special Recreation Fund (Fund 2504) for the collection of revenue for fee based programs whose expenditures are made in the General Fund. It has been a long standing practice to reimburse those expenditures made in the General Fund through transfers during the fiscal year and final transfers during the year-end close period.

Often the budgeted transfer amount exceeds the actual transfer amount needed since expenditures are reimbursed in proportion to revenues raised. Additionally, the department has used fund balance to cover shortfalls that the department incurs that are linked to the programs and services provided to the users.



RESOLUTION NO. 2011-

Adopted by the Sacramento City Council

June 21, 2011

AUTHORITY TO AMEND THE FY2010/11 PARKS AND RECREATION OPERATING BUDGET

BACKGROUND

- A. The Department of Parks and Recreation utilizes the Special Recreation Fund (Fund 2504) for the collection of user fee revenues that reimburse the General Fund (Fund 1001) for expenditures in the recreation programs.
- B. Recreation program user fees are intended to cover the cost of programs; when revenues exceed program costs excess resources are added to fund balance, and in years where expenses exceed actual costs, fund balance is used to reimburse the General Fund for costs incurred.
- C. The Budget Resolution (Resolution 2010-388) requires City Council approval for any budgetary transfer in excess of \$100,000 (Section 4.1 and Section 6.2).
- D. In FY2010/11, special recreation user fee collections are expected to exceed the approved budget by more than \$100,000.
- E. To ensure that the General Fund is reimbursed for actual expenses associated with the parks and recreation programs, the Department may need to transfer up to \$370,000 from fund balance in the Special Recreation Fund (Fund 2504) .

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to amend the FY2010/11 Special Recreation Fund (Fund 2504) revenues and budgeted reimbursements from Fund 2504 to the General Fund (Fund 1001) for the Department of Parks and Recreation.
- Section 2. The City Manager is authorized to transfer up to \$370,000 from the Special Recreation Fund (Fund 2504) fund balance to the Department of Parks and Recreation operating budget to cover actual FY2010/11 expenditures.